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THESIS

**POLICING THE SILK ROAD: DO THE CENTRAL ASIAN
STATES NEED THE UNITED STATES AND RUSSIA TO
CREATE AND MAINTAIN STABILITY?**

by

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December 2005

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ABSTRACT

This thesis argues that U.S. and Russian influence in the Central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan, aids in regional stability. By embracing the assistance of both the United States and Russia, the Central Asian states will be better able to deal effectively with regional flashpoints such as border disputes and water management issues. The economic and counterterrorism assistance at its current level is aiding in the combating of Islamic fundamentalism in the region. The economic impact the United States and Russia have on Central Asia is significant in terms of trade and financial assistance. The United States and Russia have ongoing business enterprises and governmental interactions with the countries of Central Asia, which are indicative of a future interest in investment in the region. As a region, Central Asia needs not just to maintain but also to increase its cooperation with both the United States and Russia if it is to help its struggling economies and establish regional stability.

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I. INTRODUCTION

A. PURPOSE AND IMPORTANCE

Since independence in 1991, the Central Asian states have become a focus of international interest both because of the abundance of oil reserves and their proximity to the Middle East. This thesis will examine the potential role of the United States and Russia in creating and maintaining stability in the five nations of Central Asia in three critical areas: regional conflict (stemming from border disputes, water distribution issues, and natural resource concerns), containing Islamic fundamentalism in the region, and the economic situation.

Prior to September 11, 2001, fully a decade after the Soviet Union collapsed, the United States had no military bases in the region. Business and government personnel within the United States have long been interested in Central Asia because of the energy resources located under the Caspian Sea Basin. Since 1991, U.S. businesses have been able to operate there.

After September 11, 2001, the United States developed relationships with each of the Central Asian countries with the goal of establishing basing rights and over-flight permission to support Operation Enduring Freedom in Afghanistan. These relationships continue to exist today and have expanded beyond the short-term objective of basing rights. Military-to-military exchanges and training have increased and Central Asian countries are using U.S. assistance, as well as financial and military expertise, in their fight against terrorism.

Russia considers Central Asia as its “near-abroad” and, therefore, within its sphere of influence. Russian influence, however, has decreased in this region due to a variety of Russian domestic concerns, and because Moscow’s foreign policy has not consistently focused on Central Asia until recently. Russia, however, has belatedly recognized the need to increase involvement in Central Asia, in the interest of the stability of newly independent States.

Experts debate whether U.S. presence is beneficial for the region. One school represented by Doulatbek Khidirbekughli and Roger McDermott, argues that U.S. presence in Central Asia has a stabilizing effect, especially as it reduces incidence of terrorism in the region.¹ An opposing view articulated by Shahram Akbarzadeh and Niklas Swanstrom states that the U.S. presence in Central Asia undermines long-term stability, which comes from the ability of states to generate stable political cultures.²

Obviously, the existence and viability of terrorist organizations in Central Asia is of great concern both to the United States and Russia. At present, Washington is pursuing three strategic objectives in Central Asia:

1. Security: assisting with anti-terrorism, proliferation of WMD, and narco-trafficking.
2. Energy: the safe transit of oil and gas directly affects energy revenues and contributes to the economic growth in Central Asia.
3. Political Reform: by promoting democracy, the United States hopes to improve human rights, strengthen political liberties, and increase tolerance.³

Roger McDermott argues that the United States must remain in the region to support efforts against terrorism and assist fledgling governments in their development as independent states.⁴ This sentiment is echoed by several Central Asian scholars, as well as the United States Congress' Committee on International Relations, which states that the United States should establish a presence in the region to provide stability and assist in the building of democratic institutions.⁵

¹ Roger N. McDermott. "The Armed Forces of the Republic of Uzbekistan 1992-2002: Threats, Influences and Reform." *The Journal of Slavic Military Studies* (2003): 27-50.

² Shahram Akbarzadeh. "Keeping Central Asia Stable." *Third World Quarterly* (2004): 689-705; Swanström, Niklas. "The Prospects for Multilateral Conflict Prevention and Regional Cooperation in Central Asia." *Central Asian Survey* (2004): 41-53.

³ U.S. House of Representative's Committee on International Relations. *Central Asia: Terrorism, Religious Extremism, and Regional Stability*. United States: Congress House, 2003.

⁴ Roger N. McDermott. "Countering Global Terrorism: Developing the Antiterrorist Capabilities of the Central Asian Militaries." *Strategic Studies Institute* (2004): p. V.

⁵ U.S. House of Representatives' Committee on International Relations, p. 3.

B. INTERNATIONAL RELATIONS THEORY

What does International Relations theory tell us about U.S. and Russian towards Central Asia? This thesis contends that U.S. and Russian policies towards Central Asia can best be explained relying on the theoretical framework of realism; however, while U.S. actions are consistent with offensive realism, Russian actions fit better with defensive realism. Understanding the motivating factors behind the U.S. and Russian cooperation with Central Asia is important in assessing future regional stability.

Since the end of the Cold War, the United States has been involved in several engagements throughout the world: Iraq (1991, 2003), Kosovo, Serbia, and Afghanistan. These U.S. engagements illustrate Christopher Layne's argument regarding strategy of preponderance by demonstrating the United States' need for additional power.⁶ This notion of the United States strategy of preponderance is echoed by Douglas Lemke, whereby he argues that the United States continues its desire for more power by expanding into post-Soviet areas (e.g., Central Asia), in its quest to be the strongest country in the world.⁷ Lemke also states that the North Atlantic Treaty Organization (NATO) is a U.S. tool being used in its policy of offensive realism, aiding the United States in its expansion and ultimately assisting with the global war on terrorism by countering Islamic fundamentalism.⁸

Layne and Lemke both state that if the United States continues to be the global hegemony, and there remains a disparity among states regarding power, then the potential for conflict is avoided. The United States must remain markedly stronger in its global hegemonic role to avoid potential conflict and prevent confrontation and increase of global opposition.⁹ Additional evidence supporting the stance of offensive realism is Russia's attempts at coalition building in Central Asia (e.g., Shanghai Cooperation Organization, and relations with China); this fulfills offensive realism's predictions that

⁶ Christopher Layne. "The unipolar illusion: why new great powers will rise." *International Security*, Vol. 17 No.4 (1993): 5-51.

⁷ T.V. Paul, James J. Wirtz, and Michel Fortmann, Editors. *Balance of Power: Theory and Practice in the 21st Century*. California: Stanford University Press (2004): 55.

⁸ T.V. Paul, James J. Wirtz, and Michel Fortmann, Editors, p. 68.

⁹ Ibid, p. 57&105.

other actors will attempt to balance the power of the hegemony.¹⁰ According to offensive realism, the Central Asian states should accept the role of the United States as a global hegemon and “bandwagon” with it for economic gain and to obtain regional stability.¹¹

The Central Asian states not only have to deal with the United States as the global hegemon, but must also interact with Russian regional hegemony. Russia’s actions regarding Central Asia can be explained by using the framework of defensive realism in International Relations theory. Russia was interested in Central Asia during the Imperial era as well as during its Soviet past; it has had an ongoing desire to be the regional hegemon. Russia still is trying to remain the hegemon in Central Asia and is concerned with the U.S. influence in the region. Balance of power theory is evident when noting Russia’s attempts to form relationships with Central Asian countries, China, and Iran, in its effort to balance against U.S. unipolarity.¹² An example of this cooperation is the recent SCO meeting, which led to Uzbekistan terminating the United States lease on Karshi-Kanabad (K2), and the request for the removal of all U.S. forces. President Karimov’s decision to end the lease happened soon after the United States criticized Uzbekistan’s human rights violations that occurred during the events at Andijan. Russia is so concerned with the balance of power in the region, that it saw the encroaching U.S. bases as threats to its role as the regional hegemony. Russia is not trying to balance itself against the United States in any other region of the world, thereby illustrating that it is not behaving in a defensive, rather than offensive model of realism. If Russia were to try to stop NATO’s expansion, or even if it had assisted Iraq with a counterattack against the United States in 2003, then its mode of operation would be considered offensive realism, as it would be pursuing a policy of expansion; however, Russia neither fought NATO enlargement nor allied with Iraq.¹³

C. RESEARCH/METHODOLOGY

This thesis will rely primarily on secondary sources for the most current literature and arguments regarding stability issues in the region. Scholarly journals, such as *Central*

¹⁰ T.V. Paul, James J. Wirtz, and Michel Fortmann, Editors, p. 55.

¹¹ Christopher Layne. “The unipolar illusion: why new great powers will rise.” *International Security*, Vol. 17 No.4 (1993): 5-51.

¹² T.V. Paul, James J. Wirtz, and Michel Fortmann, Editors, p. 217.

¹³ Ibid, p. 62.

Asian Survey, *Third World Quarterly*, and *The Review of International Affairs* will be used. To track the trends in terrorism the Foreign Broadcast Information Service (FBIS) will be used extensively, as this source provides news reports from the Central Asian countries. These regional sources should provide the insight needed to assess the current strength of terrorist groups in the region. FBIS will be also used to aid in the understanding of the current sentiment of the local governments and indigenous populations regarding U.S. and Russian presence in the region. Internet sources, such as Eurasianet.org and Radio Free Europe/Radio Liberty, will be used for current events.

D. ORGANIZATION

Chapter II will examine the most significant causes for regional instability such as border conflict, water distribution concerns, and energy issues. The former Soviet Union drew the borders in Central Asia without regard to geographic or ethnic considerations. The goal was to lessen the likelihood of separatism. Since the break-up of the Soviet Union, the Central Asian States must deal with this legacy of territorial disputes and ethnic tensions. There also has been a significant increase in friction between the “upstream” and “downstream” countries in Central Asia over water rights. For example, Kyrgyzstan and Tajikistan, the “upstream” countries in Central Asia, provide 80 percent of all water to the Aral Sea Basin. A potential trigger point for conflict is the fact that the “downstream” countries (i.e., Kazakhstan, Turkmenistan, and Uzbekistan), rely on this water as the major source for irrigation of their cash crops (i.e., cotton and rice).¹⁴ Since the withdrawal of the Soviet Union from Central Asia, there has been little progress in replacing the system of management that existed under the communist regime with a new cooperative management system directing water usage throughout the Central Asian states.

The reasons for a resurgence of radical Islam in Central Asia are fiercely debated. Students of Central Asia advance three theories to explain this phenomenon: political/religious oppression, economic depression, and the post-Soviet ideological void that has been filled by outsiders espousing fundamentalist ideas. Chapter III will argue that the current regimes in Central Asia are unable to deal effectively with these three

¹⁴ International Crisis Group. “Central Asia: Water and Conflict,” ICG Asia Report No. 34 (30 May 2002): 2.

trends on their own, and that terrorism will remain a serious threat to regional stability. In fact, because of their lack of experience with democracy, the Central Asian countries will continue to be seriously challenged by Islamic fundamentalism unless they seek the support of the United States and Russia.

An analysis of the two major terrorist organizations in the region will assess the level and significance of the threat in Central Asia. The Islamic Movement of Uzbekistan is the most active violent terrorist organization in the region at present. Although a nonviolent Islamic fundamentalist organization, Hizb ut-Tahrir al Islami, may prove a far greater danger in the long run because it espouses a distorted view of Islam.

Chapter IV will explore the economic relationships that currently exist between the Central Asian States and the United States and Russia, as well as assess the impact of current and future financial assistance on regional stability. Current investments by the United States and Russia will be studied to gauge trends that may contribute to stability. A large portion of this chapter will focus on the natural resource wealth that this region possesses and how both the United States and Russia have interacted with the Central Asian States to development and exploitation of their resources.

By examining the regional issues that confront the Central Asian states in their quest for stability, this thesis will attempt to assess whether outside assistance is the key to success. Can the United States and/or Russia help Central Asia to confront its problems, most notably the rise of Islamic fundamentalism, or might the U.S. and Russian presence hinder stability? Last, this chapter will provide policy recommendations for both the United States and Russia in their respective interactions with Central Asia.



Figure 1. Map of Central Asia.¹⁵

¹⁵ Indiana University Website (http://www.indiana.edu/~afghan/maps/central_asia_map_1999.gif, accessed on 2 September 2005).

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II. REGIONAL FLASHPOINTS

A. INTRODUCTION

There is a debate among experts on Central Asia regarding the potential stabilizing influence of the local presence of the United States and Russia. One school of thought suggests that outside assistance and presence in Central Asia is having a positive impact on stability and the fight against terrorism in the region.¹⁶ An opposing view holds that the United States and Russia are not now and will not ever contribute to long-term stability (e.g., U.S. and Russian forces in Central Asia), as regional stability needs to come first from within the states themselves; only then, it is believed, should outside aid be accepted.¹⁷

With regard to security in Central Asia, the U.S. currently has approximately 4,000 personnel based in Uzbekistan, Tajikistan, and Kyrgyzstan, supporting the Global War on Terrorism. According to Roger McDermott, the United States needs to remain in the region to support efforts against terrorism and to assist fledgling governments in their development as young independent states.¹⁸ This sentiment is echoed by several Central Asian scholars, as well as the U.S. House of Representatives' Committee on International Relations, which itself states that the United States should remain in the region providing stability, and should assist with the implementation of democratic institutions therein.¹⁹

Russia maintains a military presence in Central Asia with approximately 7,800 Russian troops in Tajikistan (201st Motorized Rifle Division) assisting with border patrol,

¹⁶Doulatbek Khidirbekughli. "U.S. Geostrategy in Central Asia: A Kazakh Perspective." *Comparative Strategy* (2003): 159-167; Roger N. McDermott. "The Armed Forces of the Republic of Uzbekistan 1992-2002: Threats, Influences and Reform." *The Journal of Slavic Military Studies* (2003): 27-50.

¹⁷Niklas Swanström. "The Prospects for Multilateral Conflict Prevention and Regional Cooperation in Central Asia." *Central Asian Survey* (2004): 41-53.

¹⁸Roger N. McDermott. "Countering Global Terrorism: Developing the Antiterrorist Capabilities of the Central Asian Militaries." *Strategic Studies Institute* (2004).

¹⁹U.S. House of Representatives' Committee on International Relations. *Central Asia: Terrorism, Religious Extremism, and Regional Stability*. United States: Congress House, 2003: 3.

and approximately 300 - 700 in Kyrgyzstan, located at Kant Airfield. Russia also believes it needs to remain in the region to assist with counterterrorism, especially with regard to cross border incursions.²⁰

Regarding the use and transportation of water, there has been a significant increase in the friction between the individual countries of Central Asia. Kyrgyzstan and Tajikistan, the “upstream” countries, provide 80 percent of all water to the entire Aral Sea Basin. A potential trigger point for conflict is the fact that the “downstream” countries, Kazakhstan, Turkmenistan, and Uzbekistan, rely on this water as their major source for irrigation of their cash crops (i.e., cotton and rice).²¹ Since the collapse of the Soviet Union, there has been little progress in replacing Moscow’s system of management with, for example, a new cooperative management team directing water usage throughout the Central Asian states. Prior to actual conflict erupting between these relatively new Central Asian states, some type of intervention is needed to correct this potentially serious dilemma. Management of water control must be addressed in order to lessen existing tensions and lay the groundwork for modernization of existing dams and the construction of new dams.

When the Soviet Union constructed the borders in Central Asia, it did so without regard to geographic or ethnic considerations; in fact, it created an area that would be less likely to harbor future separatists movements. Since the break-up of the Soviet Union, the Central Asian States have had to clarify and define their borders with ever-present controversial factors such as: frequent historical claims, ethnic tension considerations, the unilateral redrawing of borders, and domestic political demands. In addition to these aforementioned factors, there is the exacerbating issue of cross-border incursions by terrorists and criminal elements. These individuals are able to conduct operations in one

²⁰ Jim Nichol. “Central Asia: Regional Developments and Implications for U.S. Interests,” Congressional Research Service, Order Code IB93108, (17 August, 2005): 1-16.

²¹ International Crisis Group. “Central Asia: Water and Conflict,” ICG Asia Report No. 34 (30 May 2002): 2.

country, and retreat to the relative safety of another country, which may harbor them unknowingly.²² This situation emphasizes the necessity of increased border controls within a regional context.

B. WATER SUPPLY AND DISTRIBUTION

Prior to Central Asia's independence in 1991, Moscow's Ministry of Land Reclamation and Water Management was responsible for setting the guidelines and quotas for the region. It can be argued that the previous centralized approach to water management led directly to some of the current problems in Central Asia. Under Moscow's management, the Aral Sea was the fourth largest lake in the world, and the evidence indicates that the level of water was already decreasing. The Aral Sea is now half its former size, with a water level loss between 40 and 55 feet, and an increase in salinity level of eight times, which in turn has led to increased health problems throughout the area.²³

Central Asia has attempted to adopt a cohesive water strategy through several bilateral and regional agreements in the last decade. In 1991 all the states agreed to maintain the Soviet system of water allocations in order to prevent the development of a crisis. The Almaty Agreement signed in 1992 by the Central Asian states formalized this plan. One of the results of this agreement was the establishment of the Interstate Coordination Water Commission (ICWC), which was given the authority to implement water quotas, train officials, and maintain all records regarding water management in the region. The Almaty Agreement based its management system on the Soviet model, giving larger quotas to the three largest countries (i.e., Kazakhstan, Uzbekistan, and Turkmenistan), and fewer to the smaller populations of Kyrgyzstan and Tajikistan. For example, Uzbekistan and Kazakhstan were allocated 88 percent of the quotas from the Syr Darya River (Uzbekistan 51 percent and Kazakhstan 37 percent).²⁴ This inequity has

²² Bishek Kabar News Agency (FBIS Report). "Uzbek Islamic Opposition Training Fighters in Afghanistan," 16 February 2000; Dushane Khabar Nama (FBIS Report). "Afghanistan: 'Fighters Going to Uzbekistan Through Taleban in Kunduz,'" 30 March 2001.

²³ International Crisis Group. ICG Asia Report No. 34, p. 6

²⁴ Ibid, p. 12.

led to complaints and overuse by the smaller countries Kyrgyzstan and Tajikistan. In addition to unfair allocations, the headquarters of the ICWC operation in Uzbekistan has often created strife among the states.

Bilateral agreements exist between the countries; for example, in 1998 Kyrgyzstan agreed to allow more water flow to Uzbekistan and Kazakhstan in return for natural gas and coal. These bilateral agreements may offer short-term solutions and necessary resources to the states, but there is no permanent allocation system in effect for continued management of the water. According to the International Crisis Group, water consumption in 2002 was one and a half times more than what Central Asia should be consuming and has only worsened over the last several years.²⁵

With water consumption increasing at a frightening pace, another worrisome trend throughout Central Asia is the agricultural policy. Current policies do not limit growers' production based on water limitations; in fact, the policy has been to continue increasing production regardless of the environmental impact. One of the concerns regarding agricultural irrigation has been the inefficient distribution of water, wherein 50 percent of the irrigation water is lost when it is routed through outdated infrastructure.²⁶ This gross waste of water continues to go unchecked by the Central Asian states, which rely heavily on it for agricultural production and follow-on revenue by exports to foreign markets.

The very concept of managing water is new for the Central Asian countries. The pressure for even more water from the downstream countries (i.e., Kazakhstan, Turkmenistan, and Uzbekistan) will of course continue, as indicated by the increase in irrigated land in these countries by 7 percent between 1995-2000. Each of the Central Asian countries is individually planning further expansion, without consideration for regional issues, and with complete disregard for potential nation-to-nation conflict. Uzbekistan's use of irrigation for 95 percent of its crop production (28 percent of its GDP) is yet another illustration of the importance of water management. Turkmenistan, in fact, plans to triple its cotton production in the next five years, which clearly will

²⁵ International Crisis Group. ICG Asia Report No. 34, p. 1-4.

²⁶ Ibid, p. 30.

require substantially more water than it is using already. These examples emphasize the importance of water control in Central Asia and demonstrate, as well, a potential flashpoint for years to come.²⁷

Due to mismanagement of water, altercations have occurred in Central Asia. In 2000, Uzbekistan failed to provide natural gas to Kyrgyzstan, leading to Kyrgyzstan's modifying the 1992 water allocation agreement. This agreement stated that the Central Asian countries would maintain the same water flow standards as they did under the Soviet system, but the understanding ostensibly was that Uzbekistan was to provide natural gas for the winter months in order to decrease Kyrgyzstan's use of hydroelectricity. When Uzbekistan failed to deliver gas, Kyrgyzstan provided adequate energy to its own population by allowing for increased flow on the reservoir, which in turn flooded Uzbekistan's Ferghana Valley.²⁸

Kyrgyzstan is allowing up to 60 percent of the Toktogul Reservoir's water to flow out in the winter causing huge portions of Uzbekistan's most fertile region to be flooded, which is creating unproductive growing areas for the following season. The Toktogul Reservoir is located in Kyrgyzstan on the Syr Darya River and is the source for the irrigation of the Uzbek agricultural sector.²⁹ Kyrgyzstan depends on the Toktogul Reservoir to provide energy needs during the winter months to its population, increasing electricity production 20 percent since 1991. Kyrgyzstan is unable to provide much needed improvements to the Reservoir assisting with inefficient energy production, and with an annual maintenance bill of \$15-27 million US Dollars, these modernizations will not occur.³⁰

Unfortunately, competition for water is intensifying every year with the increase in population in Central Asia, leading to continued stability issues. The Syr Darya River flows from Kyrgyzstan through Tajikistan, and then through Uzbekistan and Kazakhstan, on its route to the Aral Sea. The other major river, the Amu Darya, passes through three

²⁷ International Crisis Group. ICG Asia Report No. 34, p.4-5.

²⁸ Stefan Klotzli. "The water and soil crisis in Central Asia: a source for future conflicts," Center for Security Studies, ETH Zurich/Swiss Peace Foundation (Berne 1995): 4.

²⁹ Ibid, p.6.

³⁰ International Crisis Group. ICG Asia Report No. 34, p. 16-19.

countries, Tajikistan, Uzbekistan, and Turkmenistan, on its path to the Aral Sea. These two rivers are controlled by Kyrgyzstan and Tajikistan, which make up approximately 20 percent of the Central Asian land area, but these rivers create approximately 80 percent of the region's water supply. Without proper management and with these two countries (Kyrgyzstan and Tajikistan), the smallest of the five in Central Asia, controlling the majority of the water distribution, conflict is inevitable.³¹

C. BORDER DISPUTES

After independence in 1991, the Central Asian states accepted the administrative borders of the Soviet era, instead of making historical claims based on either ethnicity or clan. The borders in Central Asia changed frequently throughout its history, with various Khanates occupying territories, and could have been a legitimate basis for territorial changes by the newly independent Central Asian states. This re-forming of borders did not come to fruition, however, as Central Asia was forced first to focus on internal governance (prior to border demarcation issues).

During the late 1990s Islamic fundamentalists crossed the Tajikistan-Uzbekistan border, shedding light on the impending problems of border demarcation and the lack of border security. These Islamic fundamentalists (aka, terrorists) crossed borders at will to operate in neighboring countries, causing discontent among the governments and population by raiding and attacking government and local institutions. In an effort to restrict movement, Uzbekistan responded to these raids on its territory by placing land mines along the border with Tajikistan. The use of land mines on the border also had a negative effect on the population by limiting travel of local citizens and local businesses, stifling trade between the two countries.³² Terrorists crossing borders, as seen with the Islamic Movement of Uzbekistan members in the late 1990s, pose a significant threat to border stability, as they conduct operations in one country only to be safe-housed in a neighboring one. This unrestricted movement can lead to one country's pursuing the terrorists without regard to border claims. Chapter three explains in further detail the matter of Islamic fundamentalism and the cross-border concerns.

³¹ International Crisis Group. ICG Asia Report No. 34, p. 4-10.

³² International Crisis Group. "Central Asia: Border Disputes and Conflict Potential," ICG Asia Report No. 33 (4 April 2002): 2-5.

In addition to this phenomenon of cross border incursion by terrorists, the Central Asian states had to contend with Russia's announcement in August 2000 that it had withdrawn from the 1992 Bishkek Accord, which allowed for visa-free travel throughout the Commonwealth of Independent States. Moscow stated that security concerns with terrorist crossing borders unchecked, as well as narco-trafficking, were the reasons for this withdrawal resulting in the introduction of checkpoints along Russia's borders.³³

The Central Asian States continue to have issues regarding regional border demarcation, resulting in border disputes; the potential also exists for more serious military conflict. The Central Asian countries have been affected economically by such disputes, with several barriers to trade existing throughout the region. For example, the high price of a visa and the increased difficulty in obtaining one has had a serious effect on cross-border trade, with significant slowing down or ceasing all together of trade. This situation is compounded by the fact that Customs officers and Border guards often are corrupt, harassing businessmen and traders who must cross the border, making it prohibitively costly as well as burdensome for profitable trade. The overall trade between the Central Asian states has risen only slightly over the last decade, indicating a slow rate of growth, in part, due to regional disputes. These disputes prevent increased trade, which would lead to increased revenue among the Central Asian states.³⁴ The economic factors in the region are further explored in chapter four of this thesis and provide an in-depth look at regional trade as well as trade between Central Asia and the United States and Russia.

In addition to the increasingly troubled economic situation in Central Asia, there are other issues to consider. The ethnic minorities located in each of the different countries are a constant concern for possible military conflict, if they (i.e., the minorities), perceive themselves as threatened. Uzbekistan poses a particular challenge, and probably the most controversial, regarding ethnic minorities, as its Ferghana Valley borders Kyrgyzstan and Tajikistan (Figure 2). This fertile valley was the center in Central Asia for the infrastructure during the Soviet days, and it still maintains its economic importance for agriculture and trade routes. There are several enclaves in the Ferghana

³³ International Crisis Group. ICG Asia Report No. 33, p. 3.

³⁴ International Monetary Fund. "Direction of Trade Statistics," Database and Browser, 2004.

Valley, which are isolated from their countries and pose a serious risk for flashpoints of conflict. Tajikistan's Varukh enclave, with approximately 30-40 thousand people, is located in Kyrgyzstan and essentially is cut-off from Tajikistan. Another example of potential conflict is Uzbekistan's Sokh and Shakhimardan enclaves located in Kyrgyzstan. These enclaves pose a challenge to all three countries, as visa restrictions and border crossing have hindered any reasonable travel and trade in the areas mentioned above. With mined borders and stringent visa regulations it is almost impossible for locals to visit family members only miles away and in their respective countries. Traditional trade routes are now blocked by border checkpoints not only in the enclaves, but also throughout Central Asia, making it impossible for locals to earn a living exporting products.³⁵



Figure 2. Map of Ferghana Valley.³⁶

³⁵ Aleksei Volvevich. "Ferghana Valley: Ferghana Valley enclaves become zones of risk," Central Asian News, accessed on 5 October 2005 at (<http://enews.ferghana.ru/detail.php?id=3241680131.461,1757,18831231>).

³⁶ CIA World Fact Book, (<http://www.odci.gov/cia/publications/factbook/geos/uz.html>, accessed on 2 September 2005).

For reasons outlined above, Russia's interest in Central Asia with regard to solving border disputes should be raised to higher level in Moscow's policy, not only for the sake of Russian Diasporas, but also for the sake of Russian businesses and shareholders investing in the region. Currently, Russian businesses control 44 percent of the Caspian pipeline consortium, which runs from Kazakhstan to Novorossiysk and is capable of carrying 560,000 barrels of oil per day.³⁷ Certainly, Russia is interested in keeping the export of these natural resources safe during transit across the different borders. It is estimated that Kazakhstan has between 9 and 17.6 billion barrels of oil reserves and an additional 65 trillion cubic feet of natural gas. The 1,500-kilometer pipeline being constructed and running from the Tengiz oil fields in Kazakhstan to the Russian terminal in Novorossiysk further demonstrates Russian interest and investment in the region.³⁸

D. REGIONAL ORGANIZATIONS

In an effort to reduce tension between the Central Asian countries and decrease the possibilities of border disputes erupting into serious conflict, it is crucial to have in place an international monitoring organization, one that includes all countries in the region and also Russia. Such an organization already exists and it is recommended that the Shanghai Cooperation Group (SCO) be the focus of any attempt at assistance within the region with regards to border security and settlement of border disputes. The SCO was founded in 1998, initially known as the Shanghai Five (1996), and has evolved into an organization whose members (China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan) have a common interest, both for security and now economics, in this region.

Economic prosperity is impossible without regional stability; therefore, the SCO could concentrate initially on achieving border security by legal means rather than military, with economic success in the region being the motivating factor. Russia currently has immense interest in the region for trade, especially natural gas and oil, proving that such an organization is essential for the future wealth of both Russia and the

³⁷ Jim Nichol. "Central Asia: Regional Developments and Implications for U.S. Interests," Congressional Research Service (18 February, 2005): 14.

³⁸ Stephen Blank. "Infrastructure policy and national strategies in Central Asia: the Russian example," Central Asian Survey, (December 2004), 23(3-4): 243.

Central Asian States. With the support of such an organization ensuring greater regional stability through sanctions and other legal non-violent means, more productive economic trade logically would follow.

The SCO is the entity in which Russia and Central Asia need to focus some of their energies in order to attain greater security in this region, with the likelihood of developing stronger economic ties. Greater emphasis must be placed upon the importance of the SCO as it attempts to promote cooperation in Central Asia by settling border disputes through economic means, rather than allowing the status quo to continue, in which attempts to settle disputes are likely to turn violent. This institution also gives Russia the opportunity to assist Central Asia, while tempering Chinese influence in the region, as China is a member of the SCO, and itself is very interested in Central Asia.

With support of G8 members in highlighting the need for regional stability, the SCO could focus more on economics in the region, with security measures considered a means to an economic end. From both Russia and China there is already immense interest for trade in the region (especially gas and oil), demonstrating yet another reason the assistance of such an organization is essential. With the aid of such an organization and the ensuing greater regional stability, easier and more productive economic trade would naturally follow. The evolution of the Shanghai Cooperation Group, from a strictly border dispute organization to one more deeply involved in economic trade issues, is illustrated by the 2004 discussions among its members regarding an economic free trade zone.³⁹ The SCO is also an entity that the international community (G8) needs to draw attention to in order to attain greater security in this region. Stronger emphasis must be placed upon the importance the SCO as it attempts to promote cooperation in Central Asia by settling border disputes through economic means, rather than allowing the status quo to continue in which attempts to settle disputes are likely to turn violent.

E. CONCLUSION

Central Asia's cooperation with the United States during Operation Enduring Freedom and Operation Iraqi Freedom strongly suggests that these countries unite for a greater cause. If there is something significant to be gained from such cooperation (i.e.,

³⁹ Amalendu Misra. "Shanghai 5 and the emerging alliance in Central Asia: the closed society and its enemies," *Central Asian Survey* (2001) 20(3): 312.

increased security and improved economic condition), Central Asia can operate successfully as an entity. According to Amalendu Misra, “thanks to the growing acceptance of regionalism [in Central Asia], it is also possible that states encountering such threats may actually come together to act in concert on a particular issue or issues.”⁴⁰ Russia needs to take the initiative and aggressively pursue a policy with Central Asia using the SCO to improve border security and the economic welfare of all countries involved.

As exemplified by the agreement signed in 2001 by Kazakhstan and Uzbekistan, delimiting 96 percent of the approximately 2,100 kilometer border they share, the Central Asian states have made some attempts to control border disputes. The remaining 4 percent of the border area is a resource-rich area that each country wants to control. The mostly Kazakh population of the village of Bagys, for example, located four miles north of Tashkent, Uzbekistan, receives a majority of its economic revenues from Uzbekistan, in the form of salaries for work on the nearby state-run farm. This village has been a focal point for border disputes between these two countries, as it claimed its independence in 2002 from both Kazakhstan and Uzbekistan. Land leases between Central Asian states, some instituted from as far back as 1946, are still being used as a basis for territorial holdings.

It is evident that Central Asia needs an “outsider” to assist with border disputes and to aid in the economic recovery of the region. The Central Asian Economic Union (CAEU) established in 1994 was an attempt to improve both the economic and security situations without any outside assistance. The CAEU was effective alone in neither security nor economic reform.⁴¹ The SCO, however, has had success in the past by introducing and implementing measures to reduce military forces in border areas (e.g., 1997). There are three reasons the SCO has been successful and will continue to work in the region: “shared norms, shared interest, and a progressive approach.”⁴² For border

⁴⁰ Amalendu Misra, p. 308.

⁴¹ Niklas Swanström. “The Prospects for Multilateral Conflict Prevention and Regional Cooperation in Central Asia,” *Central Asia Survey* (March 2004) 23(1): 43.

⁴² Niklas Swanström, p.45.

security and economic recovery in the region, Russia needs to continue participation in and increase its focus on the SCO, a stance that clearly will benefit Russia as well.

With no signs of these water-related tensions easing anytime soon, an entity must be instituted within the region in order to control the use of water and regulate its flow. Water usage is a potential flashpoint for border disputes, as it is in ever-increasing demand for agriculture and also as a source of energy. Due to the size and importance of the Toktogul Reservoir in the region, and the fact that it is the major source of water supply, the Central Asian states should focus on cooperation in terms of its use, in particular. One indication of the seriousness and immediacy of the situation is that Uzbekistan has actually conducted military exercises that resembled the capture of the Toktogul Reservoir. With a much larger military and more assets at its disposal, Uzbekistan could conceivably execute such an operation with successful tactical results. Despite likely success, it would be short-lived, however, as regional instability would ensue. Instability, of course, should be avoided at all costs.

Regarding Uzbekistan and Kazakhstan, each country should either modify existing or build new reservoirs in order to accommodate the increased water flow from Kyrgyzstan in the winter months, storing it for summer use. Uzbekistan should focus its resources on the modification of the Arnasai Reservoir, with the aim of increasing water-retention capabilities. Kazakhstan should construct an additional reservoir at Kok-Saray to assist with the winter overflow there. This modifying and/or building of dams should occur under the framework of a regional cooperative agency.

One option could be a reformed Interstate Coordinating Water Commission (ICWC), existing as a regional cooperation of equals (i.e., true partners). With the added assistance of foreign aid and initial monitoring from NGOs, to be done in conjunction with the Central Asian countries themselves, regional water cooperation and regional stability might more likely come to fruition.

III. THE RISE OF ISLAMIC FUNDAMENTALISM

A. INTRODUCTION

This chapter will discuss the effects of Islamic fundamentalism on security and stability in Central Asia, with a detailed examination of both the militant Islamic Movement of Uzbekistan (IMU) and the nonviolent Islamic movement Hizb ut-Tahrir al Islami (Party of Islamic Liberation). Different factors determine the ability of how these two groups operate effectively in the region of Central Asia: current regime's repressive policy towards Muslims, its attempts to eliminate all political opposition and the effects these policies have on the population⁴³; the depressed economic situation, considered to be a significant cause of fundamentalism in the region⁴⁴; and outside influences, such as international financial assistance and ideological teachings, leading to the rise of radical Islam after the collapse of the Soviet Union.

This examination will include an assessment of a long-term threat to the Central Asian region presented by the above-mentioned two groups. Whether or not the IMU is reconstituting itself is an issue that must be addressed in order to determine if it will pose a more significant threat to stability in Central Asia than Hizb ut-Tahrir. According to some experts on Central Asia, the IMU's decimation during Operation Enduring Freedom has left the organization with no hope ever of reconstituting itself.⁴⁵ However, the March 2004 bombings in both Tashkent and Bukhara, and the July 2004 Embassy bombings in Tashkent, may signal a revitalization of IMU and may also lead to an increase in its recruitment. On the other hand, there is some speculation that these recent events may be a "trigger" for prospective recruits to gravitate towards Hizb ut-Tahrir (as opposed to IMU), because IMU's violence and drug trafficking practices make it a less attractive alternative.⁴⁶

⁴³ Ahmed Rashid. *Taliban: Islam, Oil and the New Great Game in Central Asia*. London: I.B. Tauris & Co Ltd, 2001; John Pottenger. "Civil Society, Religious Freedom, and Islam Karimov: Uzbekistan's Struggle for a Decent Society Source," *Central Asian Survey* (2003): 59.

⁴⁴ Shahram Akbarzadeh. "Keeping Central Asia Stable," *Third World Quarterly* (2004): 691.

⁴⁵ Vitaly Naumkin. "Militant Islam in Central Asia: The Case of the Islamic Movement of Uzbekistan." *Berkeley Program in Soviet and Post-Soviet Studies* (2003): 9; Ahmed Rashid. *Jihad: The Rise of Militant Islam in Central Asia*. United States: Yale University Press, 2002.

⁴⁶ Shahram Akbarzadeh, p. 698.

Whether or not the United States and/or Russia currently plays a major role in providing solutions to countering these organizations in the region of Central Asia also will be discussed. Russia considers Central Asia to be its “near-abroad” and, therefore, well within its legitimate sphere of influence. In reality, however, Russia's influence there is limited and Russian foreign policy is just now starting to focus on this area. The United States, as well, has long been interested in the region because of the energy resources located in the Caspian Sea Basin. Since 1991, however, U.S. businesses were able to operate there, and, in fact, have been doing business successfully in most of the Central Asian countries. The United States has maintained a military presence in Central Asia since establishing bases in the region in support of Operation Enduring Freedom. Recently, however, President Karimov of Uzbekistan decided not to continue leasing Karshi-Kanabad (K2) to the United States and, in fact, expects units to be gone no later than February 2006. This has happened after severe U.S. criticism with regard to Uzbekistan’s lack of progress with human rights and democracy following the events in Andijan. With the United States being driven out of Uzbekistan, Tashkent seems to be drifting back towards Russian influence, as it does not receive from Russia the same criticism of its human rights record and progress (or lack of such) in democracy-building.

B. CAUSES OF FUNDAMENTALISM (IN THE POST-SOVIET ERA)

Scholarly debate focuses on three causes of fundamentalism in Central Asia: political and religious oppression, economic depression, and the post-Soviet ideological void filled with external influences. Some of the most striking examples of political and religious repression have been the policies President Karimov of Uzbekistan’s who banned all opposition parties, and restricted all religious activities in his country.⁴⁷ In his attempt to repress opposition parties, he has been accused of violating human rights. International organizations (e.g., Amnesty International, Human Rights Watch, Organization for Security and Cooperation in Europe (OSCE), and the Red Cross) have documented cases of torture and execution of Karimov’s political opponents and Islamic believers. It is argued that this repressive policy, by denying any legal alternative platforms to the current regime’s critics, may actually be aiding rather than hindering

⁴⁷ John Pottenger, p. 69.

radical fundamentalists in their recruitment of future members.⁴⁸ The Independent Human Rights Organization of Uzbekistan (IHROU) reported in 2002 that an estimated 6,400 people were in prison on political or religious grounds. These numbers were broken down further into the following groups: Wahhabis (radical Sunni Islamic members) 1,200 - 1,700, Hizb ut-Tahrir – 4,200 - 4,300, and pious Muslims – 600 -700.⁴⁹

The economic situation (discussed at length in Chapter IV) may be another cause of radical Islamic activity. Poverty and unemployment can lead to an increase in extremism and can generate recruits for terrorist organizations.⁵⁰ The large economic gap has led to social unrest. The economic situation of the individual states in Central Asia varies somewhat, but all Central Asian states have fairly high unemployment and rates of inflation. One of the lowest rates of unemployment is in Kazakhstan, at 8.3 percent of a 15 million population (2004), and the highest is in Uzbekistan, with approximately 25 percent in a population of 25.8 million (1998). The official rate of inflation for Central Asia recorded for 2004 was between 7.5 percent and 13.9 percent, with some unofficial estimates by IMF reaching 18 percent.⁵¹ In the Ferghana Valley, for example, unemployment is approximately 35 percent, with the majority of those unemployed under the age of 25.⁵² Thus, Ferghana Valley, not surprisingly, is a central location for recruitment of radical Islamists and a hotbed for terrorist training activity.

After the Soviet Union collapsed in 1991, Central Asia experienced an “identity crisis” of sorts. This “identity crisis” was, in part, caused by the Soviets’ consistent attempts at subduing Central Asian nationalism for the tenure of their occupation.⁵³ Islamic missionaries flowed much more easily into the region after 1991, filling the ideological void, and were crucial in developing a presence of a national identity.⁵⁴ But fundamentalists, also, were able to take advantage of this ideological void and people’s

⁴⁸ John Pottenger, p. 70.

⁴⁹ Vitaly Naumkin.

⁵⁰ U.S. House of Representative’s Committee on International Relations. *Central Asia: Terrorism, Religious Extremism, and Regional Stability*. United States: Congress House, 2003.

⁵¹ Economist Intelligence Unit/Country Profiles 2004.

⁵² Shahram Akbarzadeh, p. 695-6.

⁵³ Vitaly Naumkin, p. 9.

⁵⁴ John Pottenger, p. 66.

desire for a national identity; their modus operandi is to twist the meaning of Islam, preaching often successfully to those with little knowledge of true Islamic ideology.⁵⁵

C. THE RISE OF ISLAMIC FUNDAMENTALISM IN CENTRAL ASIA

There are several phases in the rise of radical Islamists in Central Asia, leading to the emergence of the IMU as a violent militant organization. This paper will cover briefly the period from the 1980s to the present, depicting how radical Islamists evolved into militant groups, the IMU in particular.

During the 1980s the presence of Islam in Central Asia started to increase due, in part, to the less repressive political climate in the Soviet Union, which was then undergoing *perestroika*. During this Soviet “re-building,” elements of the underground Islam were allowed to re-surface in Central Asia. This emergence happened in large part with the financial support and ideological assistance from outside influences (i.e., Arab countries, Pakistan, Turkey).⁵⁶

Throughout this period more and more mosques and *madrassahs* were constructed and operating openly and freely with no negative repercussions from the government. This circumstance led to an increase in the recruitment of Islamic parishioners, who previously were forbidden to participate freely in religious activities; now these same parishioners had an opportunity to express their religious devotion openly. This new group of devotees was exposed to a form of Islam that was becoming increasingly strict, teaching a more “traditional” Islam at the newly built mosques and *madrassahs* throughout the region.⁵⁷

The trend toward a stricter form of Islam was in part influenced by Wahhabism, introduced by Saudi Arabian Islamic teachings and preached by *Imams* (religious teachers) trained in this school of thought. The Imams taught Islamic morals, but called neither for a *Caliphate* (unified Islamic region) nor *Sharia* (Islamic law devoted to Islamic traditions and morals), as they did in the subsequent stages of development. According to the Soviet ‘Spiritual Board of Muslims of Central Asia and Kazakhstan’

⁵⁵ Shahram Akbarzadeh, p. 699.

⁵⁶ International Crisis Group. “Central Asia: Islam and the State,” *ICG Asia Report* No. 59 (10 July 2003): 1-48.

⁵⁷ Ahmed Rashid. *Jihad: The Rise of Militant Islam in Central Asia*. United States: Yale University Press, 2002.

(SBMCAK), the first Wahhabi in Central Asia was Ziyauddin Babakhanov, who trained in Saudi Arabia from 1947-1948, and preached his Salafi views from 1943-1957 (Salafism is the belief inspired by the Prophet Mohammed's first Islamic state and the return to this idealized timeframe when violence was necessary and legitimate).⁵⁸ After a slight reprieve during the Second World War, Muslims once again were isolated by closed borders from the rest of the world. This isolation led to stagnation in the growth of political Islam with Muslim identity expressed only through customs and traditions. The *Imams* once again taught underground, risking arrest and lengthy stays in the Gulags if caught. This policy is reminiscent of the Bolsheviks' campaign against Islam in 1927; mosques and *madrasahs* were closed and religious leaders were persecuted.⁵⁹

With the collapse of the Soviet Union, Islamic fundamentalism in Central Asia entered a new stage in its development. Initially, the collapse of the Soviet Union created an opportunity for the Islamic organizations to become opposition parties within the Central Asian countries; in Uzbekistan, for example, they formed the Islamic Renaissance Party (IRP) which, at the time, was considered too moderate by young revivalists. Concurrently, a stricter form of Islam was being preached by the Imams (influenced by Wahhabism), which included the adoption of the *Sharia* and the possible creation of an Islamic *Caliphate* similar to that of the one founded by the prophet Muhammad in the seventh century (i.e., a region not bound by territorial lines). The IRP recognized the old Soviet territorial boundaries and did not push for an Islamic *Caliphate*; observing the traditional boundaries caused splinter groups to form within the IRP.⁶⁰

Two of the groups that splintered off from the IRP were Adolat (Justice) and Islam Lashkarlari. The latter of these two, Islam Lashkarlari, founded in the town of Otawalikhon, was composed of Wahhabis, and focused on religious issues led by Tohir Abdouhalilovitch Yuldeshev who eventually led Adolat and then IMU. Yuldeshev himself, now the leader of IMU, was a *mullah* in the underground Islamic movement, has considerable organizational skills, and has been influenced by the Taliban and Wahhabis

⁵⁸ Vitaly Naumkin.

⁵⁹ International Crisis Group. ICG Asia Report, No. 59, p. 1-2.

⁶⁰ Ibid, p. 4.

in Saudi Arabia. He spent a great deal of time in Peshawar, Pakistan, studying at *madrasahs* and also making many contacts with Islamic parties throughout the Middle East and Central Asia. Adolat, the other splinter group, was composed of young men trained in various fighting techniques, who formed a militant group. Adolat generally is acknowledged as the precursor to the IMU. Led by Juma Namangani (Jumaboi Ahmadzhanovitch Khojaev), this group consolidated its power in the highly volatile Ferghana Valley where they patrolled streets restoring law and order, purportedly accepting no bribes and acting with religious conviction in order to win the support of the local population. This group called for an Islamic revolution and abided by *Sharia* in hopes of achieving an Islamic state.⁶¹

The next phase in the evolution of the Islamic fundamentalism (1992-95) began soon after a meeting between Uzbek President Karimov and Islamic groups in the city of Namangan. The agenda was to discuss the future of Islamic organizations in Uzbekistan's government, and specifically the formation of Uzbekistan as an Islamic state. The meeting was fruitless and, in fact, had negative repercussions for the Islamic organizations, when Karimov subsequently initiated a ban on IRP and Adolat and began an active crackdown on Islamic groups throughout Uzbekistan, especially in Ferghana Valley. Karimov's repression of opposition to his regime and the suppression of Islam caused many radical Islamists to flee Uzbekistan. The majority of them, to include Namangani, fled to Tajikistan where they fought in the civil war on the side of the Islamic opposition. The war lasted from 1992 to 1997, resulting in President Rakhmonov's legalizing the IRP party in Tajikistan and allowing parliamentary seats for its members.⁶² Yuldeshev initially fled to Afghanistan with other leaders of the IRP, where he assisted in spreading propaganda for the Islamists and formed relationships with other Islamic organizations.⁶³

D. EMERGENCE OF THE ISLAMIC MOVEMENT OF UZBEKISTAN (IMU)

In 1996 the IMU emerged as a discrete organization with explicit goals: the removal of President Karimov by force, and the establishment of Uzbekistan as an

⁶¹ Vitaly Naumkin, p. 21.

⁶² International Crisis Group. ICG Asia Report, No. 59, p. i.

⁶³ Vitaly Naumkin, p. 24.

Islamic state.⁶⁴ The first act of violence allegedly committed by the IMU was the attempted assassination of President Karimov in Tashkent in February of 1999. The group used five car bombs in a coordinated attack on several buildings within the government compound. In the assassination attempt 16 civilians were killed and over 100 were injured; damage was estimated at 5.5 million dollars.⁶⁵ Of the 22 IMU members apprehended, six were executed and the rest are serving 10-20 year prison sentences.⁶⁶

In the summer of 1999, the IMU started a campaign of hostage taking in order to finance itself, and continue in the pursuit of its goals. Among the hostages was a group of four Japanese geologists, for which the government of Japan paid an undisclosed ransom (assessed to be 6 million Yen).⁶⁷ The 1999 Tashkent bombings and the hostage-taking led the U.S. State Department in 2000 to list the IMU as a terrorist organization.⁶⁸ The IMU also started cross border incursions into Kyrgyzstan and Uzbekistan, basing itself in Tajikistan. During this time Namangani led successful well planned and executed raids, capturing villages in Kyrgyzstan and killing Uzbek soldiers on raids into Uzbekistan. Also at this time the IMU used Tajikistan as a sanctuary and was able to access Ferghana valley easily, causing friction between the regimes of Tajikistan and Uzbekistan.⁶⁹

E. RECONSTITUTION OF IMU

Prior to the 2004 bombings in Tashkent and Bukhara, the last violent act by the IMU in Tashkent was in 1999. With such a lengthy hiatus between these acts of violence it was believed the IMU was severely affected by the assessed losses they suffered during

⁶⁴ Vitaly Naumkin, p. 26.

⁶⁵ IWPR Staff in Central Asia (FBIS Report). "Uzbekistan Faces New Breed of Islamic Opposition," 2 August 2004.

⁶⁶ Vitaly Naumkin, p. 28.

⁶⁷ Tokyo Shukan Gendai (FBIS Report). "Japan: Missing Uzbekistan Tourists Suspected of Being Terrorists." 20 October 1999.

⁶⁸ U.S. State Department Website. "U.S. Policy in Central Asia: Frequently Asked Questions (20 November 2002)," <http://usinfo.state.gov/xarchives/display.html?p=washfile-english&y=2002&m=November&x=20021120175001jthomas@pd.state.gov0.4453089&t=xarchives/xarchitem.html>, accessed 28 August 2005.

⁶⁹ Bishek Kabar News Agency (FBIS Report). "Uzbek Islamic Opposition Training Fighters in Afghanistan," 16 February 2000; Dushane Khabar Nama (FBIS Report). "Afghanistan: 'Fighters Going to Uzbekistan Through Taliban in Kunduz,'" 30 March 2001.

Operation Enduring Freedom and, in fact, was unable to conduct terrorist operations in the region. After the bombings in 2004 there is little doubt, however, that IMU survivors have at the very least initiated activity and regrouped; it is possible the IMU has merged with other terrorist organizations and is again actively operating in Central Asia.

The March and April 2004 bombings and firefights in Tashkent and Bukhara were coordinated suicide-bomber attacks, and the first violent terrorist attacks since the 1999 assassination attempt on President Karimov.⁷⁰ These attacks are highly significant in that they were the first cases of suicide bombers in Central Asia, not to mention that the bombers were female. These attacks differed from the 1999 attack in that the terrorists targeted the Chorsu market in Tashkent using two female suicide-bombers with the obvious intent of inflicting casualties on civilians rather than the government, as they had in 1999. In 1999 the coordinated attack was carried out within a group of government buildings and was in line with IMU's explicit goal of removing President Karimov. The attacks in March and April of 2004 may indicate IMU's merging with other terrorist organizations such as Al Qaeda, which have used suicide-bombers in their tactics to cause fear among the population at large; the potential exists for these types of attacks to lead indirectly to regime reform (e.g., March 2004 Madrid bombings and the withdrawal of Spanish forces from Iraq).⁷¹ In addition, the use of female suicide-bombers is similar to attacks by Chechen terrorists in Moscow in 2004 and may suggest a link with other terrorist organizations.

In July 2004, terrorists attacked three locations in Tashkent: the U.S. Embassy, the Israeli Embassy, and the Uzbek State Prosecutor's Office.⁷² Once again, suicide-bombers were used, similar to the attacks in March and April. This time, however, two of the targets were foreign embassies, possibly indicating a new approach to the IMU's original goal of removing President Karimov; or perhaps it indicates an addition of a new

⁷⁰ Moscow Interfax (FBIS Report). "CIS Anti-Terror Center Says Islamic Party of Turkistan Possibly Behind Uzbek Attacks," 29 March 2004.

⁷¹ Muslim Uzbekistan (FBIS Report). "Uzbekistan: Opposition Website Says Karimov Should Change Oppressive Policy," 14 April 2004.

⁷² IWPR Staff in Central Asia (FBIS Report). "Uzbekistan Faces New Breed of Islamic Opposition," 2 August 2004.

ideology to the IMU's goals, which focus on anti-western and anti-Semitic ideologies.⁷³ The targeting of U.S. and Israeli Embassies was significant in that it was the first time a foreign entity in Central Asia was targeted by terrorists. The suicide-bomber who targeted the Prosecutor's office, however, was in line with the original IMU tactics of targeting government officials. This specific act of terror was most likely a direct response to the trial four days earlier of 15 suspects being charged for the terrorist acts of March and April of 2004.⁷⁴

In addition to the 2004 terrorist bombings, the IMU may be taking sanctuary in Pakistan and even perhaps in Tajikistan, where they previously maintained bases.⁷⁵ Operating in these locations may have been a significant factor in this reconstitution, giving them the necessary time to regroup, and possibly form unions with other groups. These sanctuaries would also provide them with the required time to gather finances needed to reconstitute their organization and conduct operations on a continual basis.

Central Asian countries have been concerned about the re-emergence of IMU and have been vigilantly observing their activities since Operation Enduring Freedom. In July 2003, the Chairman of the Kazakhstani National Security Service (KNB), Nartai Butbayev, confirmed increased activity of the IMU in Kazakhstan.⁷⁶ The Deputy Interior Minister acknowledged in March 2005 that IMU members were spreading into the Western region of Kazakhstan.⁷⁷ A weapons cache was found in Batken, Kyrgyzstan, in June 2003 and the Kyrgyz National Security Services suspects IMU is involved with the weapons. They also believe that the IMU is possibly connected to the December 2002 and May 2003 bombings in Kyrgyzstan, which killed 8 and injured 40. At the time, this was attributed to the Islamic Movement of Turkistan (IMT), which is thought to be either another group, or consists of IMU members who have merged with other terrorist

⁷³ Susan B. Glasser. "U.S., Israeli Embassies Hit In Uzbek Bomb Attacks; Prosecutor's Office Also Targeted With Terror Trial Ongoing; [FINAL Edition]." *The Washington Post*, 31 July 2004, A14.

⁷⁴ IWPR Staff in Central Asia (FBIS Report). "Uzbekistan Faces New Breed of Islamic Opposition," 2 August 2004.

⁷⁵ Ahmed Rashid (2002).

⁷⁶ Roger N. McDermott. "Countering Global Terrorism: Developing the Antiterrorist Capabilities of the Central Asian Militaries." *Strategic Studies Institute* (2004).

⁷⁷ Almaty Komsomolskay Pravda Kazakhstan in Russian (FBIS Report) "Kazakhstan: Deputy Interior Minister Acknowledges Threat From Islamic Party," 18 March 2005.

organizations.⁷⁸ The Kyrgyz authorities assert that the IMU, Uighur separatists, and other terrorist groups have linked up to form the IMT and are operating together throughout Central Asia.⁷⁹

During the same period, in June 2003 the Uzbek National Security Service (SNB) reported tracking 600 IMU members traveling to Afghanistan, Tajikistan, Pakistan, and Chechnya.⁸⁰ The observation of IMU members' traveling to Pakistan may be of the greatest concern, since it can potentially confirm a relationship between IMU and Al Qaeda, both of which provided support to the Taliban during OEF and fled due to U.S. interdiction.⁸¹ In 2005 President Karimov of Uzbekistan and President Pervez Musharref of Pakistan agreed on an extradition treaty for Tohir Yuldeshev (leader of IMU), who is presumed to be operating in the Waziristan region of Pakistan. This visit highlights the significance to which both countries place on the continued threat of IMU.⁸²

According to Rashid and Naumkin, the effects of OEF probably were too difficult for the IMU to overcome and significantly hinder any real chance of a reconstitution of this organization. However, in light of this research reconstitution is plausible and probable, as demonstrated by the recent attacks in Tashkent and likely involvement in other Central Asian countries, as discussed earlier in this section. According to Roger McDermott, there is evidence of a possible overlap of militant groups in Central Asia and evidence that they are working together in these recent attacks.⁸³ Research indicates the IMU is part of a network and receives support from other fundamentalist Islamist groups throughout Central Asia, the Middle East, and China. In addition, the harboring by other countries of IMU militants, providing them with training camps, and assisting with

⁷⁸ Almaty Komsomolskay Pravda Kazakhstan in Russian (FBIS Report) "Kazakhstan: Deputy Interior Minister Acknowledges Threat From Islamic Party," 18 March 2005

⁷⁹ Hamid Toursunof. "Tajikistan: A New Terrorist Nexus?" *Foreign Policy Association* (14 July 2003).

⁸⁰ Roger N. McDermott (2004): 5.

⁸¹ Vitaly Naumkin, p. 61.

⁸² Tashkent Uzbek Television First Channel in Russian (FBIS Report). "Musharref signs Uzbek agreements," 18 February 2005.

⁸³ Roger N. McDermott. "Countering Global Terrorism: Developing the Antiterrorist Capabilities of the Central Asian Militaries." *Strategic Studies Institute* (2004): 4.

finances leads to the determination that the group is still active; additionally, the recent terrorist events in Uzbekistan indicate it again is a fully operational organization.

F. BACKGROUND OF HIZB UT-TAHRIR AL ISLAMI (THE PARTY OF ISLAMIC LIBERATION)

IMU has many goals in common with Hizb ut-Tahrir al Islami, an underground fundamentalist Islamist group calling for the overthrow of the governments in Central Asia. Unlike the explicitly violent IMU, however, Hizb ut-Tahrir professes to follow a non-violent means of transforming the governments in Central Asia and is not considered a “terrorist organization” by the U.S. State Department. In order to compare Hizb ut-Tahrir and the IMU, it is necessary to review briefly the history of the Hizb ut-Tahrir, and to present possible reasons that both the IMU and Hizb ut-Tahrir were able to emerge in Central Asia.

Hizb ut-Tahrir al Islami was founded in 1953 in Jerusalem by Taqieddin an-Nabhani, with the goal of replacing current Muslim governments with an ideal Muslim State (*Caliphate*) similar to that which existed in seventh century Arabia. The *Caliphate* is a region or place in which the Prophet Muhammad envisioned all Muslims living, with *Sharia* as its basic tenet and with all abiding by this Islamic law. According to Hizb ut-Tahrir, the creation of this *Caliphate* is to happen in three stages of political struggle: individual shaping of the mind, shaping of the collective mind (spreading views by Mosques and leaflets), and replacing current governments and implementing Islam completely throughout world.

The first two stages are to assist in developing an understanding of the organization’s ideology leading to the third and final stage of the *Caliphate*.⁸⁴ In the 1950s Hizb ut-Tahrir started its operation in the Levant region and it quickly spread in the 1960s throughout the rest of the Muslim world (i.e., Jordan, Syria, N. Africa and Turkey).⁸⁵

With little change over the years, the organization uses An-Nabhanis’ writings (from the 1950s and 60s) as the basis for its ideology. His approach for radical change of

⁸⁴ International Crisis Group. “Radical Islam in Central Asia: Responding to Hizb Ut-Tahrir,” *ICG Asia Report* No. 58 (30 June 2003): 1-54.

⁸⁵ Mahan Abedin. “Inside Hizb ut-Tahrir: An interview with Jalaluddin Patel, Leader of Hizb ut-Tahrir in the UK,” The James Town Foundation Website, http://www.jamestown.org/publication_details.php?volume_id=402&issue_id=3045&article_id=2368393, accessed 15 August 2005.

governments differed from other Islamist theory in that there was no gradual integration for the Muslim societies. He stated in his writings that Muslims must first concentrate on the formation of the Caliphate and that is the paramount goal as noted by the following: “For a land to be considered an Islamic state, every single article of the country’s constitution, every rule and law, must emanate from the Islamic *Sharia*.” This statement exemplifies his non-compromising position with any existing state. An-Nabhani also accepted modernity, embracing technology and organizational patterns of modern revolutionary movements (i.e., Leninism) such as the idea of a vanguard party.⁸⁶

G. HIZB UT-TAHRIR ORGANIZATIONAL STRUCTURE

There is one central leader of Hizb ut-Tahrir: Ata Abu-l-Rishtah. He is the current and third Amir of the organization, following Yusuf Sheikh Abdul Qadeem Zaloom, a founding member who replaced An-Nabhani. Abu-l-Rishtah is a scholar and has been involved with the organization since 1955, and it is apparent that he has the same ideology as the founding members. Abu-l-Rishtah dictates the strategy for Hizb ut-Tahrir and this strategy is passed through a network of cells throughout the organization with all members subscribing fully to the decisions of the central leader.⁸⁷

This hierarchal system, using the different clandestine cell networks for secrecy, has been compared to the Bolsheviks’ pre-revolutionary activities, and in the same way is difficult for state authorities to target.⁸⁸ A new member-candidate must meet certain requirements prior to becoming a full member in Hizb ut-Tahrir, in order to ensure total loyalty, again similar to the manner in which the Bolsheviks operated. The potential member must become intimate with all party literature during the initial two-year indoctrination phase. This phase is supervised by a *mushrif* (senior party member) who eventually determines at what point the candidate has attained the correct maturity and has fully adopted the Hizb ut-Tahrir culture; only then is the candidate admitted as a full member to the party Hizb ut-Tahrir.⁸⁹

⁸⁶ International Crisis Group. ICG Asia Report, No. 58, p. 2-4.

⁸⁷ Mahan Abedin, Interview with Jalaluddin Patel.

⁸⁸ Shahram Akbarzadeh, p. 699.

⁸⁹ Ariel Cohen. “Hizb ut-Tahrir: An Emerging Threat to U.S. Interests in Central Asia,” *The Heritage Foundation Backgrounder* (May 2003): 1-12.

As described by Jalaluddin Patel, Hizb ut-Tahrir's administration leader in Britain, the organization has two levels of operations in England. It works with the Muslim community in defining the workings of the Caliphate, how Muslims are supposed to live in the West, and how they are to maintain their Islamic identities. The second goal is to expose people in the general population to the cause of Hizb ut-Tahrir and the need for a Caliphate to serve as the only political means for Islam to survive in today's world.⁹⁰

According to the U.S. State Department, Hizb ut-Tahrir cells are organized into five-member units (*halka*); these cells form their own groups. The leader of each group is the only member in the group able to contact the next higher cell in the echelon. Members are usually recruited through friends and family and this method of recruitment has greatly assisted with increasing the numbers in the organization, especially in Uzbekistan and Kyrgyzstan.⁹¹ There are several assessments regarding the actual number of members belonging to Hizb ut-Tahrir in Central Asia, suggesting a number of more than 15,000-20,000.⁹² Uzbeks constitute the majority of the Hizb ut-Tahrir members in Central Asia, and in fact, a significant number of suspected Hizb ut-Tahrir members are imprisoned in Uzbekistan (approximately 7,000) for suspicious religious or political activity.⁹³ Recruitment of members outside of Uzbekistan has increased, especially in Kyrgyzstan (1000-1200) and Tajikistan (1000-2000), most likely due to those governments' policies towards religious practices.⁹⁴ In Tajikistan the authorities arrested at least 22 suspected Hizb ut-Tahrir members during February and March 2004, with some of these suspects carrying "anti-constitutional literature," indicating increased activity.⁹⁵

It has also been argued that people in Central Asia are easily recruited by Hizb ut-Tahrir not because of their political agenda of addressing grievances, but by the idea of

⁹⁰ Mahan Abedin, Interview with Jalaluddin Patel.

⁹¹ U.S. State Department Website (Frequently Asked Questions), accessed 28 August 2005.

⁹² International Crisis Group. ICG Asia Report, No. 58, p. 17.

⁹³ Ahmed Rashid (2002), p. 126.

⁹⁴ U.S. State Department Website (Frequently Asked Questions), accessed 28 August 2005.

⁹⁵ Daria Solovieva. *Tajikistan Daily Digest*, Mar 3, 2004 (<http://www.eurasianet.org/resource/tajikistan/hypermail/200403/0004.shtml>), accessed 20 August 2005).

open-borders between Central Asian states, allowing for easier trade and travel.⁹⁶ On September 1, 2004, Kazakhstan's President Nazarbaev, warned in a press conference that terrorist activity was increasing in Central Asia and that Hizb ut-Tahrir had been operating more freely. He stated that Kazakh authorities had seized 11,000 Hizb ut-Tahrir leaflets so far that year, as opposed to the 1,000 they had seized in 2003.⁹⁷ This discovery led President Nazarbaev to request the passing of a special law to counteract extremism. Such a law is especially indicative of the threat of Hizb ut-Tahrir because until now Kazakhstan had the most liberal attitude toward Hizb ut-Tahrir in all of Central Asia.⁹⁸

H. HIZB UT-TAHRIR'S MOVE TOWARDS MILITANT RHETORIC

Hizb ut-Tahrir's rhetoric has become more and more militant since the start of Operation Enduring Freedom. According to the U.S. State Department, Hizb ut-Tahrir leaflets have condemned U.S. forces in Central Asia and have condoned suicide-bomber attacks against Israel. Leaflets found soon after the start of OEF also claimed the United States and United Kingdom were waging war against Islam and that Muslims needed to rise up to the West and defend themselves. In a response to a question posed regarding the 9/11 attacks in America and the justification for these attacks, Jalaluddin Patel expressed Hizb ut-Tahrir's desire to confront the West: "We immediately declared that this is not the proper or even effective method of fighting Western imperialism. We do see Western imperialism as the key factor in the continuing decline of the Islamic world and we do impress upon Muslims that they have to confront this imperialism."⁹⁹ His statement is vague at best, leaving room for its interpretation as anti-western, perhaps even violently anti-western.

The latest "leaflet" published on Hizb ut-Tahrir's official website is unambiguous in revealing its attitude towards the West; in fact, it confirms any suspicions regarding its stance in obtaining its final goal of a Muslim Caliphate by destroying the West:

⁹⁶ Vitaly Naumkin, p. 4.

⁹⁷ Radio Free Europe Website. "Kazakh President Warns of Extremist Threat," (<http://www.rferl.org/newsline/2004/09/02-TCA/tca-020904.asp>, accessed on 2 September 2004.

⁹⁸ Justin Burke. "Central Asia: State Policy Towards Muslims in Central Asia." Kazakhstan Daily Digest, 17 February 2004, <http://www.eurasianet.org/resource/kazakhstan/hypermail/200402/0023.shtml>, accessed 2 September 2005.

⁹⁹ Mahan Abedin, Interview with Jalaluddin Patel.

O Muslims! You are now aware of the poison that they mixed with fat in the American project for the Middle East. Rather, it is poison alone without any fat mixed in; so what are you waiting for? What are your armies waiting for? What are the influential people amongst you waiting for? Are you waiting till America has implemented its project for the Middle East, the great one and the small one, and thus your countries become full of prisons more than just Abu Ghuraib? Do you wait till your children face the same end, which that little girl faced when she raised her trembling hands while the gun was pointed towards her? Do you wait for any good from your rulers? They are actually the misfortune and the source of the disease; and they are the people who placed the countries in the grip of the enemies. O Muslims! Hizb ut-Tahrir calls upon you to mobilize your forces and rally your ranks to help and support it in its work to establish the Khalifah state, by which you will restore your glory, attain the good pleasure of your lord and destroy your enemy.¹⁰⁰

To date there has been no confirmed evidence of Hizb ut-Tahrir participating in any violent acts in Central Asia; however, in June 2003, Russia arrested over 100 suspected Hizb ut-Tahrir members in Moscow and two of the arrested members eventually were charged with possession of plastic explosives, grenades, and detonators. The two men charged also were carrying Hizb ut-Tahrir literature, establishing a possible link with the organization.¹⁰¹ The existence of Hizb ut-Tahrir members with explosives can be seen as possible preparations of violent acts, or these particular Hizb ut-Tahrir members may have become disaffected and impatient with Hizb ut-Tahrir's current peaceful policy. However, a similar progression from peaceful to violent methods has occurred in Central Asia in the past, as demonstrated by IRP members splintering off into Adolat, with these members subsequently becoming impatient with the pace of progress, subsequently establishing IMU as the next alternative.

The similarities between the Bolsheviks, Hizb ut-Tahrir, and their respective goals of revolution, suggest a course of action leading towards the professed necessity of violent action in order to take-over Muslim countries and achieve the final goal of the Caliphate.¹⁰² According to Hizb ut-Tahrir propaganda posted on their official homepage,

¹⁰⁰ Al-Raheem, Bismillahi Al-Rahman. "O Muslims! Shape the Middle East by your own hands, for you are its rightful owners." Hizb ut-Tahrir official website (Leaflet), <http://www.hizb-ut-tahrir.org/english/>, accessed 10 September 2005.

¹⁰¹ Roger N. McDermott (2004), p. 4.

¹⁰² U.S. House of Representatives' Committee on International Relations, *Central Asia: Terrorism, Religious Extremism, and Regional Stability*. United States: Congress House (2003): 27.

dated June 2001, all forms of struggle against the enemy are authorized, to include murder. In this same article Hizb ut-Tahrir demands that all Muslims assist the Taliban in Afghanistan in its fight against the United States.¹⁰³ In the interview with Jalaluddin Patel, he states that it will take only one Muslim state to fall and the rest will follow and then a political Islam will rule for all Muslims. In order for this to be achieved, and within the guidelines of Hizb ut-Tahrir, a takeover of a country will have to occur and it will most likely be a violent act. The secret cells operating throughout Central Asia will eventually reach a point where their numbers will allow an attempt at an overthrow similar to the Bolshevik Revolution of 1917.¹⁰⁴

Past activity of Hizb ut-Tahrir proves that members participated in attempted coups in the late 1960s and early 1970s. In 1968, members attempted to seize power in Jordan against King Hussein II.¹⁰⁵ Hizb ut-Tahrir refuted allegations that it was directly involved and suggested that Hizb ut-Tahrir individuals were operating on their own initiative without Hizb ut-Tahrir support. The fact that Hizb ut-Tahrir has a very centralized cell system and hierarchal means of management coordinating and mandating all that happens within the group, however, belies that Hizb ut-Tahrir itself was not involved. Members of Hizb ut-Tahrir may eventually act violently in an effort to overthrow a given country's regime.¹⁰⁶

I. UNITED STATES' PRESENCE IN CENTRAL ASIA

Obviously, the existence and viability of terrorist organizations (IMU and Hizb ut-Tahrir) in Central Asia is of great concern to policy makers of both the United States and Russia. Currently, the United States is pursuing three strategic interests in Central Asia:

1. Security: assisting with anti-terrorism, proliferation, and narco-trafficking.
2. Energy: the safe transit of oil and gas directly affects energy revenues and contributes to the economic growth in Central Asia.

¹⁰³ Ariel Cohen.

¹⁰⁴ Ibid.

¹⁰⁵ International Crisis Group. ICG Asia Report, No. 58, p. 3.

¹⁰⁶ Ariel Cohen.

3. Internal Reform: by promoting democracy the United States hopefully can improve human rights, freedoms, and increase tolerance.¹⁰⁷

Regarding security in Central Asia, the U.S. currently has approximately 4,000 personnel based in Uzbekistan, Tajikistan, and Kyrgyzstan, supporting its Global War on Terrorism, focused at the moment in Afghanistan.¹⁰⁸ According to Roger McDermott, the U.S. needs to remain in the region of Central Asia to support efforts against terrorism and to assist fledgling governments in their development as young independent states.¹⁰⁹ This sentiment is echoed by several other scholars of Central Asia, as well as the Committee on International Relations of the US House of Representatives, which states the U.S. should stay in the region providing stability and should assist with the implementation of democratic institutions therein.¹¹⁰

It is fair to say that the United States, now that it has its foot in the proverbial door of Central Asia, will try to remain there for as long as possible. In fact, the U.S. has been interested in this region at least since 1992 when President H.W. Bush introduced the Freedom Support Act, aimed at assisting the newly independent states with humanitarian aid, economic assistance, and guidance with democratization. This aid policy continued with the 1999 passage of the Silk Road Strategy Act, which increased this aid and support.¹¹¹ The U.S. has continued this support and in fact has bolstered its relationship with these countries as demonstrated by Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF). During OEF the Central Asian countries offered over-flight rights to the United States, and U.S. forces set up military bases in Uzbekistan and Kyrgyzstan, which remain today. During OIF, Kazakhstan joined the coalition against Iraq demonstrating the way in which the United States is developing relationships with these countries.

¹⁰⁷ U.S. House of Representatives' Committee on International Relations. *Central Asia: Terrorism, Religious Extremism, and Regional Stability*. United States: Congress House (2003).

¹⁰⁸ Shahram Akbarzadeh, p.689.

¹⁰⁹ Roger N. McDermott, p.v.

¹¹⁰ U.S. House of Representatives' Committee on International Relations, *Central Asia: Terrorism, Religious Extremism, and Regional Stability*. United States: Congress House (2003): 3.

¹¹¹ Jim Nichol. "Central Asia: Regional Developments and Implications for U.S. Interests," Congressional Research Service, Order Code IB93108, (17 August 2005): 1-16.

Research indicates U.S. presence in the region is aiding with short-term stability by reducing Islamic insurgency and decreasing the numbers of potential safe houses and training camps used in Afghanistan by militants. However, for long-term stability, cooperation between all the Central Asian states is needed in order to develop anti-terrorist capabilities in conjunction with U.S. support.¹¹² During Operation Enduring Freedom (OEF), Namangani of IMU assisted the Taliban in its fight against the U.S. and led several missions against them in Mazar-I-Sharif. Although exact numbers are difficult to determine, it is assessed that from 300-600 IMU members were killed during OEF; Namangani himself may also have been killed in a U.S. air attack in 2002.¹¹³

Consequently, the IMU's capability to conduct terrorist attacks was severely degraded after OEF, and left many wondering if the IMU could reconstitute and pose a threat in the future.

There is a debate among experts regarding the stabilizing influence of the local presence of the United States. One school of thought suggests the United States' presence in Central Asia is having a positive effect in terms of stability and the reduction of terrorism in the region.¹¹⁴ An opposing view holds that U.S. forces in Central Asia do not now and will not ever contribute to long-term stability, as regional stability needs to come first from within the states themselves; only then, it is believed, should outside aid be accepted.¹¹⁵

J. RUSSIAN PRESENCE IN CENTRAL ASIA

The presence of radical Islamic fundamentalists is perhaps the most significant to Russia with regard to Central Asia, as it perceives this possible terrorist breeding ground as a danger to Russia (e.g., a training ground for terrorists fighting in Chechnya). Groups like the Islamic Movement of Uzbekistan, claiming ties with Al Qaeda, and having

¹¹² Roger N. McDermott (2004), p. v.

¹¹³ Dushanbe Asis-Plus (FBIS Report). "Afghan Embassy in Tajikistan Has Not Confirmed Uzbekistani Warlord's Death," 20 November 2001.

¹¹⁴ Doulatbek Khidirbekughli. "U.S. Geostrategy in Central Asia: A Kazakh Perspective." *Comparative Strategy* (2003): 159-167; Roger N. McDermott. "The Armed Forces of the Republic of Uzbekistan 1992-2002: Threats, Influences and Reform." *The Journal of Slavic Military Studies* (2003): 27-50.

¹¹⁵ Niklas Swanström. "The Prospects for Multilateral Conflict Prevention and Regional Cooperation in Central Asia." *Central Asian Survey* (2004): 41-53.

experience of fighting in Afghanistan, pose a threat not only in Central Asia, but to Russia as well.¹¹⁶ There is a significant concern that the Islamic fundamentalists in the region will spillover into Russia. It is not implausible that these groups could assist with training for terrorists entering Russia as well as conduct activities within Russian borders. Terrorists may use Central Asia, and Uzbekistan specifically, as a training ground where they can prepare for operations in Chechnya and other parts of Russia.

Russia has an interest in maintaining the Central Asian region as a buffer-zone to keep Islamic fundamentalists out of Russia, and has concerns for ethnic Russian population still living in the region. Russia maintains a military presence in Tajikistan and Kyrgyzstan demonstrating its determination to maintain security presence in the region. There are 7,800 Russian troops in Tajikistan serving in the 201st motorized rifle division, and approximately 300 - 700 in Kyrgyzstan stationed at Kant Airfield, with the support of approximately two-dozen aircraft.¹¹⁷

Russia understands that there is no longer military parity with the United States and Russian strategic concerns need to be modified to adapt to the new security challenges. There is now a necessity to cooperate in partnerships with the United States and West European States to resolve new security conflicts in the region.

New global realities have been addressed by Russia and were discussed in the 2003 Ministry of Defense (MOD) document Priority Tasks of the Russian Armed Forces. Russian leadership has been reforming the military over the past decade to meet new challenges due to the current political relationship with the West. Russia has also realized it will not be fighting the United States and is trimming down the military in an effort to focus on new challenges such as counter-terrorism, peacekeeping, and internal conflicts.¹¹⁸

The MOD report addresses five major ways in which Russia fits into the world's military and political system, and helps also to shed some light on how Russia perceives itself on the global stage:

¹¹⁶ IWPR Staff in Central Asia (FBIS Report). "Uzbekistan Faces New Breed of Islamic Opposition," 2 August 2004.

¹¹⁷ Jim Nichol (August 2005), p. 4.

¹¹⁸ Ibid, p. 26.

1. The new challenges of globalization with regard to proliferation of WMD, terrorism, ethnic conflict, religious fundamentalism, illegal drugs, and organized crime. To gain any success underlying Russia's commitment to cooperation, these challenges have to be met with a cooperative, rather than a unilateral effort.

2. The use of temporary coalitions for quelling conflict is a necessity due to current world dynamics (e.g., terrorism). Russia states it will join coalitions if it is in its national interest to do so.

3. Economic concerns are becoming more and more important and are dictating foreign policy. Russian military forces will be used to assist with the protection of economic assets; this use demonstrates Russia's willingness to change.

4. Terrorism is an additional area of focus for Russia and the merging of both domestic and international terrorism poses a great threat. Russia is assisting on a global scale with this dilemma, and has stated it will be a major player in the fight against it.

5. Russia has been more accepting of non-state actors in its foreign policy development and understands there is room for these agencies with regard to building a greater Russia.¹¹⁹

One last point to address regarding Russia's role in the world is the fact that Russia believes that the United Nations Security Council is the central means for creating and maintaining stability throughout the world. This fact, along with Russia's belonging to the Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CST), and the Shanghai Cooperation Organization (SCO), proves it is committed to its new status as a team player

Along with the new role Russia is playing in international politics, there is also the necessity to understand what new threats are facing this country. In President Putin's opening remarks in the MOD report, he states that Russia is in fact faced by numerous new threats and that reform of the military needs to match these threats. He states that these areas of concern are: collective security, terrorism, peacekeeping, and threats in regional areas.¹²⁰

¹¹⁹ The Report of the Defense Ministry of the Russian Federation. "Priority Tasks of the Russian Armed Forces." Russian MOD (2003): 35-36.

¹²⁰ The Report of the Defense Ministry of the Russian Federation (Opening Address by Vladimir Putin), p. 4.

The Minister of Defense, Sergei Ivanov, classifies the threats into three general categories: internal, external, and trans-border. The following list is what the MOD finds to be the most pressing threats for Russia:

Internal threats:

1. The use of force in an attempt to change the constitutional regime and violate the territorial integrity of Russia.
2. The creation, equipment, training and operation of illegal armed formations.
3. Illegal circulation (trafficking) in the territory of Russia of weapons, munitions, explosives, and so on.
4. Large-scale operation of organized crimes that threatens the political stability on the scale of a constituent member of the Russian Federation.
5. The operation of separatist and radical religious-nationalist movement in the Russian Federation.

Transborder/External threats:

1. The operation of structures connected with the international terrorist community in the territory of Russia.
2. The training in the territory of other states of armed groups for operation in the territory of Russia or its allies.
3. Trans-border crime, including smuggling and other illegal actions, which calls for the use of border guards.¹²¹

Ivanov continues throughout his remarks to emphasize terrorism and how international terrorism has merged with internal terrorism, creating an even more dangerous threat to Russia. One of the more serious threats to Russia comes from the southern region of Central Asia; there is a legitimate concern regarding the large population of Islamic communities in the south and the potential threat of a fundamentalist group controlling these areas.¹²²

¹²¹ The Report of the Defense Ministry of the Russian Federation (Report by Sergei Ivanov), p. 7-8.

¹²² Ibid, p. 8.

K. CONCLUSION

Research indicates that the Islamic Movement of Uzbekistan is reconstituting, and as demonstrated by the recent terrorist attacks in Uzbekistan, poses a serious threat not only within Central Asia but outside the region as well (e.g., fighting in Tajikistan and Afghanistan). IMU is still the most active violent terrorist organization in the region, even after fighting alongside the Taliban in Afghanistan nearly decimated its ranks. The U.S. and Russian militaries, businesses, and Russian Diasporas in Central Asia cannot overlook the importance of this organization and its penchant for violence. The IMU poses the greatest short to medium-term threat in the region. Hizb ut-Tahrir, however, presents a medium to long-term threat, and contrary to its nonviolent rhetoric, is a far greater danger in Central Asia than IMU, as it continues to fill the ideological vacuum there by proselytizing a skewed Islam in the hopes of achieving the Caliphate. It is plausible and logical to state that Central Asia could be used as the geographic base for Hizb ut-Tahrir to initiate its final goal of overthrowing governments, and begin its campaign towards a unified Caliphate.

Governments trying to co-opt Hizb ut-Tahrir will find it impossible, as such an effort directly contradicts Hizb ut-Tahrir's stated philosophy of not recognizing existing governments; Hizb ut-Tahrir will never join any regime in any capacity.¹²³ Therefore, in order to stem the influence throughout the rest of the region of Hizb ut-Tahrir and its purported agenda, this organization must be prevented from reaching its potential in the Central Asian states.

The Central Asian states should continue to foster relationships with both the United States and Russia, as these two countries are supporting the region with economic assistance, military training, and counter-terrorism expertise, all of which help lead to overall stabilization. The United States' desire to remain in the region of Central Asia should be looked upon not as a threat to Russia, but as an opportunity for Russia to take advantage of the United States' financial support, and to learn effective anti-terrorist strategies. In addition to this support, the United States already has managed to promote cooperation within the region (e.g., training the Uzbek military, building-up bases in

¹²³ U.S. House of Representatives' Committee on International Relations. *Central Asia: Terrorism, Religious Extremism, and Regional Stability*. United States: Congress House (2003): 19-26.

Uzbekistan and Kyrgyzstan), from which Russia can now profit. The United States and Russia continue to have concerns about the potential for spillover from Islamic fundamentalist groups within Central Asia, and for the near future are intent on remaining in the region (i.e., to assist with stemming this potential terrorism spillover). The Central Asian countries, as discussed, need to accept U.S. and Russian assistance in order to contain these groups and manage stabilization efforts within the region. Only when these two active Islamic fundamentalist groups, Islamic Movement of Uzbekistan and Hizb ut-Tahrir, no longer pose a serious threat to the region should Central Asia reduce its reliance upon the United States and Russia. In this way, the region of Central Asia has an excellent chance of creating and maintaining lasting stability and true independence.

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IV. ECONOMIC INTERESTS IN CENTRAL ASIA

A. INTRODUCTION

The goal of this chapter is to present the current extent to which both the United States and Russia are involved within the Central Asian region through trade, economic aid, and investments, especially in energy resources. One consideration to be addressed is whether or not either the United States or Russia currently plays a major role in providing solutions to the economic crises in Central Asia, and whether or not such solutions will lead to overall stability in the region. At present, oil is one of the foremost topics of concern in world politics and economy.¹²⁴ As the demand for oil increases throughout the world, its value becomes more and more important not only for a country's economy, but for its security. Due to this demand for oil and concerns of national security, dependence solely on oil in the Middle East will limit a given country's independence and security; therefore, some countries have been seeking to obtain oil from outside the region of the Arabian Gulf, as a means of reducing dependence on one region.¹²⁵ Consequently, the energy resources of Central Asia will be in high demand for the foreseeable future.

Russia considers Central Asia to be its "near-abroad" and, therefore, well within its legitimate sphere of influence. Russia's foreign policy is just now starting to focus on this area after having dealt with its own domestic concerns. The United States, as well, has been interested in the energy resources under the Caspian Sea since the collapse of the USSR. After 1991 U.S. businesses have been doing business in the majority of the Central Asian countries.

Natural resources are found in abundance in Central Asia. For instance, Kazakhstan possesses the largest oil reserves in the region and, according to the Department of Energy (DOE), has between 9 and 17.6 billion barrels of oil, as well as having 65 trillion cubic feet of natural gas. Turkmenistan has 101 trillion cubic feet of

¹²⁴ William F Engdahl. "Revolution, geopolitics and pipelines," Asia Times Online Ltd. Global Economy. (June 2005): 1-12.

¹²⁵ Stephen Blank. "Infrastructure policy and national strategies in Central Asia: the Russian example," *Central Asian Survey* (December 2004): 225-248.

natural gas, according to the DOE, and has one of the largest gas fields in the world.¹²⁶ Uzbekistan is the region's largest producer and exporter of cotton, and gold production there is one of the highest in the world. Kyrgyzstan produces gold, wool, and several minerals that it exports around the world. Tajikistan mines a large amount of aluminum and is second only to Uzbekistan with cotton exports in the region.

Central Asia offers economic opportunities for both the United States and Russia not only because of the region's vast supply of natural resources, but also because of its role as a transportation corridor (i.e., the Silk Road): North to South (from the Baltic region to Iran, Pakistan, and India), and East to West (from China to Europe). Central Asian states are currently unable to build their infrastructure without investment from the United States, Russia, China, Germany, and other countries. In addition, because Central Asia is landlocked, it is dependent upon other countries for the transportation of its resources. Due to the immediate need for improvements in infrastructure and for foreign investment, Central Asia must rely on the United States and Russia for assistance.

B. BACKGROUND AND BARRIERS TO ECONOMIC INTEGRATION IN CENTRAL ASIA

After the collapse of the Soviet Union, Central Asia was left not only with a weakened economy on the verge of collapse, but also with Soviet-era leaders ruling these newly independent states. These leaders were more concerned with personal power and wealth than with creating a successful economic plan for growth and development; corruption, cronyism, and nepotism were common practice. These leaders are the same people with whom both the United States and Russian governments (and businesses) must cooperate in order to maintain presence and influence in this region. By the same token, Central Asian states must find a balance between both the U.S. and Russia, regarding their respective influences, in order to benefit from financial assistance and further investments.

Economies of the Central Asian states suffered due the sudden collapse of the USSR, which left the new governments in disarray during the initial years of independence. Fifteen years later, with regional cooperation absent for the most part, this

¹²⁶ Jim Nichol. "Central Asia: Regional Developments and Implications for U.S. Interests," Congressional Research Service, Order Code IB93108, (17 August 2005): 1-16.

disorder remains. One of the regional problems is the post-Soviet border demarcation, which has resulted in border disputes. Such disputes have had a negative economic impact upon the Central Asian states, with several barriers to trade already existing throughout the region. For example, the high price of visas and the increased difficulty in obtaining them has had a serious effect on cross-border trade, with significant slowing down or ceasing altogether of trade in some areas.¹²⁷ This situation is compounded by the fact that customs officers and border guards often are corrupt, harassing businessmen and traders who cross the border, making it prohibitively expensive to do so, as well as difficult for profitable trade.

The Soviet government drew the borders in Central Asia which cut across ethnic lines; it did so purposefully to create an area that would be less likely to harbor future separatist movements. Since the break-up of the Soviet Union, the Central Asian states have had to clarify and define their borders while dealing with such factors as historical territorial claims, ethnic tension, the unilateral redrawing of borders by the Soviet Union, and domestic political demands. The view of the World Bank is that those trade barriers are slowly eroding, but the potential for increased trade is far from being met, while it should be a priority for economic growth.

In addition to the United States and Russia's ever-increasing presence in Central Asia, this region also faces other powerful nations trying to make their own inroads. For instance, China's largest state-owned oil company, China National Petroleum Corporation (CNPC), recently purchased the Canadian owned oil company PetroKazakhstan for 4.2 billion U.S.dollars, indicative of China's strong desire to increase its presence in the region.¹²⁸ After being a net oil exporter just 10 years ago China is now, in fact, the second largest importer of oil after the United States. The purchase of PetroKazakhstan, along with an annual increase of 30 percent in energy demand, clearly conveys China's persistent interest in the region.¹²⁹ India, a country that

¹²⁷ International Crisis Group. "Central Asia: Border Disputes and Conflict Potential," *ICG Asia Report* No. 33 (April 2002): 1-38.

¹²⁸ Stephen Blank. "Central Asia's Energy Game Intensifies," *Eurasianet.org*, Business & Economics (1 September 2005): 1-3, (http://www.eurasianet.org/departments/insight/articles/eav090105_pr.shtml, accessed 2 September 2005).

¹²⁹ William F Engdahl, p. 10.

currently uses 1.4 million barrels of oil per day, has been increasing its presence in the region and trying to direct the energy resources towards the South. By 2020, it is estimated that India will triple its consumption of oil to 4.2 million barrels per day. India continues to work with Turkmenistan on building a Trans-Afghanistan Pipeline (TAP) capable of delivering this oil.¹³⁰

C. UNITED STATES ECONOMIC PRESENCE IN CENTRAL ASIA

After the collapse of Soviet Union and the formation of the new independent states in Central Asia in 1991, the United States opted for an initial policy of minimum involvement in the region and focused mainly on assisting Russian recovery. This policy was recommended by Strobe Talbott, the Deputy Secretary of State to President Clinton, and was intended to minimize any perception of provocation against Moscow, as well as to create an environment conducive to eventual stability in the region. The Freedom Support Act (FSA), adopted by the U.S. Congress in 1992 to assist the former Soviet states, allotted only 4.8 percent of its account for security development in the Central Asian region to avoid provoking the Russians. The United States' interest in Central Asia increased in 1994, however, due to the discovery of potential energy resources estimated at 200 billion barrels of proven oil reserves in the region.¹³¹ The United States engaged in a few military-to-military exchange programs to continue its attempt at building a relationship with the Central Asian states, albeit at a slow pace and in an unobtrusive manner to ensure good relations with Russia in order to maintain regional stability.

In 1998, Congress adopted the Silk Road Strategic Act, according to which the United States was to aid the new independent states in Central Asia (i.e., in developing their economies and democratic institutions, etc.), and at the same time prevent Russia and Iran from monopolizing the region's oil and gas production. The latter goal of preventing Russia and Iran from monopolizing the region's oil was to be achieved by building a number of pipelines.¹³² In fact, the 1,700-kilometer Baku-Tbilisi-Ceyhan

¹³⁰ Stephen Blank (2005), p. 1-3.

¹³¹ Kenneth Weisbrode. *Central Asia: Prize or Quicksand?* New York: Oxford University Press Inc. (2001): 23.

¹³² Ibid, p. 24.

Pipeline (Figure 3), costing 3.6 billion dollars, was the first pipeline to be constructed by a non-Russian company and currently is transporting approximately 1 million barrels per day.



Figure 3. Baku-Tbilisi-Ceyhan Pipeline.¹³³

The United States did not focus its economic assistance on Central Asia prior to September 11, 2001; until then the lion's share of economic aid to the post-Soviet states had gone to Russia. Between 1992 and 2004 the former Soviet states received \$26 billion in aid. Of the \$26 billion total aid given between 1992 and 2004, approximately 24.8 percent went to socio-economic development and 38.8 percent to security. In 2004, the assistance given to the former Soviet Union was just below \$2 billion with 17.1 percent going to socio-economic development and 63.3 percent to security.¹³⁴ These figures indicate a sharp increase in aid allotted to security issues at the expense of socio-economic development.

¹³³ CB&I John Brown Limited web page. (http://www.johnbrown.biz/profile_pipe_bp.htm, accessed on 2 October 2005).

¹³⁴ Curt Tarnoff. "U.S. Assistance to the Former Soviet Union," Congressional Research Service, Order Code RL32866, (14 July 2005): 1-10.

The amount of aid has decreased steadily since the surge of assistance immediately following the attacks on the U.S. in 2001; in fact, the FSA gave \$584.5 million in 2004, \$555.5 million in 2005, and \$482 million (a 13 percent decrease), has been approved for 2006. The decrease in aid per individual country for the year's 2004/2005/2006 in Central Asia is as follows in Table 1 (in millions of dollars):

	2004	2005	2006
Kazakhstan	\$33.3	\$26.7	\$26
Kyrgyzstan	\$36.2	\$31	\$30
Tajikistan	\$24.5	\$27	\$25
Turkmenistan	\$5.7	\$6.5	\$5.5
Uzbekistan	\$35.9	\$33.5	\$30

Table 1. Financial Aid to Central Asia (per Millions of U.S. Dollars).¹³⁵

The FSA allocations often are given to countries with certain caveats, including human rights violations, corruption of the political and judicial systems, etc. President Islam Karimov of Uzbekistan was found to have violated human rights in 2004, thus losing \$8.5 million in FSA funds. Again this year, his administration was accused of human rights violations in the Andijan region, costing the country \$18 million in expected assistance.¹³⁶ On the other hand, if a country is trying to develop along the path of democracy, the FSA will give additional funds to assist with the necessary financial backing. In 2004 Kyrgyzstan received \$12 million additional aid to assist with the building of democracy that came to fruition in 2005 with the Tulip Revolution.¹³⁷ In 2005, the United States Congress, eager to increase stability throughout the region, increased the amount of supplemental funds going to the new independent governments in Central Asia, including Kyrgyzstan.¹³⁸

¹³⁵ Curt Tarnoff, p. 3-5.

¹³⁶ Jim Nichol. "Uzbekistan: Recent Developments and U.S. Interests," Congressional Research Service, Order Code RS21238, (2 May, 2005): 1-6.

¹³⁷ William F Engdahl, p. 7.

¹³⁸ Curt Tarnoff, p. 8.

U.S. policy after September 11, 2001, has been to assist the Central Asian countries not only in combating terrorism by training forces (assisting with non-proliferation in arms and trafficking), but to assist these states in developing free market economies. These new free market economies will benefit the United States' national interests by allowing free trade of both goods and services. The U.S. wants to integrate the Central Asian states into the international community for economic growth, increased security, regional stability, and the stemming of Islamic fundamentalism.¹³⁹ Presently, the United States is pursuing three strategic interests in Central Asia:

1. Security: assisting with anti-terrorism, proliferation of WMD, and narco-trafficking.
2. Energy: the safe transit of oil and gas directly affects energy revenues and contributes to the economic growth in Central Asia.
3. Political Reform: by promoting democracy, the United States hopes to improve human rights, strengthen political liberties, and increase tolerance.¹⁴⁰

The United States agenda regarding economics and financial assistance in Central Asia appears to be based on the regions energy resources. It is plausible to assert that since the United States demand for oil is currently 2.3 million barrels per day, an increase of 190,000 barrels per day from December 2004 (and with an outlook for even more demand for oil) that the United States is interested in the region simply for its oil.¹⁴¹ Another argument contends that the United States has bases and troops in the region only to secure the oil resources and to apply pressure to the governments in its effort to gain full access to these resources. Prior to September 11, 2001, however, the United States had neither military personnel stationed in Central Asia, nor any operational bases in the region. There was also minimal military-to-military contact. After September 11, 2001, the United States has developed its relations with all the Central Asian countries in order to establish basing rights and obtain overflight permissions in support of Operation Enduring Freedom in Afghanistan. These relations have come to involve more than

¹³⁹ Jim Nichol (17 August, 2005), p. i-13.

¹⁴⁰ U.S. House of Representative's Committee on International Relations. *Central Asia: Terrorism, Religious Extremism, and Regional Stability*. United States: Congress House, 2003.

¹⁴¹ Sam Fletcher. "Europe's demand for Russian gas grows," *Oil & Gas Journal* (March 2005, Vol. 103, Issue 9).

simply the use of military bases in these countries by United States, but have aided the Central Asian states with financial and military expertise.

The United States claims that it is trying to foster economic reform in the region, as demonstrated by the democracy-building and economic assistance. In theory this aid will, in time, lead to stability, and stability itself will lead to an increase in free trade, benefiting both the United States and the region as a whole. A counter argument can be made regarding U.S. financial assistance to regimes that are “more attuned to authoritarianism,” leading to speculation that the United States is propping up these regimes in order to gain a foothold in this energy-rich environment.¹⁴²

The trend of U.S. foreign direct investment has been upward and has focused mostly on the oil sector in Kazakhstan, and on gold mining in Kyrgyzstan and Uzbekistan.¹⁴³ U. S. companies have partnered with Kazakhstan businesses on three major hydrocarbon ventures: Chevron Corporation joined Kazakhstan in the development of the Tengiz field, Texaco joined Kazak businessmen in developing the Karachaganak oil fields, and a conglomerate of U.S. companies assisted Kazakhstan in the exploration and discovery of the vast Kashagan oil reserves in the Northern Caspian Sea.¹⁴⁴ Another example of foreign investment is the Chase Manhattan Bank investing in the Kuntor gold-mine in Kyrgyzstan.¹⁴⁵ The Central Asian states are dependent on foreign direct investment, and according to Stanislav Zhukov “...the influx of direct investment and loans from abroad has become the decisive factor in the economic growth of Kazakhstan, Kyrgyzstan, and Uzbekistan.”¹⁴⁶

In addition, if the United States were interested only in acquiring the oil resources, there would be a very limited amount of assistance for economic development and democracy-building, especially when these governments are challenged with

¹⁴² Jim Nichol (17 August, 2005), p. 2.

¹⁴³ Boris Rumer, Editor. *Central Asia: A Gathering Storm*. New York: M.E. Sharpe, 2002: 374.

¹⁴⁴ Imogen Gladman and Dominic Heaney, Editors. *Eastern Europe, Russia and Central Asia 2005* (Fifth edition). United Kingdom: Europa Publications, 2004: 229.

¹⁴⁵ Imogen Gladman and Dominic Heaney, p. 261.

¹⁴⁶ Boris Rumer, p. 340.

corruption and poor infrastructure. Corruption and poor infrastructure are reasons of concern in trade relations and affect negatively the amount of foreign direct investment these countries can attract.¹⁴⁷

Trade between the United States and the Central Asian states has increased both in imports and in exports (see Figure 4). According to the International Monetary Fund's (IMF) database, "Direction of Trade Statistics," exports from the Central Asian region to the United States have steadily increased from 1992 to 2004. . The Central Asian states total export figures to the United States for 1994 were \$139.9 million dollars, with an increase in 1999 to \$291.4 million, and a total export to the United States in 2004 of \$763.8 million dollars. The same trend is observed with regards to the Central Asian states and U.S. imports; in 1994 there was \$425.82 million dollars worth of goods imported, in 1999 it increased to \$857.62 million, and in 2004 United States imported goods into Central Asia garnered just over \$1 billion dollars.¹⁴⁸ The United States' interest in the region has continued to grow ever since the collapse of the Soviet Union; this fact indicates a trend of continued trade regardless of previously discussed negative factors.

¹⁴⁷ Jim Nichol (17 August 2005), p. 13.

¹⁴⁸ International Monetary Fund. "Direction of Trade Statistics," Database and Browser, 2004.

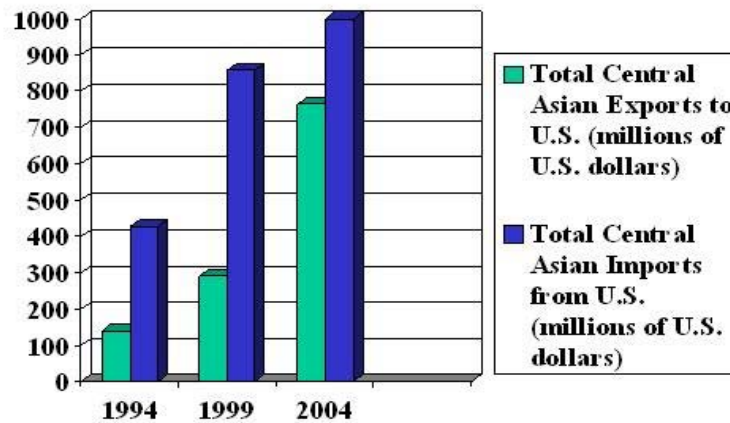


Figure 4. Central Asia and United States: Total Exports and Imports.

D. RUSSIAN ECONOMIC PRESENCE IN CENTRAL ASIA

After the Soviet Union disintegrated, Russian foreign policy paid little attention to economic integration with the Central Asian states. Attempting to overcome its own economic crisis, Russia's economic policy in the region fluctuated from staying in Central Asia to leaving it altogether.¹⁴⁹ After 1991, the Russian state was preoccupied with its own stability and showed little inclination to exert leadership in Central Asia. Russia realized in 2000, however, that it could have a natural position of leadership in the region due to its geographical location linking Russia with the countries to the South for trade in various commodities from energy to cotton.¹⁵⁰ In addition to its geographic location, Russia is interested in maintaining its economic links with the Russian Diasporas in the Central Asian countries. These populations depend on Russian trade and economic

¹⁴⁹ Dmitry Trofimov. "Russian Foreign Policy Objectives in Central Asia," *The International Institute for Strategic Studies: Russian Regional Perspective* (Vol. 1, Issue 2): 14-16, (<http://www.iiss.org/russianrp.php>, accessed 1 September 2005).

¹⁵⁰ Stephen Blank (2004), p. 234.

assistance and play a key part in Russian economic integration policies in the region.¹⁵¹ The Russian Diaspora is important for economic integration because of its sheer size and level of education: in 2001, 11.7 percent of the Central Asian population was Russian, providing skilled work force (a majority of which were college educated), crucial for the economies in this region.¹⁵²

Russia's Foreign Policy Concept adopted and ratified by President Vladimir Putin in 2000, however, addressed the need for increased Russian integration with other members of the Commonwealth of Independent States (CIS). In his article, "Russian Foreign Policy Objectives in Central Asia," Dmitry Trofimov, the Counselor of Foreign Policy Planning, states the five aims of this policy were: 1. The CIS was to become the priority for Russia; 2. National security brought to the forefront; 3. Individual approaches should be developed for each partner in the CIS; 4. Foreign policy focus should be on economic cooperation within CIS; and 5. Integration should be facilitated by means of bilateral agreements.¹⁵³

By 2004, Moscow's major objectives in the Central Asian states were identified by Konstantin Kosachev, chairman of the Russian State Duma's Committee for Foreign Affairs:

1. Help transform the Central Asian Republics (C.A.R.) into politically and economically viable states with friendly policies towards Russia.
2. Strengthen Russia's role in the system of intergovernmental political and economic relations.
3. Extend and further institutionalize integration among the member states of the Commonwealth of Independent States (C.I.S.).
4. Secure Russian economic interests in the region.
5. Maintain Russian hold over regional energy resources, in addition to Caspian Sea oil transportation routes that will be advantageous to Russia.
6. Counter the threat of religious extremism while encouraging the prevention of drug trafficking and arms smuggling.

¹⁵¹ Dr. Arun Sahgal. "Growing Russian Influence in Central Asia," *Power and Interest News Report* (5 November 2005): 1-6.

¹⁵² Dmitry Trofimov, p. 16

¹⁵³ Ibid, p. 14.

7. Ensure Central Asia's ecological security, especially concerning environmental disasters in the Aral and Caspian Seas.
8. Protect the rights of Russians living in the region.¹⁵⁴

Russian President Vladimir Putin has determined that Russia needs to increase cooperation in Central Asia specifically in the energy and military sectors and has approved of several bilateral agreements. In 2003 he signed an agreement with President Niyazov of Turkmenistan, which would supply Russia with gas for the next 25 years. The amount of gas shipped to Russia in 2004 was 200 billion cubic feet (12 percent of Turkmenistan's gas production). It is estimated that the rate will increase steadily to 2.8 trillion cubic feet by 2009.¹⁵⁵ Russia and Uzbekistan signed a Treaty of Strategic Partnership in 2004, increasing the amount of Russian military equipment supplied to Uzbekistan and the Russian contribution to modernizing and maintaining Uzbekistan's military forces. Uzbekistan is the most centrally located country in the region of Central Asia and the majority of transport routes for oil and gas pass through it.¹⁵⁶ In January 2004 Russia agreed to continue its lease of the Baikonur Space Center in Kazakhstan until 2050 for \$115 million per year. In addition, these two countries signed a border agreement in January 2005 (Russia and Kazakhstan share the longest land border in the world at 7,500 kilometers), which includes developing Kazakhstan's second largest natural gas field in the Caspian Sea (i.e., Imashevskoye). Under this agreement, Russia's GazProm and Kazakhstan's KazMunaiGaz will have equal rights in the development of this field.¹⁵⁷

The head of the Russian Oil and Gas Union, Yuri Shafranik, wants Russia to increase its investment into production of hydrocarbons in Kazakhstan to \$1 billion a year. Russia's LUKoil and Kazakhstan's KazMunaiGaz signed a 40-year contract to share equally the production of oil from the Tyub-Karagen field (estimated to have 100

¹⁵⁴ Dr. Arun Sahgal, p. 2.

¹⁵⁵ Jim Nichol (17 August, 2005), p. 14-15.

¹⁵⁶ Alan Cullison. "Russia Reclaims Its Backyard; Uzbek Rapprochement is a Victory Against Tide of U.S. Influence," Wall Street Journal, (2 September 2005).

¹⁵⁷ Sergei Blagov. "Nazarbayev and Putin Pledge "God-Given" Friendship," Eurasianet.org, Business & Economics (19 January 2005): 1-3, (http://www.eurasianet.org/departments/business/articles/eav011905_pr.shtml, accessed 25 August 2005).

million tons in reserves) in the Caspian Sea.¹⁵⁸ Russian shareholders currently control 44 percent of the Caspian Pipeline Consortium (see Figure 5), which runs from Kazakhstan to Novorossiysk and is capable of carrying 560,000 barrels per day.¹⁵⁹ Naturally, Russia is interested in keeping the export of these natural resources safe during their transit across borders. It is estimated that Kazakhstan has between 9 and 17.6 billion barrels of oil reserves and an additional 65 trillion cubic feet of natural gas. The 1500-kilometer pipeline being constructed and running from the Tengiz oil fields in Kazakhstan to the Russian terminal in Novorossiysk further demonstrates Russia's on-going interest in the region.¹⁶⁰



Figure 5. Caspian Pipeline Consortium. ¹⁶¹

¹⁵⁸ Sergei Blagov, p. 1.

¹⁵⁹ Jim Nichol. "Central Asia: Regional Developments and Implications for U.S. Interests," Congressional Research Service (18 February 2005): 14.

¹⁶⁰ Stephen Blank. "Infrastructure policy and national strategies in Central Asia: the Russian example," Central Asian Survey, (December 2004), 23(3-4): 243.

¹⁶¹ Salt Spring News. "Caspian Region: Russia and America in a Stare Down," (<http://saltspringnews.com/modules.php?op=modload&name=News&file=article&sid=9001>, accessed on 29 September 2005).

President Putin and Tajikistan's President Imomali Rakhmonov have an agreement allowing basing rights for Russia in Tajikistan; this gives Russia its largest military presence abroad, with approximately 8,000 Russian troops from the 201st Motorized Rifle Division stationed in Tajikistan. These forces are serving as border security, aiding Tajik troops guarding its porous border with Afghanistan. Tajikistan has been forgiven \$240 million in debt to Russia for these basing rights.¹⁶² Both of these bilateral agreements are beneficial to Russia and are providing Russia with further leverage for economic integration.¹⁶³

According to the International Monetary Fund, almost no trade took place immediately following 1991 until 1994. Russian trade with Central Asia declined from 1994 to 1999, but increased steadily from 1999 to 2004. Exports from Russia to the Central Asian states in 1994 were \$2.85 billion, with imports fairly close behind at \$2.37 billion. There was a substantial drop over the next 5-years, with 1999 Russian exports to Central Asia at \$1.67 billion, and imports at \$1.79 billion. As stated earlier, these figures directly reflect Russia's policy of letting its influence decline in the region. This declining trend changed, however, with President Putin's ratifying in 2000 the Foreign Policy Concept, which stated the need for more integration with CIS states. The trade between Russia and the Central Asian states rose steadily, with Russian exports in 2004 at \$6.1 billion, and imports from the Central Asian states at \$3.9 billion (as noted in Figure 6).

¹⁶² Jim Nichol (17 August 2005), p. 4.

¹⁶³ Dmitry Trofimov, p. 15.

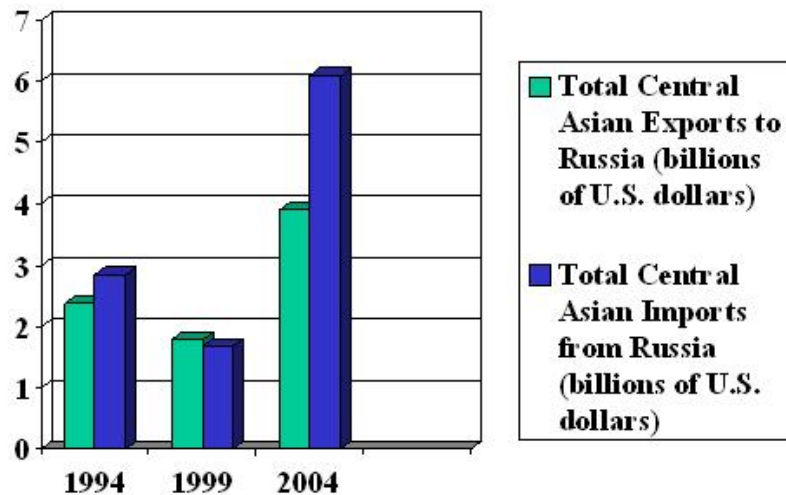


Figure 6. Central Asia and Russia: Total Exports and Imports.

E. REGIONAL ECONOMIC ORGANIZATIONS

Until Russia is fully capable of providing greater economic integration in Central Asia, it has to continue to rely on organizations that already exist in the region. In order to fully understand the impact these organizations may or may not have in the region with regards to economics, it is necessary to examine them. Russia established the Commonwealth of Independent States (in 1991) and called for the participation of post-Soviet influenced countries. In 1993 the Agreement on the Formation of Economic Union was established with three major goals: multilateral free trade agreement and customs union, common market, and a monetary union. Indeed, an agreement for a Customs Union among the CIS countries was signed in 1995. Another attempt at fostering economic trade and integration was the Free Trade Area, established in 1994 by

the CIS. This agreement was an attempt to reduce regulations and trade barriers throughout the CIS; however, Russia is the only member not to have ratified the agreement. Instead, Russia added several exclusions regarding oil and gas, and employs a quota system for precious metals and certain chemicals.¹⁶⁴ This appears to be an attempt by Russia to dominate the economic trade within the region; by doing so, Russia is not adhering to the protocol of a true free trade agreement.

The Central Asian Economic Union (CAEU) established in 1994 was an attempt to improve both the economic and security situations without any outside assistance. As it turns out, the CAEU was not effective in either security or economic reform.¹⁶⁵ This organization is now the Central Asian Cooperation Organization (CACO) and was joined by Russia in 2004; its goal is to achieve a free trade zone within the next 15 years. Initially a regional organization focusing on economic integration, Russia's membership has brought new agendas to the organization including political and counter-terrorism programs. Russia's entering this organization suggests that President Putin wants to attain the geo-political and economic dominance Russia once had in the region (when it was part of the Soviet Union). It has also been suggested that this organization will assist Russia in balancing against U.S. and Chinese influence in the region.¹⁶⁶

In 1999 an agreement on a Single Economic Space and Customs Union was introduced, including Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Belarus. This evolved in 2000 into the Eurasian Economic Community (EurAsEC), based upon previous customs unions arranged between these countries. Immediately following this free trade agreement, Russian exports increased 20-30 percent to the other EurAsEC members.¹⁶⁷ Yet another organization in the region, and probably the most vital in terms of economic integration, is the Shanghai Cooperation Organization. With the bolstering of the Shanghai Cooperation Organization as a true stepping-stone to developing

¹⁶⁴ Oleksandr Sushko. "The Dark Side of Integration: Ambitions of Domination in Russia's Backyard," *The Washington Quarterly* (Spring 2004): 119-131.

¹⁶⁵ Niklas Swanström. "The Prospects for Multilateral Conflict Prevention and Regional Cooperation in Central Asia," *Central Asia Survey* (March 2004) 23(1): 43.

¹⁶⁶ Dr. Arun Sahgal, p. 3.

¹⁶⁷ Oleksandr Sushko, p. 122-125.

economic recovery in the region, Russia would once again show its desire to cooperate within an international framework, rather than being perceived, perhaps, as trying to dominate and direct Central Asian activities.

Russia must continue participation in and increase its focus on the SCO for economic recovery in the region, which will in turn benefit not only the Central Asian states, but Russia as well. Founded in 1998, the SCO, initially known as the Shanghai Five (1996), has evolved into an organization whose members (China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan) have a common interest both for security and now economics, within this region. The evolution of the Shanghai Cooperation Organization, from strictly a border dispute organization to one more deeply involved in economic issues, is illustrated by the 2004 discussions among its members regarding an economic free trade zone.¹⁶⁸ The SCO is the organization in which Russia and Central Asia need to focus their energies in order to attain greater security in this region, with the probability of developing stronger economic ties, and eventually, political and economic stability.

F. CONCLUSION

Although trade has increased among the Central Asian states since their independence, it has been very slight, with only three of the five countries having an overall increase since 1999: Kazakhstan had the largest increase from \$185.5 million in 1999 to \$559.43 million in 2004, Kyrgyzstan's trade increased from \$103.7 million in 1999 to \$120 million in 2004, and Turkmenistan's increase over the same time period was just \$12 million dollars. Tajikistan and Uzbekistan's trade decreased over the same period, from \$189.7 to \$81.3 in Tajikistan and \$410.4 to \$361.6 in Uzbekistan. The total for trade among the Central Asian states in 1994 was \$828.7 million, increasing slightly in 1999 to \$926.6 million, and for 2004 the total trade reached \$1.1 billion dollars.¹⁶⁹ This slow rate of trade over the past decade is significant, as it indicates limited growth in the region.

¹⁶⁸ Amalendu Misra. "Shanghai 5 and the emerging alliance in Central Asia: the closed society and its enemies," *Central Asian Survey* (2001) 20(3): 312.

¹⁶⁹ International Monetary Fund. "Direction of Trade Statistics," Database and Browser, 2004.

In terms of regional balance of power, Russia views Central Asia as its ‘backyard’ and may want to maintain a strategic buffer zone to diminish U.S., Europe (NATO), and eventually Chinese influence. Besides the oil and gas production in Central Asia, Russia needs markets for its products and Central Asia offers the potential for these exports, as well as a route to destinations South of this region. Unfortunately, land-locked Central Asia suffers from its geography and the distance to current transportation hubs. For increased market integration, Central Asia must improve the infrastructure it inherited.

The economic situation of the individual states in Central Asia varies somewhat, but all have fairly high unemployment and inflation rates. The lowest rate of unemployment is in Kazakhstan, with 8.3 percent of a 15 million population (2004), and the highest is in Uzbekistan, with approximately 25 percent in a 25.8 million population (1998). The rate of inflation for Central Asia recorded (officially) for 2004 was between 7.5 percent and 13.9 percent with some unofficial estimates by IMF reaching 18 percent.¹⁷⁰

With increased capital investment into large-scale infrastructure projects, the conditions of the respective economies in Central Asia might become such that foreign direct investment would increase, assisting with more pipelines, roads, and other infrastructure. If Central Asia is ever to reduce its reliance on foreign governments and achieve better economic integration, there should be a greater emphasis placed upon more large-scale regional projects (among and within the different Central Asian states).¹⁷¹ Unfortunately, this region does not itself currently possess the financial power to correct its inherent weaknesses of infrastructure.

Stabilization and economic growth in Central Asia must continue to rely on foreign assistance in the short-term until this region is capable on its own of constructing a strong regional economic foundation. The economic situation of the early 1990s was characterized by a severe decline in gross domestic product in the Central Asian countries; however, in the late 1990s with increased foreign direct investment this region showed a recovery in its GDP. The gross domestic product in Central Asia continues to

¹⁷⁰ Economist Intelligence Unit/Country Profiles 2004.

¹⁷¹ Stephen Blank (2004), p. 231.

rise today, and, in fact, in 2000 had risen 15-30 percent throughout the region. This rise in GDP, according to Stanislav Zhukov, is due directly to the amount of foreign direct investment received starting in the late 1990s.¹⁷² Zhukov goes on to state that this upward trend in gross domestic product will continue in Central Asia only with outside assistance. He gives a conservative date for full economic recovery in Central Asia of somewhere between 2014-15, with at least a continued three percent annual rise in gross domestic product.¹⁷³ In the meantime, Central Asia must balance the influence of both the United States and Russia over its vast and valuable assets, namely, its natural resources.

¹⁷² Boris Rumer, p. 333-352.

¹⁷³ Ibid, p. 336.

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V. CONCLUSION

As discussed throughout this thesis, the Central Asian states remain a focus of international interest not only due to the large amounts of natural resources, but also due to the region's location (i.e., trade and its proximity for counterterrorism operations). The existing relationship between the Central Asian states and both the United States and Russia is economically beneficial, as demonstrated in the last chapter, and productive economies aid in leading the region to stability. The United States and Russia are very concerned with the overall stability of Central Asia, including regional flashpoints, the rise of Islamic fundamentalism, and maintaining the growing economic interests.

With regard to regional flashpoints, the Central Asian states have made some efforts and progress, but problems continue and prospects are not good without the involvement of outside actors. One example of a continuing issue is the unresolved status of Bagys, a village located in Kazakhstan, but under the economic control of Uzbekistan. Border demarcation in Bagys is still unclear and unsettled with no apparent resolution on the horizon. These types of conflicts exist throughout the region with little hope of resolution without outside assistance. The volatile border disputes in the Ferghana Valley region are the most pressing and difficult for Central Asia to resolve and remain a potential flashpoint for conflict. Minorities in the different enclaves continue to be an ongoing critical matter as they resent separation from their respective home countries, and endure complete isolation. Russia, leading the Shanghai Cooperation Organization towards regional commitment and stability, should take the lead and assist the Central Asian states with this problem.

Water issues as well remain a point of contention in the region, especially with regard to the agricultural production. The availability of potable water poses a serious issue in the region since a greater share of the water is being directed towards agriculture. The magnitude of this problem cannot be overlooked, as demonstrated by Uzbekistan's war game, in which preparations for an attack against Kyrgyzstan were the basis of the

exercise scenario. With assistance and pressure by Russia and its influence on the SCO, these border and water disputes have the prospect of being contained and eventually solved.

The emplacing of land mines by Uzbekistan on its border with Tajikistan is another cause of regional border tensions. Land mines remain an open issue and in the meantime, the mining of the border is preventing the transfer of trade throughout the area, severely effecting economies. Currently, the United States has the opportunity to assist Central Asia with demining operations and should, in fact, press for increased presence to this end. Since 1993, the United States has established humanitarian demining programs in forty-four countries, spending approximately \$600 million dollars. In 2002 the United States assisted in demining operations in Afghanistan through a number of means. In addition to donations of \$3.5 million dollars, experts were able to reach approximately seven million Afghans by briefing them on the dangers of mines and demining operations. The actual number of landmines cleared or destroyed was approximately 210,000, clearing roughly 244 square kilometers of territory.¹⁷⁴ The United States can focus its attention on Central Asia not only with the government NADR fund (Nonproliferation, Anti-terrorism, Demining, and related Program), but also with civilian community organizations like RONCO, a demining organization assisting with demining operations throughout the world.¹⁷⁵

The second area of concern for Central Asian stability is the reconstitution of the Islamic Movement of Uzbekistan, and the increase in activity among Hizb ut-Tahrir throughout the region; both of these occurrences pose a significant challenge for the Central Asian states. Past violence in the region and the current trend of disaffected youth will lead to further violence if there is no assistance from the United States and Russia. The United States is able to offer expertise in counterterrorism to Central Asia with regard to training and threat analysis, which in turn will aid in stability. Russia's close proximity, and its influence as a leading member of the Shanghai Cooperation Organization can assist also with focusing this organization's assets on counterterrorism.

¹⁷⁴ Kevin L. Little. "Landmines Case Addendum and Afghanistan," Naval War College Selected Readings in National Security Process, Vol. I NSP 6-2 (2004-5): 1-4.

¹⁷⁵ RONCO Consulting Corporation Homepage (<http://www.demining.com/hmc/index.html>, accessed on 1 November 2005).

There are three reasons the SCO in particular has worked well and will continue to be successful in the region: “shared norms, shared interest, and a progressive approach.”¹⁷⁶ With the concern for spillover into its borders, Russia needs to work with the Central Asian states at forming a combined counterterrorism organization, to include the United States. By working together, Central Asia, Russia, and the United States can quell further Islamic fundamentalism in the region from spreading, as well as reducing the number of actors these states must contend with in the region.

The third and most crucial factor in the stabilization of Central Asia is the economy. These countries do not have the financial resources that will allow them to increase expenditures for security and counterterrorism. Thus, outside influence is essential; the United States and Russia bring not only expertise and assets to the table, they bring much-needed funds to support the critical counterterrorism operations.¹⁷⁷ Central Asia must continue and expand its policy of encouraging both the United States and Russia to participate in the affairs of the region if it is to stabilize its economies, as well as modernize infrastructure and reduce unemployment. Citing the conservative estimate for economic recovery, as detailed in Chapter IV, Central Asia has another decade of relying on outside assistance before it can achieve true stability. The Central Asian states must recognize that 15 years after independence from the former Soviet Union, and with the aforementioned issues of border disputes, Islamic fundamentalism, and weak economies still unresolved, it is vital to rely on outside assistance if regional stability is to materialize. With the interim assistance of the United States and Russia, the Central Asian Silk Road has the potential to regain its previous importance. By disregarding and discounting outside assistance, the Silk Road will not be known for its trade of natural resources, but instead will be infamous as a trade route for terrorism, narco-trafficking, and instability.

¹⁷⁶ Niklas Swanström, p.45.

¹⁷⁷ Boris Rumer, p. 373.

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