

CHARLOTTE NIKLASSON



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Charlotte Niklasson

# Russian Leverage in Central Asia

Titel Ryska påtryckningsmedel mot Central Asien

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Avdelningen för Försvarsanalys

164 90 Stockholm

SE-164 90 Stockholm

## Sammanfattning

Denna rapport är en fortsättning på rapporten *Russian Leverage on the CIS and the Baltic States* av Jakob Hedenskog and Robert Larsson, men med ett specifikt fokus på Centralasien. Syftet med rapporten har varit att analysera nivåer av ryskt inflytande i Centralasien genom fem huvudområden: politik, ”mänskligt”, energirelaterat, ekonomiskt och militärt. Rapporten har också haft som avsikt att besvara huruvida Centralasien skiljer sig från övriga delar av OSS i avseende av ryskt användande av påtryckningar och nivåer av inflytande.

Rapportens huvudslutsats bekräftar att Ryssland fortsätter prioritera Centralasien som en region av intresse och därtill kvarhålla och stärka sitt geopolitiska inflytande. Ryssland fortsätter stödja regimerna i regionen och få fördelaktiga ekonomiska villkor. Bilateral relationer har visat sig mer produktiva i jämförelse med regionala organisationer som ett sätt att säkerställa strategiska intressen och bemöta yttre aktörer.

De centralasiatiska staterna skiljer sig från andra delar av OSS genom att välkomna Ryssland som en partner i både politiskt och ekonomiskt samarbete. Ryssland ses fortsättningsvis som en naturlig, och i många fall nödvändig partner.

Nyckelord:

Centralasien, Ryssland, säkerhetspolitik, inflytande, militär, ekonomi, energi, mänskliga faktorer, konfliktförebyggande.

## Summary

This report is a continuation of the report *Russian Leverage on the CIS and the Baltic States* by J. Hedenskog and R. Larsson, but with the specific focus on Central Asia. It analyses the level of Russian leverage in Central Asia through five main areas: political, human-based, energy, economic and military leverage. The report also considers whether Central Asia is different from the rest of the CIS when it comes to Russian use of leverage and levels of influence.

The main conclusion of this report is that Russia continues to prioritise the Central Asian region as a sphere of interest and to retain and strengthen its geopolitical influence. This is mainly done through a standing security political context, increasingly seen as a priority and as a method for exerting leverage. Russia is continuously supporting the regimes in the region to ensure stable political development and favourable economic circumstances. Bilateral relations with individual states have proven more productive than regional organisations as means to secure strategic interests and avoid external power interests.

The Central Asian countries differentiate themselves from other parts of the CIS by welcoming Russia as a partner for both political and economic cooperation. Russia continues to be widely regarded as a natural and in many cases necessary partner, and a sincere admiration for the northern neighbour is often the basis for the relationship.

### Keywords:

Central Asia, Russia, security policy, leverage, military, economic, energy, human-based, conflict prevention.

## Preface

The Swedish Defence Research Agency (FOI) is an authority under the Ministry of Defence (MOD) of Sweden. This study was commissioned by the MOD and carried out by Charlotte Niklasson as independent consultant and expert on Central Asia on behalf of FOI's Division for Defence Analysis. It was carried out within the project on Russian Foreign, Defence and Security Policy (RUFS), headed by Jan Leijonhielm.

Within the RUFS project, reports have been produced on Russia and its relations with the former Soviet republics over many years. Russian leverage on the former Soviet states in specific has been assessed with emphasis on the states of the Western CIS and the Baltic states.<sup>1</sup> This report, which connects to previous studies, was reviewed at a seminar held on 16 January 2008 headed by Elisabeth Hörnsten Friberg where Jakob Hedenskog acted as opponent.

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<sup>1</sup> Hedenskog, Jakob and Larsson, Robert L. (2007), *Russian Leverage on the CIS and the Baltic States*, Stockholm: Swedish Defence Research Agency (FOI), June 2007, FOI-R-2280--SE.

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# 1 Introduction

Central Asia, located on the vast Eurasian continental space, is home to almost 60 million people. The countries in the region (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), who gained independence in 1991 as a result of the collapse of the Soviet Union, are currently the focus of intense international attention because of their geopolitical importance, political situations, future economic significance, natural resources and possibilities for transcontinental trade and transport. Central Asia borders some of the more troubled parts of the world, Afghanistan and the Middle East, as well as the most dynamic emerging market economies, China and Russia. The region harbours an energy resource of global significance, is a transit corridor for illicit drugs, and may well become a major transit hub for Eurasian cross-continental commerce and trade in the future. Central Asia could also become a source of instability and friction, with great consequences for the political and economic development and not least the overall security situation in the area. Recent political turbulence in some of the countries illustrates the regional instability through which events in one country can easily spill over into another.

Due to its mainly landlocked geography, political instability and current economic difficulties, the states in the Central Asia region are heavily dependent on their immediate neighbours, the international community and, not least, each other to achieve their full development potential. For many of the states in Central Asia, the land transit routes and relations to neighbours represent irreplaceable economic lifelines and excellent long-term leverage for influence by external actors.

As a result of changes in the international political agenda in the past decade, the intensified struggle against global terrorism has been given strong attention in Russian foreign policy and in organisational cooperation. Questions of democratic development and human rights in Central Asia receive very little, if any, attention from Russia, although current stability stands out as an overriding priority for the region as a whole. Terrorism, fundamentalism and related discussions have been given a key position in the bilateral relations of the majority of countries and have been placed high on the agenda in the discussions of international organisations.

## Purpose of the report

A strategic finding in the analytical report '*Russian Leverage on the CIS and the Baltic States*' by J. Hedenskog and R. L. Larsson concludes that: '*a key strategic goal for Russia is to keep and restore the former CIS area intact as an exclusive zone of Russian influence. This is also an underlying driver of its policy that includes preventing foreign powers from gaining influence*'.<sup>2</sup>

This report is intended as a continuation of the Hedenskog and Larsson report, but with an enhanced and specific focus on Central Asia. By using the above conclusion as an objective, this report aims to confirm whether and to what extent this statement is valid, applicable and confirmed specifically in the case of Central Asia. The report also investigates whether Central Asia is different from the rest of the CIS when it comes to Russian use of leverage and levels of influence.

Using the same division of layers as in the report by Hedenskog and Larsson, *political, human-based, energy, economic and military leverage*, enabled the above-described objective of the report to be verified. It also provided the possibility to compare the conclusions of the two reports and to investigate whether an extended and differentiated pattern of Russian strategy exists in different parts of the CIS area.

## Definitions and disclaimers

As in the report by Hedenskog and Larsson, the term lever or leverage is defined as: '*a tool or instrument of power that can be used by one agent to pressure another actor in order to influence a political outcome or to make a statement*'.<sup>3</sup>

As the structure of Central Asia sometimes varies in range and countries included, it must be clearly stated that the region of Central Asia, as portrayed in this report, includes only the five former Soviet Union states Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan.

Information and data deriving from the Central Asian countries, both from national and international sources, should be seen as indicative sources. However, they are important in terms of analysing trends and movements within the countries and in comparison to each other.

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<sup>2</sup> Hedenskog and Larsson (2007), *Russian Leverage on the CIS and the Baltic States*, Stockholm: The Swedish Defence Research Agency (FOI), FOI -R-2301-SE, p. 9.

<sup>3</sup> Hedenskog and Larsson (2007), p. 17.

## **Outline and delimitations**

General limitations of time and scope were applied in the report and the limit of observed leverage was adopted from the original report by Hedenskog and Larsson.

In this report, the main consideration is on recent events and activities from 2001 onwards. However, older events are included when necessary to put recent events into perspective.

The author attempts to make an overall analysis and illustration of general concerns by highlighting specific events and topics. As a result of this, specific facts and numbers are included only when used in support of a statement or perspective.

Due to space and time constraints, important areas such as the EU-Russia-Central Asia relationship have not been given space in this report. Similarly, the interesting discussion around the status of the Caspian Sea and energy politics in the area has been omitted.

The report builds on open source material from a wide range and the analyses are supported by interviews with people in key positions in the region.

## 2 Overview

Central Asia is a diverse, politically and economically changing region. This chapter describes elements important for understanding of the ongoing transformation and the Russian positioning.

### Central Asian perceptions of Russia

Central Asia countries align themselves with Russia for both tactical and dependency reasons. In comparison to other parts of the CIS, the Central Asian states strongly lean towards Russia for support in their overall political agenda. A sincere admiration, mainly political and economic, for their northern neighbour is often the basis for the relationship.

The Central Asian states are very careful not to create unfriendly relations with Russia, which continues to be widely regarded as a natural, and in many cases necessary, partner by the regional states. In a UNDP research on the Central Asian states regarding what country they consider to be the most important partner in overall cooperation, 41 percent saw Russia as a natural and obvious choice. The remaining percentages were divided among ten other countries and categories.<sup>4</sup> This gives a clear picture of how the Central Asian states perceive their own relationship to Russia, in comparison to other actors. Nonetheless, this does not necessarily imply that the states are not aware of the impacts of strong Russian leverage.

A possible risk relates to the fact that Russia places little priority on human rights or on democratic political structures, in contrast to its support for government control over opposition forces, political and religious, as a way to ensure political stability.

The Central Asian countries have a low ability to independently resolve either internal or external causes of possible conflicts and very often need outside assistance to lay down the foundations for discussions. Mutual trust and confidence between the regional authoritarian leaders are lacking. In a setting like this, Russia stands out as an accepted actor with strong knowledge of the area, a military presence and rigorous economic connections from both former and recently established cooperation.

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<sup>4</sup> Hedenskog and Larsson (2007), p. 48.

## Central Asian regionalism and intensification of Russian bilateral relations

Is it currently applicable to talk about Central Asia as one unified element and if not, what effect does the regional perspective have on the current Russian strategy towards the region?

In the relationships between the Central Asian states, a recent trend towards separation rather than integration can be noted. This is further reinforced by the competition over shared resources, markets and external attention. The Central Asian development and regional separation comes at a time when Russia is experiencing great difficulties in keeping the overall structures of the CIS intact. Lately, and with a nationalistic Turkmen agenda surprisingly leading the context, overall dissatisfaction with the organisation has been apparent and many of the member states have other organisations in view for future alliances.<sup>5</sup> However, in line with early tendencies about the fading glory of the CIS, Russia has clearly intensified its bilateral relations with all the states in Central Asia, as with many other parts of the CIS. It has found that although not fully supporting the overall Russian concept policy for hegemonic influence in the CIS area, bilateral relations are an easier way to generate results and, if necessary, to implement the use of political leverage.

The Central Asian republics vary widely in terms of their geography and population size, natural resources, economic ability, political situation, human development and, not least, in orientation, cooperation and integration with each other and the rest of the world. During their relatively short time as independent states, the Central Asian countries have developed into individual political entities and in many cases as closed authoritarian regimes. Large parts of the joint remaining infrastructure from Soviet integration have suffered severely over the past fifteen years and as a consequence of land demarcation disputes, some countries have even gone so far as to mine common borders. Nonetheless, they also share many challenges and possible future opportunities due to their common history and geography and, not least, their more recently found perception of internal and external threats to national and human security, a perception largely fostered by Russia.

The international development community in Central Asia talks about the importance of a continued demarcation process and 'borders with a human face'<sup>6</sup>

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<sup>5</sup> Hedenskog and Larsson (2007), p. 19-20.

<sup>6</sup> *Human Development Report Central Asia – 'Bringing down barriers': Regional cooperation for human development and human security*, UNDP Regional Bureau for Europe and the CIS, 2005, p.

to enable discussions around continued regionalism and enhancement of the regional economy. To support this, many of the present recommendations from the international community focus on infrastructure improvements, enhancement of inter-regional trade and transit to reach international markets mainly outside the region and the CIS.<sup>7</sup> However, when the market diversification supported by the international development community is directed away from its present northern route, meaning less opportunity to control off-take and price, one can assume that Russia places a different meaning to the process and importance of regionalism.

## **Intensified interest by external actors in Central Asia**

The structure of power relations in Central Asia is chronically unstable and one main reason relates to the fact that the region, although geographically strategic, is not a first priority for any of the influence-seeking external powers. Few actors have a focused and coherent strategy towards the region. Instead, occasional approaches and limited initiatives have created the foundation for the external power influence in Central Asia. This also renders regional politics unpredictable and fluctuating and has a negative influence on security and stability.<sup>8</sup> The shattered political agenda from external powers has also led the Central Asian countries to visualise Russia as a more stable partner with long-term engagement in the region. However, the level of interest for the region from external actors is growing steadily and is influencing its relationship with Russia in different ways.

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57. The report can be obtained on: <http://europeandcis.undp.org/poverty/show/301A44C5-F203-1EE9-B2E001AFF98B054B>

<sup>7</sup> Infrastructure rebuilding that supports regional cooperation rather than building to bypass hostile environments as at present.

<sup>8</sup> Cornell, Svante E., Swanström, Niklas L.P. (2006), *The Eurasian Drug Trade*, Problems of Post Communism, Vol 53, Nr 4, July/August 2006, p. 17.

## Russian concern over growing Chinese influence

Russia is concerned over the growing Chinese influence in Central Asia. The two countries have been in serious conflict before, which remains in fresh memory. The presence of numerous Chinese in border regions to both Russia and Central Asian countries has started to scare the local population and has in some cases generated aggressive reactions. The steady growth of the Chinese economy has also intensified the situation and many Chinese companies can be seen establishing or already working in Central Asia. Most recently, the offer of large amounts of low-interest credit to SCO states started discussions on China's future geopolitical ambitions and leadership in Central Asia.<sup>9</sup> Russia has also expressed strong concerns about the development of credits, as this will create a long-term dependence of the Central Asian states on China.

With China engaged in an intensive search for new sources of energy to fuel its rapid economic growth, its capital investment in Central Asia's energy sector has grown rapidly. Close relations with the Central Asian republics are valuable to China as sources of energy and a step towards expanded international influence in the Middle East and Europe. It also seeks political stability in the region to ensure a stable neighbourhood and to minimise any risk of outside support for Uyghur separatism in its Western province of Xinjiang. Ties to the Central Asian states are principally bilateral, with trade and investment in the energy sector as major concerns. However, China also engages in regional cooperation through its active lead role in the SCO.

For Central Asia, Chinese investments bring needed, although not always welcome, capital<sup>10</sup> and Chinese development assistance offers trade credits and investment resources. At the 2004 SCO summit in Tashkent, China agreed to provide USD 900 million in trade credits to other members of the organisation to buy Chinese goods. China also agreed to contribute to a USD 20 million development fund to support a variety of projects to enhance the infrastructure for regional economic cooperation. Kazakhstan in particular has developed strong economic ties with China. In addition, after recent political changes in Turkmenistan, China has turned to the new leadership with renewed ambitions

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<sup>9</sup> 'China-Central Asia cooperation tightens China-Russia gas rivalry', Interfax 7 December 2007.

<sup>10</sup> In general environments there is a growing sense and fear of a future Chinese social and political 'take-over' of Central Asia. The smaller countries in particular have identification problems in their relations with their large neighbor and tend to lean towards Russia for support.

for long-term gas supplies through a new pipeline from Turkmenistan to China.<sup>11</sup> This pipeline is expected to be ready in 2009, and to reach maximum capacity a few years later.<sup>12</sup> Chinese relations and investments are also growing in Uzbekistan and Kyrgyzstan, while still very limited in Tajikistan and Turkmenistan.

## Interest by Iran, India, Pakistan and Turkey in Central Asia

Iran's approach towards Central Asia combines a pragmatic quest for economically beneficial cooperation with a search for political engagement as a counterweight to its difficult political relations with the United States and Europe. The newly intensified relationship between Russia and Iran may also come to have importance in the ability of the latter to establish economic cooperation with the Central Asian states.<sup>13</sup> Uzbekistan views Iran as a critical access route to world markets, while Tajikistan, with close cultural ties to Iran, has entered into a variety of cooperative economic ventures.<sup>14</sup>

As for the activities of other countries in Central Asia, Pakistan, India and Turkey are the most visible. A large part of Turkey's interest in Central Asia centres around energy. It has signed an agreement with Iran and Turkmenistan to purchase Turkmen gas through a swap arrangement involving the Iran-Turkmen gas pipeline, the only gas pipeline in Turkmenistan that does not transit Russia products. More generally, Turkey, with its growing energy consumption and ambitions as an energy transit country, has a great interest in receiving energy supplies from Central Asia and the Caucasus, while Central Asian countries have an interest in diversifying their energy transport routes outside Russia<sup>15</sup>. More visible in daily life, Turkish firms have completed numerous private construction contracts and investments, especially in retail and hotel businesses in Central Asia, and an extensive network of air and telecommunications links is in place between Turkey and the region. The Turkish presence is especially visible in Kyrgyzstan, where the relatively well-developed capital Bishkek is host to numerous large Turkish construction projects.<sup>16</sup>

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<sup>11</sup> Panfilova, Victoria (2007), '*Beijing is quite generous to Central Asian countries*', *Nezavismaya Gazeta*, published on Fergana.Ru; <http://enews.ferghana.ru/article.php?id=2248>, derived 071207.

<sup>12</sup> See more on diversification in Chapter 5.

<sup>13</sup> Author's interview with Prof. Aftab Kabi, former Guest Professor at the American Central Asian University in Kyrgyzstan, Bishkek June 2006.

<sup>14</sup> Tajik is part of the Iranian language group.

<sup>15</sup> See more on diversification in Chapter 5.

<sup>16</sup> UNDP (2005), p. 210.



In the case of India too, the main interest in a presence in Central Asia relates to energy, and investments have been made mainly in Kazakhstan and Uzbekistan. In fear of the potential security issues associated with future pipelines through Afghanistan or Pakistan, India has supported the idea of a controversial 1,400-kilometre 'energy highway' that would run from Russia through Central Asia to the Indian-controlled portion of Kashmir. India has also succeeded in enhancing its diplomatic and economic status in the region by upholding friendly bilateral relations with the individual Central Asian states.

Pakistan's interest in Central Asia is similar to that of India. However, outside its energy agenda, Pakistan has also encouraged diplomatic cooperation between the states, both bilateral and through the SCO. Pakistan also has a bank presence in Kyrgyzstan and intends to open an office in Dushanbe<sup>17</sup>.

The Asian Development Bank is the largest multilateral donor in the region and contributes heavily to both strategic and non-strategic infrastructure development<sup>18</sup>, in many cases fostering regional cooperation.

## **Enhanced presence by the United States in Central Asia**

In discussions concerning the presence of the United States in Central Asia, Russia has been accused by the West of using both political and human-based leverage to put pressure on the Central Asian governments.

In the sphere of security threats related to extremism and terrorism, the United States and Russia found a common agenda in the early years of 2000. The terrorist attack on September 11 in New York resulted in a remarkable improvement in Russian-American relations, both bilateral and through regional organisations such as SCO<sup>19</sup>. The War on Terror in Afghanistan was initially strongly supported by Russia and multilateral relations were strengthened in line with new declarations and coalitions. When the Central Asian countries were asked to support the troops in Afghanistan by placing military bases on their territory this was endorsed by Russia, not least as a means to stabilise the situation within the region with regard to possible spill-over effects.

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<sup>17</sup> Ibid, p. 210-11.

<sup>18</sup> Strategic investments often derive from external power interests in the region, pipelines, roads etc, while non-strategic investments can be exemplified through social reconstruction.

<sup>19</sup> Oldberg, Ingmar, (2007) *The Shanghai Cooperation Organization*, Stockholm: Swedish Defence Research Agency (FOI), June 2007, FOI-R—2280—SE, p. 16.

The Manas airbase was set up in Kyrgyzstan in December 2001 on a temporary basis in connection with the recently launched War on Terror in Afghanistan. In the same year, the Russian base was set up on the other side of the city in Kant. Simultaneously, the Kyrgyz government rejected a US request to station AWACS aircraft on the Manas airbase.

The presence of the Manas airbase was regulated in time and quantity in line with the US-led war in Afghanistan and is to be renegotiated with any change in the security situation in the region. The cooperation with the United States at that time can be seen as a way for the Central Asian states to diminish their dependence on Russia and enhance their freedom of action.<sup>20</sup> For Uzbekistan and Kyrgyzstan in particular, which allowed the United States air force onto their military bases, the efforts and cooperation were generously rewarded and aid started to reach the countries rapidly and in large amounts.

With the new situation and military presence of the US in the region, there was a reawakening of the discussion around a new Great Game and a geopolitical struggle between Russia and the US, now with the latter as a frontrunner.

The new cooperation and US presence quickly cast an intensive light over Central Asia as a geopolitical region and over time the interest deepened to include national politics, democratic and economic development, access to resources, etc. in individual countries. Critical voices in the West spoke loudly about political oppression, violation of human rights, corruption and irregular elections. In 2005, Kyrgyzstan was the third country in the former CIS to experience a so-called people's revolution after the parliamentary election in March 2005, leading to the end of rule of the former president Askar Akayev. Western governments and non-government organisations were accused of having influenced the political movements in the country preceding the elections.

Since 2005, Russia has been applying a more critical approach to the continued military presence of the United States military in the region.<sup>21</sup> The terms and conditions for a military withdrawal remain deliberately vague and it is clear that Russia does not have sufficient confidence in the Kyrgyz government to individually negotiate about the continued American presence on the Manas base outside Bishkek. As a result of this, and with the new Moscow-friendly political leadership in Kyrgyzstan, a SCO resolution asking for a deadline for the US forces in Central Asia was endorsed by all member states during the 2005 SCO Almaty Summit<sup>22</sup>.

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<sup>20</sup> Sälvborg, Ebba, (2005) 'Allierade vänder USA ryggen', Borås Tidning, 8 August, 2005, p.2.

<sup>21</sup> SCO asked for a timeframe.

<sup>22</sup> Oldberg, Ingmar (2007), p. 25.

Later in May the same year, the region was again shaken by the violent events in Andijan, Uzbekistan, where several hundred people were killed in a public uprising. According to the official Uzbek version the event was a fundamental revolt designed by radical Islamic groups, while human rights groups talked about a massacre of innocent civilians caused by the government's fear of a new political revolution in the region. The event was allegedly also coloured by the recent political events in the neighbouring country of Kyrgyzstan.

When Western countries and organisations such as the EU and the UN strongly condemned the events in Uzbekistan and asked for an international investigation, the SCO quickly took a different stand in its 2005 summit in Almaty. In its support for Karimov, the organisation asked the West to give a deadline for their military presence in the Central Asian countries. This led to a major switch in Uzbek foreign policy and the US was ordered to leave the Karshi-Khanabad airbase, while new political and economic ties were quickly formed with China, Russia and India.<sup>23</sup> In line with this, another declaration adopted by the SCO in 2006 stated that 'differences in cultural traditions, political and social systems... should not be taken as a pretext to interfere in other countries' internal affairs'.<sup>24</sup> However the United States base in Manas, Kyrgyzstan, remained and, despite strong Russian and SCO statements, was renewed by the Kyrgyz government in 2005.

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<sup>23</sup> Jönsson, Per (2007), '*Maktkamp om Asien: Det mesta handlar om att hålla USA borta*', 22 August 2007, p. A04.

<sup>24</sup> Oldberg, Ingmar, (2007), p. 16-17.

### 3 Political leverage

When analysing Russian political leverage in Central Asian, special emphasis should be placed on the changes in structures within the region that have taken place in the past decade.

Due to a vast number of circumstances, of which a few are covered below, the region and especially individual countries have undergone great changes in preconditions for future development, economic growth, foreign influence and geopolitical stability. This has consequently also affected the dependency on Russia and Russian influence in differing ways.

#### **Russian security agenda serving multiple causes**

Russia is increasingly prioritising its security political agenda, with stability as a primary objective in its relations with the states of Central Asia. This is being done in close conjunction with an overall political and economic agenda regarding Central Asia, and as a result of several incidents relating to regional security. An underlying factor is the Russian fear of spreading extremism and fundamentalism from Afghanistan to southern Russia and the recognised inability of the Central Asian states to deal with their new security agenda individually. Continued political stability in the regional states enables Russia to sustain its present security policy line, backed by the regional states, including support to military structures on Central Asian territory. Conversely, in a situation with a growing fear of political revolutions and extremism activity, Russian political support and its overall security agenda enables the authorities to carry out ruthless and unjustified repression of political opposition and fundamentalism.

Since 1991, several regional organisations have been created with the intention of embracing the former Soviet geographical area and promoting Russian foreign policy, with immensely varying results. As an outcome of the latter, Russia started early parallel and bilateral cooperation with many of the former Soviet republics. This was a way to bypass the problem of reaching consensus in an organisational perspective. In any bilateral arrangement, Russia was likely to have a serious advantage and leverage on its partners.<sup>25</sup> However, to prevent continued political and military disintegration of the CIS area, new

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<sup>25</sup> Nygren, Bertil, *The re-building of Greater Russia: Putin's Foreign Policy towards the CIS countries*, London 2007, p.88.

organisational structures were initiated, mainly to support the overall deteriorating security situation<sup>26</sup>. In 2002, six CIS countries decided to create the foundations for the Collective Security Treaty Organisation (CSTO) out of the original CIS collective security treaty. The charter of the organisation particularly stressed the obligations of member states to fight terrorism and extremism and organised trans-national criminal activity, including the drug- and illegal arms trade. One year earlier, in 2001, four Central Asian countries, Russia and China united around a similar agenda in the creation of the Shanghai Cooperation Organisation (SCO), with the aim of being recognised as an international regional organisation. The organisation was originally created with a strong focus on security-related cooperation and only years later this charter was broadened to include other aspects of cooperation.

To promote a Russian-led foreign security political agenda in Central Asia, Russia used the exceptionally uniting security threat from terrorism to advance its own interests and strategies. A CIS joint Counter-Terrorism Centre was established in Bishkek, Kyrgyzstan, and together with the CSTO and SCO agendas, Russia created a Moscow reply to its own perceptions of security threats in Central Asia and a response to the intensified presence of the United States in the area<sup>27</sup>. In parallel, reinforced bilateral relations with the states of Central Asia have forged a strong political relationship and provided leverage on the majority of the states and current authoritarian regimes. Their continuing place in power has created a mutually supporting political situation.

## **Conflict prevention as future Russian leverage in Central Asia?**

Stability, political and military, is a prerequisite for Russia's continued present approach to foreign policy and economic interest in Central Asia. Thus, numerous statements made by President Putin stress that Russia has an obligation to protect and secure stable development in the area of the former Soviet Union. This goal is further constituted in the charter of multinational regional organisations such as the CSTO and SCO. According to some scholars, a united region in Central Asia is even considered essential for the future structure of Russian-CIS relations and for Russia's ability to confront the actual presence and influence of external powers in the region.<sup>28</sup>

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<sup>26</sup> Hedenskog and Larsson (2007), p. 21.

<sup>27</sup> Hedenskog and Larsson (2007), p.22.

<sup>28</sup> *Conflict and conflict resolution in Central Asia: Dimensions and challenges*, Communist and post-communist studies, Vol 40, Nr 2, June 2007, p. 125.

Central Asia is a poor region with a vast shortage of working infrastructure and high levels of corruption. The region is also torn by internal and bilateral conflicts of a multifaceted nature as an effect of both historical decisions and current situations. Regional poverty is endemic and popular uprising against corruption and repression may well lead the population into supporting new structures, including those with a more extremist agenda, and towards new crises. The discontent may well spread throughout the region and to neighbouring countries in multiple ways.

An intensified process of e.g. demarcation can lead to serious diplomatic disputes between the countries involved and, in a wider perspective, to violent conflicts. The harshest political regimes may appear stable at present but a shift in political power is likely to be violent, mainly in the case of Uzbekistan. Once the current President Karimov departs from power, the country could experience a vicious power struggle. Unrest and a subsequent refugee crisis in Uzbekistan, with the largest population in Central Asia, could prove a destabilising factor for the entire region. During politically unstable situations in Kyrgyzstan and Uzbekistan, Kazakhstan made a rapid decision to close common state borders and to leave only a very few crossing posts open to foreign citizens and diplomatic regional personnel. This clearly indicates the low ability for problem-solving and lack of ambition to deal with crises internally among the states in the region.

Another example was the aftermath of the Andijan crisis in Uzbekistan in May 2005, which resulted in a refugee crisis in neighbouring Kyrgyzstan. After the violent uprising and resulting actions of the Uzbek authorities and law enforcement, which were heavily criticised by the West, President Putin made the following statement in answer to an international call for an investigation into the actions of Uzbek authorities:

‘We know much better than you what happened in Andijan. We know who trained the people who ignited the situation in Uzbekistan and in this city in particular. We know where and how many people were trained. We also know that there are many problems in Uzbekistan, but we shall never allow ourselves to destabilise the situation in the country. You are probably aware of the complex situation in the Ferghana Valley; you know how people live there, you are aware of the level of its economic health. Why do you need another Afghanistan in Central Asia, therefore we shall act with caution<sup>29 30</sup>’.

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<sup>29</sup> Breaterskiy, Maxim, (2007) ‘*American Policy in Central Asia and Russian Interests*’, Journal of Social and Political studies – Central Asia and the Caucasus, Nr 4(46), 2007, <http://www.edinros.ru/news.html?id=110500>, retrieved on 3 December 2007.

The statement can be interpreted as a clear indication of Russian awareness and unwillingness to experience a political conflict in the Central Asia region.

## **Costs and advantages for Russia in a conflict situation**

A major conflict situation would not only have implications for the economic and military conditions and relations between Russia and countries in the region, but any resulting social and humanitarian crisis would partially land on the shoulders of Russia as a neighbouring country. Depending on where unrest occurred, one could expect large numbers of refugees, intensified problems with organised crime and a resurgence of fundamentalism in a political vacuum.

One can also assume that in a situation of unrest in Central Asia, Russia will face a situation where immediate decisions on involvement and possible partisanship with one or more countries against the others will be necessary. Given the nature of the conflict, Russia partisanship will logically be in line with key strategic economic and military interests, although not necessarily in that order.

Any bias by Russia would be in direct contrast to the present situation, where Russia has a more or less favourable bilateral relationship with all five countries in Central Asia. Earlier instances of intensified situations have shown that countries within the SCO have pulled in different directions when concerns about a situation have been on the agenda. One example can be seen during the political unrest in Kyrgyzstan in 2005, when China, despite the principle of non-interference as stated in the charter of the SCO, apparently favoured military intervention to stabilise the situation, whereas Russia opposed this. However, the organisation managed to reach consensus and military involvement was averted<sup>31</sup>.

The non-interference principle of the SCO charter can have a two-way function as political leverage for Russia. Firstly, Russia has an open channel for criticism of Western states or organisations in their demands and direct support for democratic development in the Central Asian region. The support for free

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<sup>30</sup> See more on the Andijan crisis in Chapter 7, Military leverage.

<sup>31</sup> Oldberg, Ingmar (2007), p. 23.

elections, political opposition, non-governmental organisations and critical voices concerning the situation for human rights has been heavily criticised by Russia as interference in internal national affairs.<sup>32</sup> Secondly, the principle gives Russia, as a central country within the SCO, the upper hand to steer decisions about how and where the organisation can/will/must 'assist' to avert political turbulence or an economic crisis. This provides Russia with an opportunity to use the principle in line with its own strategic interests and a well-functioning argument in other situations. In this context it is also important to mention that so far the SCO does not have any functioning mechanism for settling disputes among member states in disagreements about the charter and its interpretation, except for ad hoc consultations.<sup>33</sup>

The Collective Security Treaty Organisation (CSTO) includes four of the Central Asian states<sup>34</sup> plus Russia, Belarus and Armenia. In contrast to the SCO, the CSTO is a defence alliance where the members are committed to defend each other in the event of external aggression. The CSTO has a more integrated military cooperation in comparison with the SCO and the organisation frequently arranges exercises. In addition to its relatively large rapid deployment force, the organisation also has an evolving collective peacekeeping force that could come to serve Russian purposes in the event of a conflict in the region. The Russian airbase Kant outside Bishkek, Kyrgyzstan, belongs to the CSTO and hosts its rapid deployment force.<sup>35</sup>

## Conflict mediation and associated benefits

In a region with recent Soviet history present in every-day predicaments, Russia, in comparison to both external actors and international organisations, has an undisputed advantage in regional problem-solving<sup>36</sup>. Infrastructural distribution of water and energy supplies among the Central Asian states has long been considered a ground for potential conflicts. Larger states tend to use resources largely unchallenged in a regional perspective. Therefore many of the smaller states look outside the region for support and possible intervention, and in many cases Russia stands out as an appropriate mediator and saviour. Heads of state or

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<sup>32</sup> Ibid p. 22.

<sup>33</sup> SCO website, "*Tashkent declaration of Heads of Members States of Shanghai Cooperation Organisation*", [http://www.sectesco.org/news\\_detail.asp?id=119&LanguageID=2](http://www.sectesco.org/news_detail.asp?id=119&LanguageID=2), retrieved 12 December 2007.

<sup>34</sup> Turkmenistan is not a member.

<sup>35</sup> Central Asian Gateway; <http://www.cagateway.org/en/topics/843/84/>, retrieved 12 December 2007.

<sup>36</sup> Author's interview with national staff of the National Kyrgyz Security Council, Bishkek, Kyrgyzstan, April 2006, continued December 2007.



appropriate ministers are invited by Moscow for consultations, very often resulting in acceptable outcomes for the parties involved.

This was the case in autumn 2005 when Kyrgyzstan was about to face a winter without gas delivery from Uzbekistan, after having seriously angered its neighbours by accepting Uzbek refugees following the Andijan events in May. The new Kyrgyz leadership with interim President Bakiev quickly turned to Russia for support and establishment of relations. Uzbekistan, facing EU-led sanctions after refusing an international investigation of the May events, was in need of a friend in order to access international gas markets. By giving support to Uzbekistan, Russia, in parallel with maintaining stability in the important Ferghana Valley, moreover completed a lucrative deal for long-term gas import intended for third countries. Kyrgyzstan, with its new leadership and continued political turbulence, saved the delivery of gas and managed to temporarily stabilise the popular uprising. A few months later and ahead of upcoming presidential elections with established interim president Bakiev as one running candidate, pictures of Putin and Bakiev arm in arm were placed all around the country, illustrating the continued and improved relations with Russia. Bakiev was elected president with an 89% majority.

## Central Asia, Russia and the OSCE

Recently Kazakhstan won international approval to take over the chairmanship of the Organisation of Security and Cooperation in Europe (OSCE) in 2010.<sup>37</sup> Consensus within the organisation was finally reached after referendum postponements and rounds of negotiations among member countries and in particular between Russia and the United States.

The OSCE chairmanship in 2010 represents a major foreign political triumph for Kazakhstan and an opportunity to place itself as an actor and partner to the international community in the former CIS area.<sup>38</sup> Consequently, the future OSCE chairmanship should not be seen as an end goal in itself, but as part of a more long-term strategy where Kazakhstan aims to take the lead among Central Asian countries in relations outside the region. However, the question remains whether the bid for chairmanship in a European organisation should also be

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<sup>37</sup> Moscow Times website, *Kazakhstan to manage the OSCE in 2010*, <http://www.themoscowtimes.com/stories/2007/12/03/021.html>, retrieved 6 December 2007.

<sup>38</sup> Lillis, Joanna (2007), *Kazakhstan: Officials pledge to act as a OSCE bridge connecting North Atlantic and Eurasian States*, <http://www.eurasianet.org/departments/insight/articles/eav121007.shtml>, retrieved 12 December 2007.

perceived as an aspiration to further diversify the Kazakh foreign policy agenda outside the CIS. If so, a further question is how this may affect its relations with Russia.

In 1992, all states of Central Asia acquired membership of the Organisation of Security and Cooperation in Europe (OSCE) by default when, as former constituent parts of the USSR, membership was offered to all Soviet successor states in 1992. The OSCE started as an organisation intended for an East-West security dialogue but, as a result of its eastern enlargement, came to broaden its agenda to also include a 'human dimension'.<sup>39</sup>

After recent political revolutions in the CIS area and strong OSCE criticism regarding irregularities in connection with elections, the recent trend among the Central Asian states has been a growing dissatisfaction with the OSCE and especially its electoral body, OHDIR. Russia has been recognised as the driving force against the organisation and has repeatedly made statements about OSCE intrusions in the internal affairs of sovereign states. This has resulted in clear restrictions on the organisation's support for national politics and development projects in the majority of the states in Central Asia.<sup>40</sup>

After recent turmoil with several political revolutions in the CIS area and a strong fear of re-occurrences, it is interesting to observe the unity between the Central Asian states when it comes to criticising the OSCE, as well as other Western-based organisations, for interference in individual political agendas and accusations of direct support to opposition actors. The 2005 events in Kyrgyzstan, ousting former President Akayev from office and the country, shook the region, including Russia, and despite rivalry between the Central Asian counties, the regimes found unity around the simple ambition to continue in power. In light of the above, it is especially interesting to note a public statement made by the Kazakh president Nursultan Nazarbayev as late as 2006, concerning foreign influence in the country;

'Kazakhstan is no longer a state that can be ordered about and told what to do. We know what we have to do. We shouldn't run after foreign recommendations with our pants down'.<sup>41</sup>

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<sup>39</sup> Matveeva, Anna (2007) *The Regionalist Project in Central Asia: Unwilling Playmates*, Working Paper nr 13, Crisis States Research Centre, LSE, March 2007, p.12.

<sup>40</sup> Ibid, p. 13.

<sup>41</sup> Radio Free Europe/ Radio Liberty, 'Kazakhstan: President Tells West – We Don't Need Your Advice', Bruce Pannier, <http://www.rferl.org/featuresarticle/2006/11/FC8D6959-5ECA-4920-9AA0-630E18B2E352.html>, retrieved 6<sup>th</sup> of December 2007.

One clear example of Russian methods to show dissatisfaction with OSCE activities is visible in the recent proposition, backed by Kazakhstan and five other CIS countries, to limit the number of OSCE/ODIHR observers in an election to 50 and to place them under the supervision of the participating state.<sup>42, 43</sup> Another and more direct influence has been the development of a parallel structure of electoral observers, the CIS Election Monitoring Organisation (CIS-EMO). This initiative was created in 2003 but its activities increased in the most recent elections in the region and are especially relevant in the present situation, where many of the countries in the region have seen a growing activity among the political opposition<sup>44</sup>. Establishment of the CIS-EMO can also reveal where Russian leverage over the region has a dual purpose for the actors involved; by simultaneously providing Russia with a tool to act in the CIS area and enabling the present authoritarian regimes to continue in power by confirming election standards according to international principles. In the long run it also serves the overall Russian foreign policy strategy of maintaining stability in Central Asia.

Reports written ahead of the OSCE 2010 chairmanship election refer to the organisation being at a cross-roads. By satisfying the Kazakhstani ambition and bids from other CIS countries, the organisation, under pressure from Russia, may come to lean towards security cooperation and away from promotion of democracy and electoral observation. However, by rejecting the Kazakh application for chairmanship the organisation would run the risk of being largely irrelevant and unwanted in CIS countries.<sup>45</sup>

Moreover, the Kazakhstani political ambition should be conceived more as a foreign political ambition to show strength as a CIS actor towards Europe and the West rather than as an aspiration to strengthen democratic development in the Central Asian region or oppose the strong relationship with Russia. However once it takes over the chairmanship, Kazakhstan will still face difficulty in balancing between Western Europe, the US, CIS countries and Russia. Only a few weeks after the news about Kazakhstan becoming chair of the OSCE in 2010, the OSCE/ODIHR made a public statement strongly criticising the election

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<sup>42</sup> The heavily criticised proposition was presented at the OSCE annual Ministerial meeting in Madrid in December 2007.

<sup>43</sup> Bruce Pannier, (2007) 'Kazakhstan to assume OSCE chairmanship in 2010', <http://www.rferl.org/featuresarticle/2007/12/30DF587F-31EC-4350-867B-AFBE80517D2A.html>, retrieved 8 December 2007.

<sup>44</sup> Leijonhielm, Jan., Knoph, Jan T., Larsson, Robert, Oldberg, Ingmar, Unge, Wilhelm, Vendil Pallin, Carolina (2005), *Rysk militär förmåga i ett tioårsperspektiv – problem och trender 2005*, (Russian military capabilities in a ten year perspective – problems and trends 2005), Stockholm, FOI-R--1662--SE, June 2005, s. 64.

<sup>45</sup> Matveeva, Anna (2007), p13 .

campaign and the results of the presidential elections in Uzbekistan on the 23 December 2007.<sup>46</sup> In a contradictory statement, Russian-led CIS observers quickly responded and declared the elections fair and open and this assessment was further strengthened by Russian endorsement of the official results of the polls. While Kazakhstan has managed to gain the confidence of the Western community to chair the OSCE, the situation in Uzbekistan clearly shows the difficult situation the country is facing as an intermediary between diverse interests.

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<sup>46</sup> The established President Karimov was elected president with an 88.1 percent majority, with a total of 90.6 percent of the nation voting. RFE7RL: '*Uzbek Incumbent Wins Presidential Poll Without 'Genuine Choice'*', <http://www.rferl.org/featuresarticle/2007/12/66C01656-B3BF-4DF6-BE9D-8DE161C309DD.html>, retrieved 27<sup>th</sup> December 07.

## 4 Human-based leverage

The Russian influence over the Central Asian states through human-based leverage is more general than other forms of leverage and therefore sometimes complex to identify. The common heritage of the Soviet Union still affects areas such as culture and the movement of people for work opportunities in the region. The complexity involved in identifying when influence goes from being an external element to a level of leverage also makes it difficult to measure the impact. However, it can be concluded that human-based means of influence are more seldom used as active leverage in states where influence is welcomed.

### Russian media as leverage

Recently a well-known Russian TV channel, CTC media, announced its decision to expand into the markets of Kazakhstan and Uzbekistan. This has sparked a discussion in the countries and is perceived by various actors as another way for Russia to gain influence over information-channelling in the region. Even though the TV channel mainly produces Russian language soap operas and soft information, the purchase will bring a new audience of 42 million people in the countries within reach of Russian TV.

In Uzbekistan the deal was reached between CTC media and Terra Group<sup>47</sup>, reportedly under the control of Gulnara Karimova, the oldest daughter of President Islam Karimov. The two parties are expected to set up a new company divided into stakes of 51 percent Russian and 49 percent Uzbek. However, while the Terra Group mainly concentrates on entertainment, it has also been recognised in connection with the activities of Gulnara Karimova.<sup>48</sup> The Kazakh TV channel reportedly belonged to President Nazarbaev's chief of staff, Bolat Utemuratov, before it was acquired by CTC Media.

In a more business-orientated perspective, the new Russian media outreach will also be a vast market for commercial advertisement, both Russian and national, with expected initial annual profits of around USD 480 million.

In Tajikistan too, the Russian media has a stronghold on television programming. With one national channel mainly showing national, presidential speeches, folk music or local events, Russian television is conceived as a natural and welcome

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<sup>47</sup> The Terra Group is referred to as Markaz TV in some reports.

<sup>48</sup> RFE/RL: Gulnoza Saidasimova, 'Central Asia: Russian Group Storms Onto Kazakh, Uzbek TV Scenes', <http://www.rferl.org/featuresarticle/2007/12/51781e50-fb65-4ad6-9404-8a9f97c5ff0c.html>, retrieved 20 December 2007.

element.<sup>49</sup> Even though many of the countries have relatively widespread access to satellite television and internet coverage, Russian TV logically holds a strong informal control over the region due to language, but also historical relations and similarities in political agendas.

## Regional migration from Central Asia to Russia

The migration movements into and out of Central Asia can be divided into two broad categories, one related to political factors and the other to economics. The first one mainly concerns the ethnic Russian minority that left the countries of Central Asia immediately after the Soviet breakdown. The population shifts reflected in this type of migration since 1989 are in many cases huge and the numbers for Kazakhstan add up to nearly 20 percent of the total population.<sup>50</sup> The second category has grown since the mid-1990s, when economic motivations became the principal reason for migration. Today the movement of people constitutes one of the strongest Russian levers on Central Asia. According to official numbers, Kyrgyz authorities estimate that there are 30 000 Kyrgyz migrants in Russia, while unofficial numbers in both countries talk about numbers close to 500 000. The equivalent number of migrants from Tajikistan working in Russia ranges from 5 percent to as high as 18 percent of the total Tajik population. Some reasons for the vast discrepancy in estimations can be differences in full-time or seasonal migration and the high number of people working illegally.

Current migration flows from Central Asia to Russia largely reflect the inabilities to provide jobs on national markets, especially for younger people, a decline in real wages and strong restrictions on trade and commerce in some of the countries. Institutional and social factors, not least the lack of a language barrier, higher wages, remittances to the homeland and strong admiration for the flourishing Russian market enhance the actual migration.

The level of remittances from migrant workers back to the mainly cash-based national economies in Central Asia is very difficult to track and is almost never shown in real numbers in official statistics. When official estimations show around 2-3 percent of GDP for Kyrgyzstan, the real number is more likely to be 20-30 percent.<sup>51</sup> The vast discrepancy in these numbers highlights how little is

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<sup>49</sup> Author's interview with an international staff at the UNDP office in Dushanbe, Stockholm November 2007.

<sup>50</sup> UNDP/RBEC (2005), p 140.

<sup>51</sup> Author's interview with state official of the National Statistical Department, Kyrgyzstan, June 2006.

known about remittance flows and the corresponding economic and social impact. However, it is clear that migration opportunities and remittances are extremely important sources of income for both individual and national cash flows.

Migrants living in Russia are often there on an illegal basis and occupy the lowest paid jobs, with no employment or legal rights. At present they fill a gap left by the diminishing Russian workforce for low-paid service jobs. Although scarcely in comparison to the importance of remittances for Central Asian countries, they are also fulfilling a useful function in the Russian economy. The agreement signed by Russia and Tajikistan in 2004, allowing migrants to become legally registered workers in Russia, can be seen as evidence of the above.<sup>52</sup> However, it can also be regarded as strong leverage on the Tajik government and possibilities for continued Tajik migration to Russia. According to unconfirmed information, the question of migration has been used as a counterweight in negotiations about the presence of the Russian military base in southern Tajikistan.<sup>53</sup> After threats from Moscow to stop migration from Tajikistan, the President Rahmon-led government was facing a situation with around 1 million young, mainly male, workers being out of jobs in a situation of vast national poverty and increasing support for fundamentalism structures<sup>54</sup>.

Another opportunity for Russia to use its leverage on Central Asia concerning migration is through the recently changed structures of visa and passports. Since the mid-2005, the Russian authorities no longer accept the internal CIS passports but require an international version or even a visa. These documents can generally only be obtained at considerable cost and visits to state capitals. This has led to a number of serious crises involving illegal border crossing from Central Asia into Russia at unofficial border posts.<sup>55</sup>

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<sup>52</sup> Senchuk, Olga, (2007) 'Army of labor immigrants from Tajikistan is swelling in numbers, and nothing can stop the process', Central Asia news 26 December 2007, published on Fergana.Ru; <http://enews.ferghana.ru/article.php?id=2303&PHPSESSID=7a7f2256be723312198ff7958e2d245c>, retrieved 8 January 2008.

<sup>53</sup> The border troops were later transformed into a Russian military base.

<sup>54</sup> Author's interview with international staff in Dushanbe, Stockholm, January 2007.

<sup>55</sup> UNDP/RBEC (2005), p 142.

## 5 Energy leverage

The overall Russian energy instrument should be seen in the perspective of a method to regulate the security political agenda and support the national, economic and foreign political environment. In light of this, Central Asia as an energy-providing region stands out as an important area.<sup>56</sup> By making energy into a question of national security, the Russian perspective legitimises the use of extraordinary measures in relations with other actors. A strategic ambition for Russian energy policy is to integrate large parts of the former Soviet energy system into the CIS. For Central Asia this means that energy is transported through Russia and not through China, India or elsewhere.<sup>57</sup>

In the report *Russian Leverage on the CIS and the Baltic States* by Hedenskog and Larsson, a division is made between what the authors regard as two different types of energy leverage, strategic and tactical. Strategic leverage concerns route of pipelines, available resources and geographical placement, strategic partners and transit issues. Tactical leverage includes supply interruptions, concealed and open threats, pricing policies and use of energy debts for influence. As mentioned by Hedenskog and Larsson, the two leverages interact frequently in the Russian way of using energy as leverage on the states in the CIS. However, looking at Central Asia means a focus on oil and gas supporting countries and the strategic leverage stands out in the analysis. It is interesting to compare this with other parts of the CIS, which are largely affected by Russian energy leverage in a tactical perspective. Interruptions of energy supplies are strongly related to political circumstances and events. From 2006 onwards, the supply cut leverage has been used by Russia on at least ten occasions towards energy importing countries such as Ukraine, Moldova, Belarus and the Baltic States.<sup>58</sup> In this context it is interesting to note that the tactical leverage is also repeatedly used between the countries in Central Asia, which causes great concerns and diplomatic disputes in an already unstable region.<sup>59</sup>

During the time of the Soviet Union, the infrastructure system, including pipelines for oil and gas, was unified into one network with Russia as the dominating centre. As a result of the break-up, independent states were still

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<sup>56</sup> Larsson, L, Robert (2006), *Rysslands Energipolitik och pålitlighet som energileverantör. Risker och trender i ljuset av den rysk-ukrainska gaskonflikten 2005-2006*, Stockholm, Swedish Defence Research Agency (FOI), January 2006, FOI-R—1905—SE, p. 7.

<sup>57</sup> Larsson, L, Robert (2007), *Tackling dependency, The EU and its energy security challenges*, Stockholm, Swedish Defence Research Agency (FOI), October 2007, FOI-R--2311—SE, p. 29.

<sup>58</sup> Larsson, Robert (2007), *Energikontroll: Kreml, Gazprom och rysk energipolitik*, Stockholm: Swedish Defence Research Agency (FOI), FOI-R—2445—SE, p. 47.

<sup>59</sup> Hedenskog and Larsson (2007), p. 45.



heavily connected with each other and Russia, which in many ways came out as the owner and monopoly actor. Consequently, the dependency on Russia of the states in the former Soviet Union was extremely high, although different from country to country. More specifically, the Central Asian region, with the exception of Kyrgyzstan and Tajikistan, became dependent on access to Russian pipelines in order to export their oil and gas resources to world markets.<sup>60</sup> Today, Central Asian energy has a dual purpose for Russia. Firstly, it can be sold at a profit to third party customers at market price and secondly, it preserves the Russian national base of resources.<sup>61</sup>

Russia has continued to be the leading trading partner for Central Asia, even if a degree of diversification is currently discernible<sup>62</sup>. In the past decade, Russian business conglomerates with a strong connection to the Russian state have made serious investments in Central Asia, primarily in the sectors of oil, gas and electricity. Simultaneously, Russia and associated companies have devoted much energy towards keeping countries such as China and the US out of the region.

Long-term agreements for Russia to buy Central Asian oil and gas have been met at prices not in line with the market price and the products are then resold on the international market, mainly to Europe, at a higher price. In competition over a lucrative business, Russia devotes great effort to keeping its domination over existing and projected pipeline infrastructure in Central Asia. In mid-2007, new deals were reached with the leadership of Kazakhstan and Uzbekistan to modernise and enlarge an existing network of pipelines in order to increase the volumes of oil and gas to Russia from these countries. As a method of influence, both countries were promised substantial investments in infrastructure support<sup>63</sup>.

## **Russia versus China in the energy struggle**

As mentioned in earlier FOI reports, there is ongoing competition over access to resources between China and Russia in Central Asia and in addition the US tries to keep one hand in the game.<sup>64</sup> The Central Asian states have attempted to play the Great Game towards each other, with greatly differing results. When studying the actions and struggle for access to energy resources in Central Asia by China and Russia, it is important to maintain a wider perspective. The two countries

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<sup>60</sup> Hedenskog and Larsson (2007), p. 57

<sup>61</sup> Larsson, L, Robert (2007), p. 29.

<sup>62</sup> See more on diversification in Chapter 5.

<sup>63</sup> Oldberg, Ingmar (2007), p. 29

<sup>64</sup> Ibid, p. 30.

may have the same objectives in view but employ different strategic methods to reach consensus and utilisation of the end product. China takes on the role of the major consumer and rapidly needs to find reliable partners for energy support to its booming economy.<sup>65</sup> Russia wishes to control existing and new reserves of energy through both economic and geopolitical leverage, including pipeline systems with the continued possibility for energy to be transferred and exported from Russia to Europe.<sup>66</sup> The pressure is exerted through a strong presence in the region but also through Russian companies and individuals tightly connected to the power in Moscow. The Central Asian states are well aware of the need to maintain good relations and partnership with Russia, even though some of the countries have recently shown a greater interest in diversifying their international relations. These actions are said to be the result of the high world market price for energy and an unwillingness to sign contracts where prices are not in line with world market levels.

## Means of diversification

Even though most of the old infrastructure system from Soviet times is still in use for Central Asian export of oil and gas, some Central Asian states have recently been trying to diversify their energy exports. As a consequence of the dependency on Russia to find end customers, a strong incentive to turn to external actors is currently visible.<sup>67</sup> There are ambitions to construct new pipelines in three directions (China; Southern Asia and India; and the South Caucasus and Europe), and new external actors are creating a strong dynamic around the new initiatives.

Holding the leading economic position in Central Asia, Kazakhstan has demonstrated a strong interest in pursuing a multi-vector foreign policy and has largely managed to keep a fine balance in political as well as economic relations. This ambition was further emphasised in the State of the Nation Address by President Nazarbayev in 2005, when he declared that foreign policy priority should be given to Russia, China, the United States and the EU, in that order.<sup>68</sup>

Regarding regional cooperation, Kazakhstan has a problem adjusting to its current 'Central Asian' identity, not having been part of the region in the Soviet

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<sup>65</sup> Larsson, L, Robert (2006), p. 11.

<sup>66</sup> Jönsson, Per (2007), p. A04.

<sup>67</sup> Larsson, L, Robert (2007), p. 38.

<sup>68</sup> European Commission, External Relations; Kazakhstan: Country Profile, [http://ec.europa.eu/external\\_relations/kazakhstan/intro/index.htm](http://ec.europa.eu/external_relations/kazakhstan/intro/index.htm), retrieved 3 December 2007.

definition<sup>69</sup>. The country now asserts itself as Eurasian rather than Central Asian and nearly half of its population is European in origin. As an example of regional identification, Kazakhstan was the only country in Central Asia to protest against being excluded from the EU's 'New Neighbourhood' policy and instead being included in the EU 'Development Cooperation and Economic Cooperation Instrument' (DCECI). Strong disappointment was shown from the Kazakh capital Astana after being grouped together with countries in need of development assistance.<sup>70</sup>

Kazakhstan has a particularly well-established cooperation with China. At least 40 Chinese companies and 70 Chinese-Kazakhstani joint ventures were operational in Kazakhstan in 2004. Up till 2003, total Chinese investment in Kazakhstan reached some USD 800 million, principally in the energy sector, but also in banking, food processing, construction materials and car assembly. Chinese investment has continued to grow rapidly, putting it among the top five foreign investors in the country. The Bank of China, the Industrial and Commercial Bank of China and China's General Administration of Civil Aviation all have offices in Kazakhstan. Recently Kazakhstan established a visa office and civil registration office in Urumqi, the capital of Xinjiang.<sup>71</sup>

In 2004, construction began to create the 1,000-kilometre long gas pipeline from central Kazakhstan to Xinjiang province in China. This is the first link in the 3,000-kilometre pipeline that will eventually link Xinjiang with the Caspian Sea. The Chinese have also invested enormous amounts since 1997 to modernise the Kenkiyak field in Kazakhstan. This is a joint venture with the Kazakh state-owned oil and gas company, which currently employs more than 6,000 Kazakh workers on field sites.

Kazakhstan has two main reasons for supporting the large Chinese investments in the country. First, the new pipeline allows Kazakhstan to diversify its export routes away from total dependence on Russian routes. Second, the construction and operation of these pipelines will employ hundreds, if not thousands, of Kazakhstani workers over a long time and will contribute to social development in underdeveloped regions of the country. Pipelines from Kazakhstan are illustrated in appendix.

Recently, as a result of a conflict between the Kazakh government and Agio KCO, the international consortium contracted to develop the Kashagan field<sup>72</sup> in

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<sup>69</sup> During Soviet times the definition was 'Kazakhstan and Central Asia'.

<sup>70</sup> Matveeva, Anna (2007), p. 7.

<sup>71</sup> UNDP/RBEC, (2005), p 136.

<sup>72</sup> Kashagan is an offshore field believed to be the largest in the Caspian Sea, with a potential reserve estimated by Agio KCO to reach 38 billion barrels of oil. The Agip consortium consists of Exxon

the Caspian Sea, the Kazakh Parliament approved an amendment to the legislation allowing the government to break or revise contracts with foreign investors/companies involved in resource extraction. Even though such revision needs the approval of the Senate to be valid, this can be seen as another, albeit limited, step in the individualisation process and diversification of the Kazakhstan economy. It also shows a renewed interest in renegotiating historical long-term contracts with foreign companies that do not create an advantage for Kazakhstan in the present situation. As a result of the conflict with Agio KCO, under the pretext of delays in the extraction process Kazakhstan has requested USD 40 billion in compensation, along with an increased share of the Kashagan field, making it the second largest shareholder in the consortium. On the other hand, if the field does not turn out to be the predicted '21<sup>st</sup> century super-giant', Kazakh strategic planning, including a doubling of national oil production by 2015, may be jeopardised. This can also have a direct effect on its continued relations with its northern neighbour, meaning less opportunities for foreign policy diversification and less direct transport to customers in Europe.<sup>73</sup>

Turkmenistan has also made several attempts to diversify its economy away from Russia. During the time of former President Supramat Nijazov, many lucrative deals were reached between Turkmenistan and Russia. However, even though the newly established President Berdumukhamedov has stated his intention to honour commitments to contracts, the country is looking in new directions for partners to its energy reserves.<sup>74</sup> Recently China turned to the new leadership of the country with a renewed ambition for long-term gas supplies through a new pipeline from Turkmenistan to China.<sup>75</sup> The pipeline is expected to be ready in 2009, and to reach maximum capacity a few years later.

The Turkmen attempt to diversify gas export has created great tensions in its relations with Russia and also between Russia and China. The overall reason derives from the current inability of Turkmenistan to simultaneously deliver gas

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Mobil, Royal Dutch Shell, Total, Conoco Phillips and INPEX, as well as KazMunaiGaz, Kazakhstan's national oil and gas company.

<sup>73</sup> IWPR – Institute for War and Peace Reporting, '*Kashgan oil project on shaky ground*', 27 September 2007; [http://iwpr.net/?p=bkz&s=b&o=339386&apc\\_state=henb](http://iwpr.net/?p=bkz&s=b&o=339386&apc_state=henb), retrieved 30 November 2007.

<sup>74</sup> Larsson, Robert (2007), *Energikontoll*, p. 82.

<sup>75</sup> Panfilova, Victoria, (2007) <http://enews.ferghana.ru/article.php?id=2248>.

to both Russia and China, and China has asked Turkmenistan to cut its supplies to Russia once the construction of the pipeline is completed. However, a previous 25-year agreement gives Russia the right to import and re-export Turkmen gas to the European Union through the Russian pipeline system at a purchase price that is extremely favourable to Gazprom.<sup>76</sup>

## **Obstacles related to the process of diversification**

Several factors pose obstacles to the states of Central Asia diversifying parts of their economy and dependency on Russia. However, the overall reason is their underdeveloped infrastructure where Russia still has a central role in many ways. While the majority of existing pipeline systems still lead to Russia, any new constructions without an external actor involved may still depend on Russia for funding. Deals concluded with external partners are often time bound and lengthy to realise. In the time between initiative and realisation, transport through Russian-based pipelines will still be necessary and pressure can be applied in the form of price reductions and limitations of export quantities.

Many current regional and bilateral trade agreements aimed at supporting diversification are overlapping, too complex and often ineffective, and may actually harm rather than facilitate trade. In part due to the lack of regional cooperation among the states of Central Asia, the Central Asian transport links with the rest of the world, and especially with the non-CIS countries, remain underdeveloped.<sup>77</sup>

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<sup>76</sup> Interfax 7 December 2007.

<sup>77</sup> UNDP/RBEC (2005), p. 3.

## 6 Economic leverage

In close connection with a strong foreign policy and security agenda, Russia takes advantage of strong national growth to create stable economic leverage in relation to the states in Central Asia. This is done through state-owned companies or private investors with a close relationship to the Kremlin. First and foremost, Russia has a focus on the energy sector with oil, gas and hydropower. Although the focus on energy is expected to continue to play a major role in Russian economic policies, Russian companies have also to a higher degree ventured into other sectors and countries in the Central Asian state economies. This is mainly done through Russia's strategically important role as a vast source of investment capital, in a region with limited monetary capital and even fewer foreign investors with risk capital.

### Russia as a dominant investor with risk capital

One of Russia's most indirect economic levers on the Central Asian region lies in its vast experience and knowledge of the regional environment and the risks attached to investments. Where many external actors take a step back, Russia is willing to invest in high-risk projects. In addition, and as a result of investment monopoly, Russia is able to engage in long-term agreements with host states in return for revenues and transport pay-offs that in many cases end up far below the world market price.

Large Russian investments have recently been made in hydropower plants in both Kyrgyzstan and Tajikistan.<sup>78</sup> In the latter country, the Kremlin-friendly company RusAl concluded a deal in 2004 to complete the enormous dam project Rogun in southern Tajikistan. The project was initiated already in 1976 when Soviet planners started work on a hydroelectric power plant with a dam that, at 335 metres, would be the world's highest. The dam is only part of a two billion dollar investment package by RusAl that also includes new production units at Tajikistan's massive aluminium plant in Tursunzade. This plant, together with an existing aluminium factory at Shaartuz in southern Tajikistan, will require enormous amounts of electricity, which explains the Russian interest in investing heavily in hydropower in Tajikistan.

Earlier Russian investment in the Sangtuda-1 hydroelectric power station is about to be completed and Russia's Unified Energy Systems has spent approximately

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<sup>78</sup>, Leijonhielm, Jan, Knoph, Jan T., Larsson, Robert, Oldberg, Ingmar, Unge, Wilhelm, Vendil Pallin, Carolina (2005), p. 88.

USD 500 million in construction costs. The Russian state-owned company will now retain a 75 percent share in the power plant, which will generate a projected 2.7 billion kWh of electricity per annum. The power station will have an estimated capacity to meet Tajikistan's current domestic needs and allow for export of electricity.<sup>79</sup>

Future electricity production in Rogun is intended for both the internal Tajik market and large exports to external actors outside the region. In line with this, an agreement was signed by the energy ministers of Tajikistan, Iran and Afghanistan in February 2006, which will allow construction of a high-voltage power line from Rogun to Afghanistan. Iran and Pakistan, and eventually India, are also expected to consume Tajik electricity in the future and the possible impacts on the Tajik economy are obvious. However, at present the construction of Rogun has been delayed by almost two years due to contractual disagreements between Tajikistan and Russian investors concerning the shares of future revenues from exports of electricity. Without Russian finance Tajikistan does not have the ability to move the project forward and external investors are unlikely to step in because of the vast investments needed, the large risks attached to the construction and not least the large Russian involvement in the project.<sup>80</sup> In light of this, Russia wields strong leverage in continued negotiations and completion of the project.

Russian state-owned and private firms have also continually been active investors through exchange deals that trade equity in state-owned Tajik firms for debt relief owed to the Russian Federation. This has been done on a scale that may give Russian investors control over a significant proportion of the Tajik economy and, in particular, its important hydropower and aluminium sectors.<sup>81</sup> These examples clearly show the strong economic leverage that Russian direct investments exert on the national economies of the region.

Currently, there are major obstacles to private business and finance in Central Asia, including barriers to market entry, underdeveloped financial sectors, a lack of marketing institutions, financial skills and, not least, high levels of corruption. This environment continues to keep international (mainly Western) enterprises out of the region, with the oil and gas sector as a major exception. This has left a

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<sup>79</sup> Rakhmanova, Malika, 'RAO YeES official arrives in Tajikistan to control preparation of the Sangtuda-1 unit for launch', Asia Plus, 9 January 2008; <http://www.asiaplus.tj/en/news/31/26658.html>, retrieved 10 January 2008.

<sup>80</sup> IWPR – Institute for War and Peace Reporting, (2006) Fradchuk, Artyom, 'Tajikistans energy dilemma', 10 April 2006; [http://iwpr.net/?p=rca&s=f&o=260960&apc\\_state=henirca2006](http://iwpr.net/?p=rca&s=f&o=260960&apc_state=henirca2006), retrieved 6 December 2007.

<sup>81</sup> UNDP/RBEC (2005), p. 189.

vacuum of private investment opportunities open for mainly Russian companies and more lately Chinese. Not only do these countries have the financial opportunities in a region with great potential, they also have a strong geopolitical agenda run by regimes through private businesses and, not least, knowledge and business know-how in a region with troublesome financial stability and massive corruption.

## Regional economic cooperation

Even though many of the present national governments in Central Asia view the Russian partnership in the energy sector with approval at the moment, this may quickly change in the event of a change of government in one or more states or fluctuations in general world market price in combination with new infrastructural developments for transport diversification.

Russian economic multilateral strategies in Central Asia are dominated by EURASEC, which also includes Belarus. Starting in 1995, the more narrowly focused EURASEC was initially aimed at creating a customs union among its five member states. It has faced many practical obstacles to establishing common external tariffs, principally because Kazakhstan and Kyrgyzstan are unlikely to accept the Russian tariff (since this would help Russian producers, who are not the world's least-cost suppliers, to the disadvantage of domestic consumers and import users in the other two countries). Russia in turn is unlikely to accept the low Kyrgyz tariffs, which are bound by treaty since Kyrgyzstan's 1998 World Trade Organisation (WTO) accession.<sup>82</sup>

Today, the organisation has a functioning free trade zone and is still working on establishment of the customs union. As the union will come to exclude China from the regional cooperation, Russia has devoted great efforts to its completion.<sup>83</sup> In parallel, Russia recently blocked the proposal to make the SCO a free-trade area, a suggestion that China has been promoting for years. However, individual exceptions were made to the overall refusal in projects where Russia clearly stands to gain from energy transport revenues and access.

As for the SCO, the organisation has over time broadened its agenda to increasingly encompass economic cooperation, including trade, technology and science. However, among numerous subjects, energy access and transport stand

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<sup>82</sup> Ibid, p 56.

<sup>83</sup> Ria Novosti (2006) '*Eurasec leaders to discuss customs union in Russia in August*', 23 June 2006; <http://en.rian.ru/world/20060623/49951685.html>, retrieved 29 November 2007.



out as the first priority for both Russia and China.<sup>84</sup> Organisationally, the SCO tries hard to keep the US away from energy reserves in Central Asia even though the intentions of individual member states may differ significantly. While China looks in every possible direction to find reliable partners for energy supplies for its booming economy, Russia has a strategic interest in controlling existing and possible new sources of energy in the region.

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<sup>84</sup> Oldberg, Ingmar, (2007), p. 18.

## 7 Military leverage

As noted in Chapter 3 on Russian political leverage in Central Asia, Russia is prioritising its security political agenda with stability as the primary objective in its relations with the states in the region. The new security agenda and geopolitical conditions have given Central Asia a renewed position, with an intensified Russian focus as a result.

As already concluded in the report by Hedenskog and Larsson, the leverage brought by a military presence in countries with friendly relations with Russia rarely needs to be exercised.<sup>85</sup> This is the case in those countries in Central Asia with a Russian military presence, and the existence of a Russian army on their national territory is widely seen as a support mechanism to security, geopolitical balance and political stability.

### Russian military presence in Central Asia

Russia currently has a military presence in Kazakhstan, Kyrgyzstan and Tajikistan. However, the scope of this presence varies widely between different countries, and the overall leverage on particular states does not purely go hand in hand with the Russian military presence.

In Kazakhstan the only military object registered is the radar centre Baikonor, formally owned by Kazakhstan and leased by Russia on an annual basis.<sup>86</sup>

The Russian military presence in Tajikistan has long consisted of the 201<sup>st</sup> Motorised Rifle Division, formerly part of the CIS peacekeepers, and the troops have mainly been deployed on the country's southern border to Afghanistan. The troops were deeply involved during the Tajik civil war between 1992 and 1997 and current President Rahmon (formerly Rakhmanov) was accused of entering into power with the support of the Russian troops.

In 2001, under an agreement involving withdrawal of Russian troops from Tajikistan's borders, Russia gained free, indefinite use of a military base and ownership of a former Soviet space surveillance centre in Tajikistan.<sup>87</sup> The new military base holds around 5,000 Russian soldiers, mainly deriving from the 201<sup>st</sup> Motorised Rifle Division, complemented with air support. It will formally control the Russian space-monitoring centre. The responsibility for the southern

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<sup>85</sup> Hedenskog and Larsson (2007), p. 80.

<sup>86</sup> Ibid, p. 106.

<sup>87</sup> Oldberg, Ingmar (2007) p. 22.

border to Afghanistan has been devolved to a Tajik force, although around 200 advisors from the Russian FSB are expected to strengthen the activity.<sup>88</sup> In addition to the newly created army base, Russia also runs a military academy and a hospital in the capital city of Dushanbe, mainly to educate Tajik soldiers for border troop deployment and to assist the new army base.

Lately, unconfirmed criticism has been voiced in the Tajik government over the permanent Russian military presence, believed to be grounded in higher competition for revenues from the trade of drugs through the area.<sup>89</sup> From an overall Tajik perspective, the continued Russian presence provides security against potential terrorism, drug trafficking and military threats from neighbouring countries.

In Kyrgyzstan, Russia has leased the Kant air base outside Bishkek since December 2002 and deploys the peacekeeping force. The base is seen to constitute a balance to the US base at Manas airport, just few miles away on the other side of Bishkek.

In Tajikistan and Kyrgyzstan in particular, the Russian compatriot policy, which simplifies the procedures for Central Asian military personnel to be granted Russian citizenship, has had an effect on local recruitment and in general negotiations regulating the military presence.<sup>90</sup>

Since early 1990, the Uzbek leadership has been opposed to a Russian presence on Uzbek territory and has tried to balance external actor influence. However, after numerous human rights-related criticisms from the United States and disappointing financial support from international financial institutions, the country has made an apparent reversal of external political direction towards Russia and partly China. Security cooperation has mainly taken the form of bilateral or trilateral agreements or has been pursued within the framework of the SCO. Regionally, Russia has been an active participant in the discussions on security in the SCO.

## **Regional security problems as justification for Russian military presence**

As noted above, Russia has a strong security focus in its strategy towards Central Asia, observable in both bilateral and multilateral relations, and the perceived

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<sup>88</sup> Hedenskog and Larsson (2007), p. 91.

<sup>89</sup> Author's interview with international UNDP staff deployed in Dushanbe. Stockholm, December 2007.

<sup>90</sup> Hedenskog and Larsson (2007), p. 35.

threat to Russian national security from external radical groups has become a major preoccupation for Moscow.

## Extremism and terrorism

Already in 1992 the Russians showed strong concern over the situation in Afghanistan and the spread of fundamentalism into Central Asia and southern Russia. Therefore, support was given to the Tajik government in the civil war with Islamic forces 1992-1997, and the southern borders were strengthened by Russian troops, which were later incorporated into a permanent military base.

Central Asia has experienced a renaissance of Islam on the one hand, and the rise of extremism on the other. The renaissance of Islam has attracted new believers, especially among the young. Islamic institutions, including mosques and madrasas, are common phenomena in the social environment and especially in the countries sharing the Ferghana Valley. Religion has become part of the Central Asian identity, more intensely in some countries than others. It can also be viewed as an element to fill the vacuum created by the lack of scope for political opposition activity, social life and not least the mistreated state education system.<sup>91</sup> Islam and Islamic values in the Central Asian region are based on local traditions and are in many ways distinct from those elsewhere<sup>92</sup>. However, the resurgence of religion has become a means in the process of nationalisation and a constructive element in the social distrust. It has also, in fundamental directions, escalated into a threat to state and regional security perceived by the international community, including Russia, as extremism. Money deriving from the illegal drug trade and external funding has intensified the activity of networks related to extremism.

An exaggeration of the threat of violence by militant Islamic movements in Central Asia and neighbouring countries has been used to justify and legitimise repressive measures by the governments of Kyrgyzstan, Tajikistan and, in particular, Uzbekistan. In both Kyrgyzstan and Uzbekistan the police have been accused of forging evidence of arrested individuals' affiliation with extremist groups, under high pressure to keep the records and agendas of regional organisation and Russian influence.<sup>93</sup>

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<sup>91</sup> Author's own perceptions from working with UNDP in the region (2005-2007).

<sup>92</sup> Cornell and Swanström (2006), p. 20.

<sup>93</sup> IWPR – Institute for War and Peace Reporting, '*Karimov Tightens His Grip in Uzbek Election Run-Up*', 12 December 2007; [http://iwpr.net/?p=rca&s=f&o=341376&apc\\_state=henprca](http://iwpr.net/?p=rca&s=f&o=341376&apc_state=henprca), retrieved 13 December 2007.

## Illicit regional trade in drugs

The critical effects of the drug trade on multiple aspects of security have become a great problem for both Russia and Central Asia. Trans-regional drug trafficking and, in its wake, growing illicit drug consumption pose an escalating danger to the stability and development of the Central Asian states and their inhabitants. Starting in the late 1990s, Central Asia has become the main drug trafficking route to the Western and Eastern European markets, transporting drugs not only from Afghanistan, but increasingly also from other parts of Asia, including China and South-east Asia.

The most dramatic threat to national and regional security linked to organised crime and the drug trade is its increasingly intimate relationship to extremism and terrorism. The income generated by the trade in drugs has become one of the main sources of finance for criminal and extremist groups and organisations in the region, some of which are connected to global criminal networks.<sup>94</sup>

Organised criminal activity is attracted to conflict or unstable areas because of the weakness of state power in upholding law and order. However, conflict is an unnecessary element if the criminal networks can infiltrate government and state organisations through corruption or repression<sup>95</sup>. Many of the countries in Central Asia have had problems with the involvement of criminal structures in politics in both local and national governments and Parliaments. One clear example derives from Kyrgyzstan, where both the past and present governments have been fighting with criminal structures well placed in Parliament through large local support in elected areas and through social assistance programmes.<sup>96</sup>

The recent rocketing drug addiction rate in Russia has been termed by President Putin as 'a national crisis of staggering proportions'.<sup>97</sup> This has led to a situation where drugs and related trade is extensively considered a security problem in the Russian foreign policy agenda. As a result, the Russian concerns and agenda towards the Central Asian countries relating to the trade in illicit drugs are mainly threefold; firstly, to decrease and impede trade of drugs to the Russian market, including Russia as a transit country for continued transport to Europe; second, to reduce the funding for extremist and terrorist groups active in the region; and thirdly, to maintain the present political stability so as to enable geopolitical control and avoid creating a power vacuum.

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<sup>94</sup> Cornell, Svante E., Swanström, Niklas L.P. (2006), p.10.

<sup>95</sup> Ibid (2006), p. 11.

<sup>96</sup> Author's own perception from working for UNDP in the region.

<sup>97</sup> Cornell, Svante E., Swanström, Niklas L.P.(2006), p. 15.

## 8 Conclusions

This report represents a continuation of the report *Russian Leverage on the CIS and the Baltic States* by J. Hedenskog and R. Larsson, but with an enhanced and specific focus on Central Asia. The strategic finding in the report by J. Hedenskog and R. L. Larsson concludes: ‘*a key strategic goal for Russia is to keep and restore the former CIS area intact as an exclusive zone of Russian influence. This is also an underlying driver of its policy that includes preventing foreign powers from gaining influence*’.<sup>98</sup> This assertion formed the foundation for this report, which investigated whether, and to what extent, this statement is valid and can be employed and confirmed in the case of Central Asia.

To allow the above assertion to be verified, the leverage in question was divided into the classes proposed by Hedenskog and Larsson, namely *political, human-based, energy, economic and military*. This also provided the possibility to compare the conclusions of the two reports and to distinguish an extended and differentiated pattern of Russian strategy in different parts of the CIS area.

### General conclusions

Russia continues to prioritise the Central Asian region as a sphere of interest and to retain and strengthen its geopolitical influence within the area. This is mainly done through the use of extensive political and economic leverage, together and in line with a standing security political context, increasingly seen as a main priority and method of exerting leverage. Overall, the Russian foreign policy influence towards the Central Asian region can be summarised as follows;

- Continue to strengthen the role of Russia in bilateral political and economic relations.
- Ensure friendly regimes in each country and stable political development.
- Secure and maintain Russian economic interests in the region.
- Maintain tight control over energy resources and transport routes to make them favourable for Russia.
- Deal with the threats from international terrorism and organised crime in the region.

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<sup>98</sup> Hedenskog and Larsson (2007), p. 9.

Although substantial and cohesive, the Russian agenda towards Central Asia cannot be viewed as strategic, as in the meaning of an overall agenda to be followed at any cost. Instead, it shows an ability to be rather rapidly modified in terms of affecting events and elements. Methods for changes to an agenda and desired outcomes are mainly achieved through the political and economic leverage.

However, in the absence of a strategic agenda for action, the overall ambition of restoration of Central Asia to closer connection with Russia, or as a zone of strong Russian influence, is confirmed as a general ambition through the following conclusions.

## **Political leverage**

In relation to the level of Russian readiness to ensure stability in the Central Asian region, there is a strong probability of seeing Russia use conflict prevention measures more frequently to support its general strategic agenda.

Direct bilateral relations, in comparison to multilateral cooperation, are likely to bring better opportunities for Russia to have economic cooperation in particular and a possibility to exercise leverage when needed. However, the low level of internal cooperation among the states in the region, a geopolitical agenda to limit activity and keep external powers out and the infrastructure system are strong reasons for Russia continuing to prioritise the multilateral track in parallel with bilateral relations. Various organisations, agendas and members will determine the extent to which Russia will be able to exercise leverage towards Central Asia in a multilateral environment.

A preferred scenario for Russia could be for strong Russian bilateral interests to correlate with the agenda of a regional organisation, which would enable Russia to justify and cover its use of leverage in a multilateral environment. Largely because of traditional cooperation and strong leverage, Central Asian room for decisions in regional organisations is often limited and goes in support of Russia. In a situation where Russia is a dominant actor within the majority of regional organisations, this is a method expected to be emphasised by Russia in future relations with the Central Asian states.

Externally generated projects and organisations aimed at regional cooperation, initiated by Western actors or development agencies, have in many cases led to bilateral competition for political leadership between the Central Asian states instead of a result-orientated focus. However, in those cases where Russia is initiating or participating, for example the SCO or CSTO, the leadership tends to fall naturally and often manages to generate results. Although the outcome of

leverage may be questionable in its extent and capacity, the process and generation of a common ground must be acknowledged.

In the Central Asian states with large assets of natural resources, a diversification process away from Russia is visible. However, the smaller and more disadvantaged states (Tajikistan and Kyrgyzstan) may to a higher degree turn to Russia and regional organisations for support (political, military and economic) and to correct injustices in relations with their larger neighbours. Despite their limited access to resources they still have geopolitical importance to offer, mainly expressed through the current military deployment by Russia and by external actors.

## **Human-based leverage**

Human-based leverage is mainly visible with regard to migration flows from Central Asia to Russia. With currency remittances from migrant workers comparable in magnitude to Central Asian Gross National Products, the importance of migration cannot be stressed enough. However, several cases show that migration can also be used as strong leverage from Russia in terms of political and economic matters, while recent cases have shown that it can also to a larger degree be used as a security mechanism.

## **Energy leverage**

The current infrastructural dilemma in the region provides Russia with strong leverage over Central Asia as regards energy export, transport revenues and pays-offs in relation to third party customers.

Historical and long-term agreements keep the states of Central Asia in the Russian sphere of influence and dominance. Their attempts to diversify their markets are limited by infrastructural boundaries and relations with external actors.

One example of diversification can be noted in Kazakhstan. Kazakhstani leaders see Kazakhstan at the intercept of Europe and Asia, and have very deliberately pursued a 'multi-vector' foreign policy in which Kazakhstani relations with the big powers, especially Russia, China and the United States, occupy the highest priority. This has led to a better outcome in its ambition to diversify its energy markets.



## **Economic leverage**

The gas and oil pipeline monopoly that Russia exercises over Turkmenistan and Uzbekistan limits the abilities of these countries to reap the full benefits of world market oil and gas revenues that direct access to broader world markets would allow. A similar concern could arise over Russia's emerging dominance of the Tajik power sector.

The Kazakh economy is currently heavily dependent on its energy resources and before the country can secure full-scale independent transport to world markets, Russia will continue to have strong influence over large parts of the Kazakh economy. However, depending on future prospects for questionable energy reserves, international investments and the Kazakh ability to act in the OSCE and in relations with the EU, Russia may need to accept being reversed into a situation as an equal associate, nonetheless with a continued lucrative partnership.

The many regional and bilateral trade agreements active in Central Asia have an effect that is not likely to foster regional cooperation among each other, external players, etc. Therefore, the strong economic cooperation with Russia is expected to continue and consequently its economic leverage over the region. These regional arrangements have often been in implicit competition with each other, reflecting differing and mutually exclusive political pacts.

Kyrgyzstan and Tajikistan have very limited economic resources and are highly dependent on Russia for economic and political stability. They also need Russia to balance the potential influences of China and Uzbekistan.

Current evidence clearly shows the strong economic leverage exerted by Russian direct investments on the dependent economies of the region. With an absence of foreign investments due to unattractive infrastructural projects or because of a high-risk agenda, Russia stands largely alone on the Central Asian scene with regard to numerous large investments.

## **Military leverage**

Even though the Russian military presence in Central Asia at times seems to benefit the states of the region more than Russia, it is important to Russia for three main reasons. Firstly, the military presence in areas of the former Soviet Union is an important geopolitical statement, mainly in its relations towards the United States. Secondly, it functions as leverage in discussions with host states and in regional multilateral organisations such as the SCO and CSTO. Thirdly, the deployment of Russian troops to permanent army bases in Central Asia

upholds a certain level of quality and provides the possibility to meet a challenging security agenda and prevent the threats from reaching Russian territory.

Central Asian leaders have been able to withstand the demands from the West and domestic political opposition by using the Russian-supported argument of anti-terrorism to maintain a stronghold on political power.

The prioritised Russian agenda for Central Asia is actually not too different from that articulated by the United States, although Russia does not have the intention to discuss the region's problems in an international forum. Both actors have stability as the foremost important element for the future in the region and their general assessments of threats to security have large similarities. However, despite shared general assessments, both countries offer vastly different solutions to the situation in the region. The United States has selected political democratisation as its tool, while Russia seems to be heading for harder measures.

After the establishment of the United State airbase in Central Asia, critical voices were heard about the risk of a new Great Game of competing superpowers struggling to dominate the region. However, in the present environment this fear is mitigated by two factors. First, while all major outside players are clearly pursuing their own national interests in the region, it appears that they also have interests in ensuring political stability and economic prosperity, rather than in reinforcing centrifugal and destabilising tendencies for geopolitical dominance. Second, the present ongoing regional cooperation has a tendency to create more questions than provide positive outcomes. Consequently, the Central Asian countries therefore continue to lean towards Russia when in need of support and bilateral agreements. The shattered political agenda from external powers has also led the Central Asian countries to visualise Russia as a more stable partner with long-term engagement in the region.

## **The Russian vision of Central Asia as a region**

Is it valid to talk about Russian leverage on Central Asia regionally? Central Asia as a single entity has two main functions for Russia. The first of these relates to security and economics, subjects that need to be addressed mainly with a trans-border approach and through multi-country cooperation to be sustainable. Russian companies are making large investments in the region and are in need of cooperative support from the Central Asian states to open up infrastructure systems and allow transit to Russia. Joint efforts are also needed to deal with security threats of a multifaceted nature, such as trans-border organised criminal

trade in drugs and human beings, environmental damage and threats of terrorism. The second function of regionalism for Russian strategies in Central Asia is simply to demonstrate a united front and support around its cause, being a military presence to counterbalance the influence of external actors and Western organisations in the region. At present, Central Asia is the only region that can unite around initiatives led by Russia, as both the South Caucasus and Western CIS have established strong connections with the West to generate an integrated union.

However, in relation to the question of Central Asia being a unified region, one has to stress the vast differences in political and economic routes that the states have taken in recent years. The low level of self-interest in working together in a regional perspective also gives rise to the argument that Central Asia should to a larger degree be treated as five individual countries, bound by their geographical location and common history. The recognition of a lack of Central Asian unity is also visible in the Russian agenda towards the region, where stronger emphasis and leverage are placed on bilateral relations than on multilateral. This development is likely to continue as long as the separate states of the region find a common agenda to work from or are bound together by aggravating political or economic circumstances.

Russia is more likely to keep strong leverage in Central Asia mainly by acting through bilateral relations, rather than with the region as a whole. This is where Russia has its main stronghold in comparison to other external actors and organisations.

## **Differences between Central Asia and the rest of the CIS**

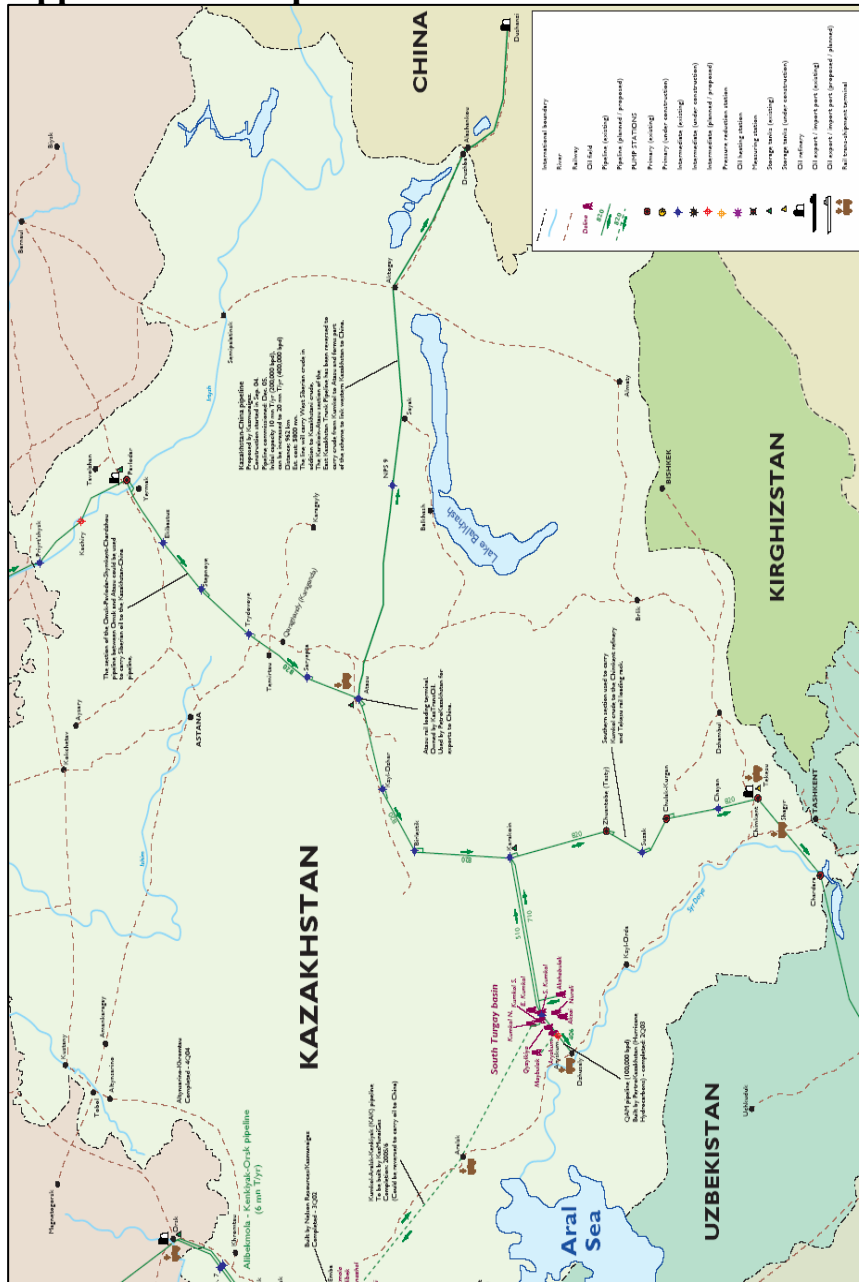
There are strategies for Russian foreign policy towards Central Asia and Russia has sufficient leverage in the majority of countries to implement them. However, the Central Asian states have a different situation than the majority of countries in the CIS and are targeted in different ways by the types of leverage included in this report.

This report shows that there are just as many dependency issues from the states in the Central Asian region towards Russia and the relationship should almost be titled interdependent or mutually supporting, instead of imbalanced. The states of Central Asia are in a dependency situation and this has to be seen as the most compelling leverage of all. Although the region is well represented in terms of international development agencies, their agendas do not always coincide with the interests of individual states, e.g. the will to stay in power, for long-term

development. Similarly, the international community as well as interested external actors often lack a consistent approach and policy towards the region and Central Asia, despite access to vast energy resources and a geopolitically strategic position, is in very few cases a first-hand priority for sustainable bilateral agreements large enough to compete with the overall Russian policy.

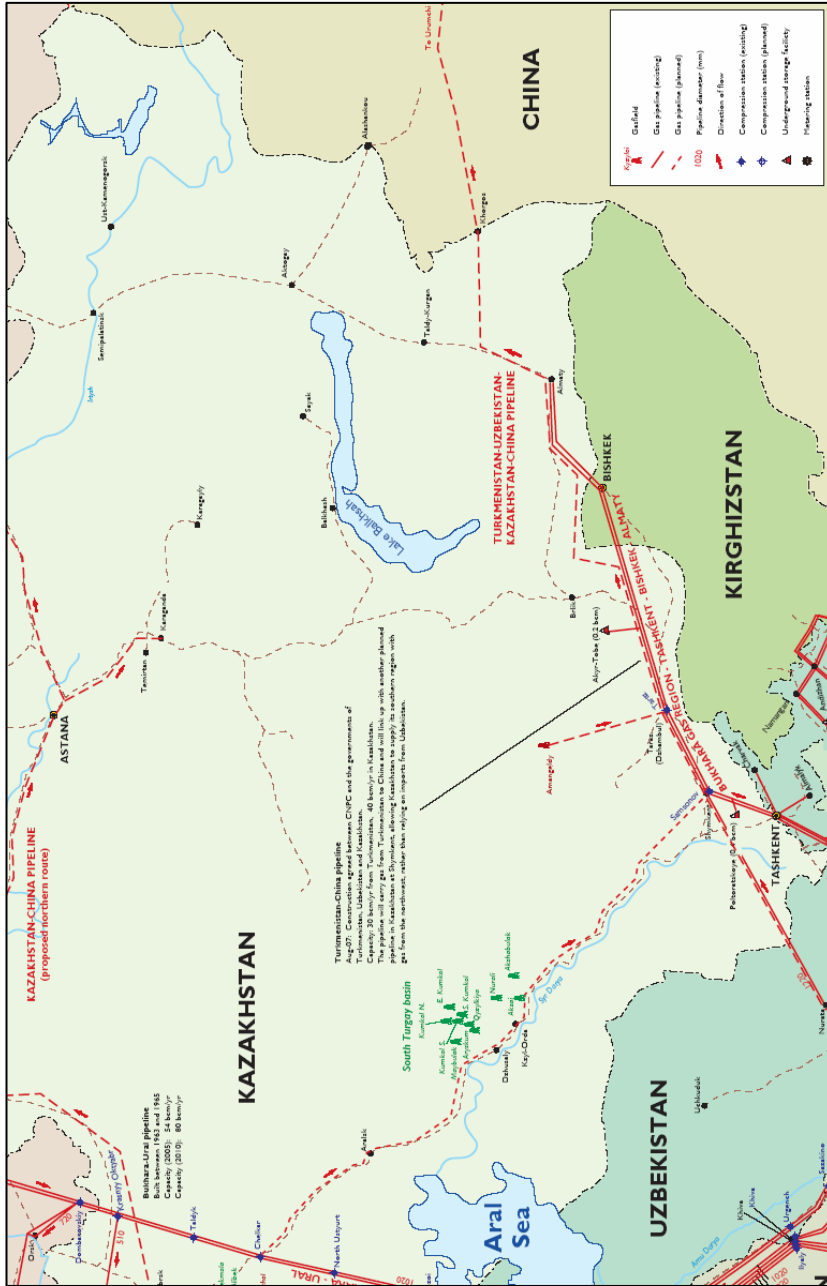
The Central Asian countries mainly welcome Russia as a partner for both political and economic cooperation and align with Russia for both tactical and dependency reasons. In comparison to other parts of the CIS, Central Asian states lean strongly towards Russia for support. Russia continues to be widely regarded as a natural and in many cases necessary partner, and a sincere admiration for this northern neighbour is often the basis for the relationship. This is also the main element in which Central Asia, both as independent states and as a region, differentiates itself from other parts of the CIS.

## Appendix: Gas Pipeline Kazakhstan-China



Source: CGES

## Appendix: Oil Pipeline Kazakhstan-China



Source: CGES

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## **Interviews**

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Author's interview with national staff of the National Kyrgyz Security Council, Bishkek, Kyrgyzstan, April 2006 and continued December 2007.

Author's interview with international staff at the UNDP office in Dushanbe. Stockholm November 2007.

Author's interview with state official of the National Statistical Department, Kyrgyzstan, June 2006.

## About the Author

Charlotte Niklasson is a consultant working with security policy analysis, with a focus on Russia and the CIS. She was previously working for UNDP in Kyrgyzstan/Central Asia on matters related to conflict prevention and development.



Cover: Soviet gates in the Village Chon Kemin in north eastern Kyrgyzstan, home town of Askar Akayev.

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