

# The Prospect of Cooperation and Integration Among Central Asian States

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## Key Points

- After the dissolution of the Soviet Union in 1991, Central Asia States (CAS) had established organizations for regional cooperation and integration to overcome the chaos and to cope with external threats.
- When the Russia-led Eurasian Economic Community emerged, the process of integration by regional countries was halted.
- Afterwards, CAS joined various international organizations (CSTO, SCO, EAEU, etc.) led by major powers.
- Recently, great changes triggered by leadership changes of each state are taking place in the region.
- Strengthening cooperation among countries has great potential for regionalization of Central Asia, despite various limitations and threats.
- While Russia wants to maintain its existing influence, neighboring countries are also trying to expand its influence in the region.
- The US should promote cooperation and strengthen ties with CAS in order to respond to changing trends in the region.

## Introduction

In recent years, regional cooperation has been promoted in Central Asia, and the trend of regionalization and regionalism is emerging. Regionalization can be described as a spontaneous bottom-up process. In contrast, regionalism is defined as the political will (hence 'ism' is attached as a suffix) to create a formal arrangement among states on a geographically restricted basis.<sup>1</sup> - Accordingly, the word 'integrationism' in this paper can also be understood in this context. The change of leadership and foreign policy in Uzbekistan in 2016 became a turning point for regional cooperation in Central Asia.<sup>2</sup> It shows epochal changes that are different from the past, including the promotion of human and material exchanges following the opening of the border, cooperation in the border region and consultations on joint responses to regional security such as the Afghan crisis. The resumed 'Central Asia Summit' in 2018 is a symbolic and important framework for regional cooperation. However, the possibility that regional cooperation in Central Asia will be institutionalized into an international organization such as ASEAN is

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<sup>1</sup> Hiroyuki Hoshiro, "Regionalization and Regionalism in East Asia", *ISS Discussion Paper Series F-162* (Mar 2013, Tokyo University)

<sup>2</sup> Otabek Akromov, "Uzbekistan's New Foreign Policy: Rekindling Regional Ties in Central Asia", *Atlas Institute for International Affairs* (Nov 2020)

currently low. While the US keeps an eye on the formation of ‘Central Asia as a region’ and the development of regionalization and regionalism, it should consider a more effective policy approach.

### **Promotion of regional cooperation**

Regional cooperation and integration in Central Asia started in the autumn 2016, led by Uzbekistan. President Shavkat Mirziyoyev, who came to power following the sudden death of the first president Islam Karimov, abandoned an isolationist foreign policy and pursued an open policy. The forward-looking transformation of Uzbekistan, which is in contact with all countries in the region, opened a new chapter in regional cooperation.

In fact, cooperation in Central Asia has not been properly achieved due to structural factors such as geopolitical competition between major powers and the lack of political and economic capacity of the countries to promote cooperation, as well as issues of water resources, electricity, energy supply, and undetermined borders. In particular, the issue of water resources became a cause of serious conflict between the upstream countries (Tajikistan, Kyrgyzstan) which wanted to use water for electricity generation in winter, and the downstream countries (Uzbekistan, Kazakhstan, etc.) which wanted to use water for agriculture in summer. However, as good-neighbor and friendly relations between countries have recently been formed and an atmosphere of cooperation has been fostered, Uzbekistan and Kyrgyzstan signed a power supply agreement worth 750 million kWh (March 2021)<sup>3</sup>, and Uzbekistan and Tajikistan agreed to jointly carry out the hydroelectric dam construction project (June 2021)<sup>4</sup>.

This situation has led to an increase in intra-regional trade. In the case of Uzbekistan, intra-Central Asian trade amounted to \$3 billion at the end of 2017 and increased to \$6.3 billion by 2021. Inter-regional cooperation in the region serves not only trade, but also economic and industrial cooperation. Uzbekistan has started cooperation with Kazakhstan in the production of automobiles, agricultural machinery, textiles, agricultural products, etc. and is also promoting cooperation with Tajikistan in the field of household appliances and construction materials. In addition, Uzbekistan established an investment and development fund with Kyrgyzstan and Tajikistan to establish joint projects in the mining, metal, and textile industries.<sup>5</sup>

### **The Central Asia Summit - The first step in institutionalization for regional integration**

Central Asian countries are endeavoring to overcome the competition and conflicts that have been going on for some 20 years and to promote and institutionalize the atmosphere of cooperation, realizing that regional cooperation is an important asset for national and regional development. In this context, the CAS summit, officially called “Consultative Meeting of the Heads of State of Central Asia” was established. It is the first step towards institutionalizing regional integration. The CAS summit was held under the leadership of Uzbekistan in 2017. The summit has been held four times since then. The main objectives were to promote cooperation between countries focusing on the economic field, to develop a common cultural and historical heritage, and to jointly respond and

<sup>3</sup> “Kyrgyzstan and Uzbekistan agree on mutual supply of 750 mln kWh of electricity” *AKIpress* (Mar 25, 2021)

<sup>4</sup> “Uzbekistan, Tajikistan to build hydropower plants on Zarafshan river” *The Tribune* (Jun 14, 2021), <https://www.thetribune.com/uzbekistan-tajikistan-agree-to-build-two-hydropower-plants-on-zarafshan-river/> (accessed on Nov 17)

<sup>5</sup> “Uzbekistan in trade with Central Asia” *europa-reporter* (Jun 20, 2022), <https://www.europa-reporter.co/world/uzbekistan/2022/06/20/uzbekistan-in-trade-with-central-asia/> (accessed on Nov 17)

cooperate on regional issues such as the Corona pandemic and the situation in Afghanistan. At the 4th summit in July 2022, Kazakhstan President Tokayev proposed several initiatives:<sup>6</sup>

- Conclusion of a Treaty of Friendship, Good Neighborliness and Cooperation for the Development of Central Asia in the 21st Century
- A mechanism for regular consultation of the secretaries of the Security Councils
- A concept of interaction between the CAS in multilateral formats
- An expert platform for development of mutually acceptable approaches to border delimitation
- Network of border trade and economic hubs
- AIFC (Astana International Finance Center) as a platform for stimulating investments in regional projects
- Transport and logistical potential of the region
- CAS Project Office for the protection of the environment

The Central Asia summit itself has an important meaning, even if the contents and results of the summit are left out.

First, all countries in the region are participating in the break away from the isolationist tendencies prevailing in Central Asia. Turkmenistan, which declared its neutrality after the dissolution of the Soviet Union and did not participate in international organizations, also actively participated in this summit. Moreover, as the third summit, originally scheduled to be held in Kyrgyzstan, became insecure due to the border dispute between Kyrgyzstan and Tajikistan, surprisingly Turkmenistan voluntarily held it.<sup>7</sup>

Second, the level of cooperation has spread from the national to the local level. A framework for cooperation and consultation has been established between local governments in the Fergana region, where Uzbekistan, Kyrgyzstan, and Tajikistan border. Cross-border cooperation has also been promoted.<sup>8</sup> Cross-border public transport services have been resumed, border trade has been revived, and free economic zones have been established. The policy of closed border has transformed the border area from an area of separation and confrontation to an area of cooperation and integration.

Third, the ‘aspirational integrationism’ of the 1990s is being revived and is developing into an institutionalization of multilateral cooperation. The movement of regional integration in Central Asia is not a recent phenomenon. In order to overcome the political, economic, and social chaos caused by the dissolution of the Soviet Union in the 1990s, the CAS first held summits and participated in various international organizations. The summit was held a total of six times until 2009. However, with creation of the Russian-led Eurasian Economic Community, the process of integration by regional countries was halted.<sup>9</sup> In this context, the recently held CAS summit is brightening the prospects for promoting regional cooperation and gradual regional integration. Although the

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<sup>6</sup> Georgi Gotev, “Kazakhstan announces initiatives at fourth summit of Central Asia states,” *Euractive*, July 22, 2022, <https://www.euractiv.com/section/central-asia/news/kazakhstan-announces-initiatives-at-fourth-summit-of-central-asia-states/>

<sup>7</sup> Catherine Putz, “Central Asian Leaders Set to Meet in Turkmenistan for Third Consultative Meeting”, *The Diplomat*, Aug 5, 2021, <https://thediplomat.com/2021/08/central-asian-leaders-set-to-meet-in-turkmenistan-for-third-consultative-meeting/> (accessed on Nov 14)

<sup>8</sup> “Grassroots Peacebuilding: Cross-Border Cooperation in the Ferghana Valley”, *Central Asia Program*, Jan 2018, <https://safe.menlosecurity.com/doc/docview/viewer/docN9FE9BA8FF9B4d38587e7e2dcb3347828f64686423618ac951238997a419178e35bedaa219489> (accessed on Nov 14)

<sup>9</sup> Golam Mostafa, “Eurasian Economic Union: Evolution, challenges and possible future directions”, *Hanyang University, Journal of Eurasian Studies* Vol.9, Issue 2, Jul 2018, <https://www.sciencedirect.com/science/article/pii/S1879366518300149> (accessed on Nov 14)

bilateralism tendency is still dominant and no regional multilateral regulatory mechanism has been formed to prevent or resolve the Tajikistan-Kyrgyzstan border dispute, it can be said that the formation of a “single Central Asian tourism zone” through the introduction of the “Silk Road Visa” and a joint response to water resource issues will be a major step forward. and that the institutionalization process of Central Asian multilateralism is in progress.

### **Limitations and Prospects of Regional Integration**

Regional cooperation in Central Asia is a positive development in terms of promoting regional stability as well as economic development. Regional cooperation will be further enhanced, and the Central Asian region will develop into a more integrated region. However, it is unlikely that this regional cooperation will develop into a regional organization like the European Union (EU) and the ASEAN<sup>10</sup> in the near future. This is because the internal structure or capacity of the region itself, as well as external factors, hinder or constrain regional cooperation and integration in Central Asia.

The economic constraints include a low level intra-regional trade and weak economic cooperation, a lack of technology and funds underlying cooperation, and differences in each country's economic orientation and strategy. Among the five Central Asian countries, Tajikistan and Kyrgyzstan not only have very small economies, but also very poor industrial and economic foundations, with remittances from migrant workers accounting for about 40% of GDP<sup>11</sup>. The other three countries are difficult to achieve complementary economic cooperation due to their resource-dependent economic structure including energy.

At the political level, instability in the development process toward regional integration is increasing due to a lack of experience in multilateral diplomacy, a low level of political development and accountability, and a neo-patrimonial political system. In addition, the security instability of neighboring countries is an obstacle to stable and planned regional cooperation. In particular, concerns about terrorism, extremism, drugs, and the influx of refugees are increasing due to the Afghanistan crisis.<sup>12</sup>

Meanwhile, border disputes and conflicts over the use of resources such as energy and water resources are one of the biggest obstacles to regional cooperation and integration in Central Asia. The border drawn by Moscow in the 1920s was not clearly resolved even after the dissolution of the Soviet Union, and 30 years passed, leading to serious conflicts between neighboring countries. The armed border conflict between Kyrgyzstan and Tajikistan in the Fergana region from late April to early May 2021 posed a serious threat to the long-established atmosphere of regional cooperation and integration.<sup>13</sup>

Moreover, the unstable political and economic situation of each country, such as the monopoly of wealth, the conflict between reformist and opponents to reform, chronic unemployment, which is unlikely to be resolved by

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<sup>10</sup> ASEAN, officially the Association of Southeast Asian Nations, is a political and economic union of 10 member states in Southeast Asia, which promotes intergovernmental cooperation and facilitates economic, political, security, military, educational, and sociocultural integration between its members and countries in the Asia-Pacific.

<sup>11</sup> “Central Asian governments fret over shrinking remittances from Russia”, *The Economist*, Jun 2022, <https://www.economist.com/asia/2022/06/23/central-asian-governments-fret-over-shrinking-remittances-from-russia> (accessed on Nov 13)

<sup>12</sup> Susanne Schmeidl, “(Human) security dilemmas: long-term implications of the Afghan refugee crisis”, *Third world Quarterly*, Vol 23, No 1, pp 7-29, 2002 (accessed on Nov 14)

<sup>13</sup> Gavin Helf, “Border Clash Between Kyrgyzstan and Tajikistan Risks Spinning Out of Control”, *USIP*, May 2021, <https://www.usip.org/publications/2021/05/border-clash-between-kyrgyzstan-and-tajikistan-risks-spinning-out-control> (accessed on Nov 15)

cooperation and support among CAS, makes it difficult to predict a bright future. In this regard, the integration movement in Central Asia may be delayed or even frustrated again.

### **Implications**

The regional integration movement currently taking place in Central Asia is different from the movement at the end of the 20th century. While integrationism was at that time a passive and defensive dimension to deal with the unexpected dissolution of the Soviet Union and the political and economic turmoil that followed, the current integration movement is a proactive and leading concept to rethink the potential of the region and promote regional development. This is an active response.

CAS are aware of the need for joint cooperation in order to escape the geopolitical disadvantage of being a landlocked state. In particular, they are actively participating in the formation of the Eurasia transportation corridor as well as China's Belt and Road Initiative. In other words, it is very important for Central Asian regional development to overcome the Moscow-centered economic-transportation network formed during the Soviet era and to build a new economic and transportation network.<sup>14</sup> What we must note here is that the outward-oriented tendencies of CAS and their participation in international organizations will not take a single form. Each country will participate in various international organizations under the common name of Central Asia, and the depth and breadth of participation will vary according to the interests of each country. Fortunately, the US State Department is oriented toward the "C5+1" diplomatic platform to keep pace with this trend,<sup>15</sup> which should also guide the military cooperation agenda.

Considering the geopolitical advantage of Central Asia, neighboring countries have also pursued their national interests through relations with these CAS.

Russia, which still regards Central Asia region as its backyard, is wary of the expansion of influence from the West, especially the United States, and is trying to keep it under its own influence. The reason why the Steppe Eagle Exercise has been suspended since 2019 is ostensibly due to the COVID-19, but it is hard to deny that there has been and will be some pressure from Russia.<sup>16</sup>

The US and the countries of Central and South Asian have participated in the annual Regional Cooperation exercise since 2004, and in 2022, Tajikistan hosted the event for the sixth time. However, Russia has reportedly advised its partner countries in the Eurasian region to be more cautious and "aware of the high risks" associated with participating in joint military exercises with the US.<sup>17</sup>

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<sup>14</sup> Stefan Hedlund, "Uzbekistan's bumpy ride out of Russia's orbit", *GIS Online*, Aug 2022, <https://www.gisreportsonline.com/r/uzbekistan-russia-relations/> (accessed on Nov 15)

<sup>15</sup> U.S. Department of State, "United States Strategy for Central Asia 2019-2025: Advancing Sovereignty and Economic Prosperity (Overview)," Feb 2, 2020, <https://www.state.gov/united-states-strategy-for-central-asia-2019-2025-advancing-sovereignty-and-economic-prosperity/>.

<sup>16</sup> Catherine Putz, "Russian Ambassador to Kazakhstan Says US-NATO Steppe Eagle Exercise Will 'No Longer Fly'," *The Diplomat*, Feb 11, 2022, <https://thediplomat.com/2022/02/russian-ambassador-to-kazakhstan-says-us-nato-steppe-eagle-exercise-will-no-longer-fly/>.

<sup>17</sup> Ateet Sharma, "Russia wants Central Asian countries not to hold joint military exercises with US," *India Narrative*, Aug 24, 2022, <https://www.indianarrative.com/world-news/russia-wants-central-asian-countries-not-to-hold-joint-military-exercises-with-us-41451.html>.

Iran has also recently been promoting political and economic cooperation with CAS, such as mutual visits by key persons and the establishment of a drone factory in Tajikistan.<sup>18</sup> Should the current nuclear negotiation reach an agreement and various sanctions on Iran be lifted, cooperation and exchanges are expected to be further strengthened. On the one hand, Iran wants to be a transit hub for Central Asia and believes it can help these countries access the Indian Ocean.<sup>19</sup> On the other hand, Tehran considers Central Asia as a “bridge region” between Iran and the East.<sup>20</sup> Each CAS sees Iran as a partner in different areas, from trade and transit corridor to the energy importer and guarantor of security.<sup>21</sup>

### **Recommendation for the US/USCENTCOM**

- Curb unwarranted intervention and interference of Russia, which still regards Central Asia as its backyard.
- Closely follow the efforts of neighboring countries, such as Iran, to expand their influence in Central Asia.
- Discover new Mil-Mil partnership agendas within the C5+1 Diplomatic platform.
- Resume the suspended Joint Exercise Steppe Eagle as soon as possible.
- Continue to develop Regional Cooperation exercises.
- Monitor the operation of the Iranian drone factory in Tajikistan and analyze its future impact.

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<sup>18</sup> Eric Lob, “Iran’s drone factory in Tajikistan” *Middle East Institute*, June 3, 2022, <https://www.mei.edu/publications/irans-drone-factory-tajikistan>.

<sup>19</sup> Seth J. Frantzman , “What does Iran’s drive for Central Asia partnerships look like?” *The Jerusalem Post*, July 2, 2022, <https://www.jpost.com/international/article-710999>.

<sup>20</sup> Omid Rahimi, “Iran’s New Pivot to Central Asia” *Eurasia Daily Monitor* Volume 18, April 14, 2021, <https://jamestown.org/program/irans-new-pivot-to-central-asia/>

<sup>21</sup> Francisco Olmos, “Busy Times in Iran-Central Asia Relations” *The Diplomat*, June 24, 2022, <https://thediplomat.com/2022/06/busy-times-in-iran-central-asia-relations/>.