

Central Asia – Challenges and Opportunities for Regional Stability

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Key Points

- Central Asia's strategic location and vast resources are too important to neglect and are worthy of long-term investments in modernization, integration, and development.
- Challenges serve as drivers for closer integration of the Central Asian countries, especially in the economic, security, and environment protection spheres.
- The Russian invasion of Ukraine deteriorated Moscow's image of a security guarantor in CAS. Nevertheless, Russia and CAS continue to maintain economic ties due to proximity and shared culture.
- To advance economic and geopolitical goals, China is focusing on expanding its transportation network beyond its borders through the trans-Caspian rail and transport route through Kazakhstan, Azerbaijan, Georgia, and Türkiye (Belt and Road Initiative).
- Central Asian states updated strategies for socio-economic development favoring further cooperation with the U.S. and the EU.
- The factor of increasing ratios of young generation in Central Asian countries with less ties with Russia could be exploited and lead to more active investments/general engagements with the aim of forming an emerging middle class oriented towards the United States.

Introduction

Central Asia stands at a critical juncture, subject to influence by various global powers and regional actors. The strategic landscape is characterized by a delicate balance of interests, including those of the United States, Russia, China, and the European Union.

The region's stability is crucial not only for its own development but also for broader international security. Challenges such as political instability, economic disparities, security threats, and competition among external actors shape the region's dynamics. By engaging with regional stakeholders and international partners, a strategy focused on Central Asia can contribute to peace, security, and prosperity in the region.

This paper aims to briefly analyze the most urgent challenges to the stability of the region and substantiate the thesis that the current situation in Central Asia requires the United States and their key partners to reconsider/adapt their current approaches to maintaining influence in the region and focus on sustainable development. The region of Central Asia, when examined through its strengths, weaknesses, opportunities and threats, is too important to neglect. The numerous challenges of the region, especially in the aftermath of Russian invasion of Ukraine in 2022, may also bring opportunities for its development and taking a greater role in ensuring regional security. The global

focus on the Middle East after the events of Oct 7, 2023, in Israel seems to overshadow the ongoing developments in Central Asia.

Discussion/Analysis

Central Asia (CA),¹ has been an arena for competition and geopolitical games by external actors for many centuries. The importance of CA for the leading global powers is explained largely by its strategic geographical location and vast natural resources²:

- to the North, CA borders with Russia.
- to the East – China.
- to the South – Afghanistan and Iran.
- to the West – the Caucasus through the Caspian Sea.

The important location and vast resources (e.g. oil, gas, uranium, rare metals, etc.) along with common culture, history, language (except for Tajikistan's Farsi language), traditions and mentality of Central Asian countries, constitutes the strengths of the region and create opportunities at a large scale for its sustainable development and external partnerships.

However, over the last 30 years the Central Asian states have faced numerous challenges that have hindered their development, largely a legacy of Soviet rule. Newly independent states have been going through socio-political crises caused by corruption, declining healthcare and education, environmental degradation, and rapid population growth with a lack of employment opportunities. The issue of political power succession, inefficient state structures, and loss of human capital through emigration of the intellectual elite have long been chronic issues for all states in the region. In addition, inter-ethnic and inter-clan tensions and internal conflicts among regional elites hinder the prospects for positive development.

While most border disputes between the countries in the region are settled, some remain unresolved.³ Additionally, the threat of interstate water conflicts has recently emerged, with climate change effects likely exacerbating an already febrile situation. Ethnic mixtures living in contested areas, along with a shortage of land and water resources, have laid the foundation for ethno-territorial conflicts, primarily between Kyrgyzstan, Tajikistan, and Uzbekistan, flaring up regularly and keeping the entire region in constant tension. Water problems have noticeably exacerbated relations in the Kazakhstan – Turkmenistan – Uzbekistan triangle.⁴

Among the many challenges in Central Asia, the most serious external challenge for these post-Soviet states continues to be Afghanistan. A neighbor of the Central Asian countries, Afghanistan has now become a trigger in the escalating spiral of water conflicts among regional countries, in addition to the traditional threats of becoming a center of religious extremism, increased drug trafficking, and an illegal arms trade.⁵

¹ For the purpose of this paper the Central Asia is referred as a region consisting of five former Soviet republics: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

² Mark Temnycky, The Diplomat, "The West Is Eying Closer Relations with Central Asia", December 13, 2023, <https://thediplomat.com/2023/12/the-west-is-eying-closer-relations-with-central-asia/>, (accessed January 31, 2024).

³ Almaz Mukashev, CSAG Information paper, "Border conflict between Tajikistan and Kyrgyzstan", October 14, 2022, (accessed February 9, 2024).

⁴ Jahan Taganova, The Diplomat, "Central Asia's Water Crisis Is Already Here", January 04, 2024, <https://thediplomat.com/2023/12/central-asias-water-crisis-is-already-here/>, (accessed February 15, 2024).

⁵ N. Sanginov, People's Newspaper, "Hybrid threats" emanating from Afghanistan", January 11, 2024, narodnaya.tj/index.php?option=com_content&view=article&id=19178:2024-01-11-04-26-56&catid=57:bezopasnost&Itemid=53, (accessed February 16, 2024).

1. **Tajikistan:** This country, bordering Afghanistan, perhaps remains the most vulnerable state. Tajikistan is the only state in Central Asia that has gone through a bloody civil war. Currently an authoritarian state, power transition is likely to be problematic with the resumption of civil war a possible outcome of the death of President Emomali Rahmon. Tajikistan, with a weak economy, is at high risk of debt distress and remains vulnerable to external shocks due to its high dependency on migrant remittances.⁶
2. **Uzbekistan:** The United States has provided the most significant financial assistance to Uzbekistan through international financial institutions.⁷ While there is a consensus in Uzbekistan regarding the legitimacy of President Shavkat Mirziyoyev, stability is illusory and, considering the deepening intra-economic crisis, increasing youth unemployment, and overpopulation of this Central Asian republic, Uzbekistan, to some accounts, may face serious political disturbances at any moment. The aggravated crisis of an acute water shortage, associated with Afghanistan's implementation of a project to divert significant volumes of water from the Amu Darya to the Kosh-Tepa canal, is the most potent catalyst for internal political instability. Therefore, the implementation of the project is recognized as the number one threat to national security in Tashkent.
3. **Kyrgyzstan:** Kyrgyzstan, despite some stabilization under President Sadyr Japarov, continues to experience a state of permanent domestic political instability. With minimal external influence, this instability can easily lead to another attempt at a violent change of power.⁸
4. **Turkmenistan:** In neutral Turkmenistan, which remains one of the most closed countries in the world, despite outward appearances of domestic political stability, an intra-family conflict within the Berdimuhamedov clan is growing.⁹ The power of the current president, Serdar Berdimuhamedov, is largely guaranteed by the retention of key levers of state control in the hands of his father, whose ill health has recently raised concerns. In the event of the sudden death of Berdimuhamedov Sr., the power of his son will inevitably be contested by his cousins.
5. **Kazakhstan:** Of all the post-Soviet states in Central Asia, Kazakhstan has been considered the most stable. Despite many challenges complicating implementation of its multi-vector policy, Kazakhstan maintains its proactive, pragmatic and balanced foreign policy course resulting in friendly and predictable relations with all countries. Kazakhstan faces similar problems observed and deepening in neighboring states. The need for reforms in the country in the aftermath of its January 2022 events with un-precedented civil unrests has driven recent constitutional changes, limiting a president's tenure to a single seven-year term, and changes in its internal development to provide more economic opportunities to citizens. Despite its declared friendly relations, the expansionist appetite of neighboring Russia is also of considerable concern to Kazakhstan, which has the longest continuous land border with Russia.

Challenges Bring Opportunities

The threats and challenges also can be seen as bringing opportunities to Central Asia. These factors could trigger and serve as drivers for closer integration of the countries of the region in economic, security, environment protection, and other spheres. The Central Asian countries have intensified the inter-regional cooperation mechanisms of trans-

⁶ The World Bank, "Tajikistan Economic Update – Summer 2023", June 30, 2023, <https://www.worldbank.org/en/country/tajikistan/publication/economic-update-summer-2023>, (accessed February 19, 2024).

⁷ Meray Ozat, Caspian Policy Center, "Uzbekistan in the United States: A Path for Stronger Partnerships", September 22, 2023, <https://www.caspianpolicy.org/research/security-and-politics-program-spp/uzbekistan-in-the-united-states-a-path-for-stronger-partnerships>, (accessed February 19, 2024).

⁸ Burak Kalisan, Anadolu Ajansi, "The political instability in Kyrgyzstan finds its roots in two main factors: An authority vacuum and a weak economy", June 13, 2023, <https://www.aa.com.tr/en/analysis/3-questions-coup-plot-and-instability-in-kyrgyzstan/2921116>, (accessed February 20, 2024).

⁹ Galiya Ibragimova, Carnegie Endowment for International Peace, "Like Father, Like Son: Why Turkmenistan's Power Transition Is in Reverse", May 4, 2023, <https://carnegieendowment.org/politika/89679>, (accessed February 20, 2024).

border trade and initiated the creation of economic hubs. Kazakhstan is creating special economic zones on the borders with Uzbekistan and Kyrgyzstan. Turkmenistan and Uzbekistan have started building border trade zones.¹⁰ Uzbekistan and Tajikistan are planning to create border industrial-trade zones. The creation of these industrial-trade zones signifies a collaborative effort between Uzbekistan and Tajikistan to strengthen economic ties and foster mutual growth in the region. These are just few examples of regional cooperation initiatives that have been recently started and have a promising future.

It should be noted that the expansionist policy of Russia has been an awakening factor for the region, especially for Kazakhstan with its northern border with Russia and significant ethnic Russian populace. However, the larger investments in social and economic development programs, creating jobs and better living conditions, especially in border areas, along with improved security measures may counter separatist agendas.

The sanctions against Russia have triggered the diversification of commercial partnerships in the Central Asian countries. They are actively working on expanding their partner networks, especially with South Asia and Middle East countries (South Korea, Japan, UAE, Qatar, Saudi Arabia, Pakistan).

As mentioned above, the Central Asian states continue to be objects of foreign policy competition between the U.S., EU, China, Türkiye, Iran, and Russia. The U.S. exerts less economic influence on the region than China, Russia, or Türkiye.¹¹ As data from the International Tax and Investment Center shows, China's trade with Central Asia is now 10 times greater than their trade with the United States. After the invasion of Ukraine, the Central Asian countries have been becoming more cautious about relations with Russia and are likewise skeptical of Chinese influence. These should create a window of opportunity for the United States to bolster its image through greater long-term investment in the region.¹²

However, the realities of geography, existing economic networks and the possibility of more aggressive policies and destabilizing actions by Russia toward Central Asian countries that it sees as its zone of interest should not be underestimated.

The geographic distance of the United States from the region is a significant obstacle to more active American involvement in Central Asian affairs. Experts maintain that the region “is seldom a top priority for U.S. foreign policy” and has served as little more than a launchpad for US involvement in Afghanistan.¹³ For the U.S. the region is of secondary importance from an economic point of view. The current American economic presence in the region is sufficient for foreign policy goals: American companies have long been involved in the most profitable energy projects, with additional financial investment of limited economic value. However, expanded opportunities for Western investment exist. One such opportunity is securing production from the rare earth metal deposits in Central Asian countries, the supply of which has decreased from China to the world market. Partnering between Western nations and Central Asian nations can have mutually beneficial outcomes in light of global economic competition.

The "Build Back Better World" initiative (2021-2035, funding volume \$40 trillion) aligns well with the European project "Global Europe" (2021-2027, €79.5 billion). EU states, more than the U.S., are interested in the region's energy

¹⁰ Web Desk, WorldEcho News, “Uzbekistan and Tajikistan Discuss Industrial and Trade Zones in Border Territories”, February 14, 2024, <https://en.wenews.pk/uzbekistan-and-tajikistan-discuss-industrial-and-trade-zones-in-border-territories/>, (accessed February 21, 2024).

¹¹ Stan Pribilov, VoA, “Multi-vector policy of the countries of Central Asia in the 21st century”, March 08, 2024, <https://www.golosameriki.com/a/central-asia-multi-vector-policy-for-the-21st-century-strategy-and-development/7518285.html>, (accessed March 8, 2024).

¹² Hunter Stoll, RAND, “A Case for Greater U.S. Engagement in Central Asia”, September 11, 2023, <https://www.rand.org/pubs/commentary/2023/09/a-case-for-greater-us-engagement-in-central-asia.html>, (accessed March 8, 2024).

¹³ Ibid.

resources. Therefore, it seems reasonable to rely on the EU to lead the expanding Western economic presence in the region as an alternative to a U.S.-led effort.¹⁴

It should also be noted that, in addition to foreign direct investment, international financial institutions (IFIs) play a significant role in financing development programs and projects. The primary IFIs supporting Central Asia are the World Bank Group, the European Bank for Reconstruction and Development, and the Asian Development Bank. Since gaining independence, Uzbekistan has received about \$13.8 billion in financial assistance from IFIs. Kyrgyzstan - over \$4.2 billion, Kazakhstan - \$1.7 billion, Tajikistan - over \$511 million, Turkmenistan - about \$51 million. In Tajikistan's 2023 budget, more than a quarter of total revenues come from IFIs (over \$750 million). Arguably, players other than the U.S. have been more focused on Central Asian. However, all states in the region updated their strategies for socio-economic development in 2022, clearly fixing objectives for further cooperation with the U.S. and the EU.¹⁵

Finally, the factor of an increasing ratio of young generations of Central Asian countries with less cultural ties with Russia than older generations should be taken into account. More active investment from the U.S. and the West in Central Asia's next generations and a focus on working with the youth with the aim of forming a nucleus more inclined culturally towards the United States. In the long run, individuals from this nucleus may emerge as leaders of the Central Asian states of the future.

Conclusion

The strategic location and abundant resources of Central Asia make it too significant to ignore. The recent changes in the geostrategic environment necessitate long-term investments in modernization, integration, and development of the Central Asian countries. Challenges can act as positive catalysts for increased integration among the Central Asian nations, particularly in the areas of economies, security, and environmental protection.

The Russian invasion of Ukraine deteriorated Moscow's image as a security guarantor in CAS. CAS revised their strategies for socio-economic growth favoring continued cooperation with the U.S. and EU. In this realm, considering the growing number of young people in Central Asian nations distancing themselves from Russia and its influence, more active investments and general interactions should be made with the goal of creating an elite core more receptive to U.S. influence. In the long run, along with its modernization and integration with investment in a forward-looking young generation, Central Asia could overcome drivers for instability while becoming a firmer partner for the U.S.

¹⁴ Anna Matveeva, Carnegie Europe, "A New Opening for EU-Central Asia Relations?", April 13, 2023, <https://carnegieeurope.eu/2023/04/13/new-opening-for-eu-central-asia-relations-pub-89454>, (accessed March 8, 2024).

¹⁵ Giuliano Bifulchi, SpecialEurasia Geopolitical Intelligence & Risk Assessment, "Central Asian republics between socio-economic projects, popular protests, terrorist threats and the Afghan dilemma", <https://www.specialeurasia.com/2022/07/22/central-asia-problems-economy/>, (accessed March 11, 2024).