



Celebrating THE 25TH ANNIVERSARY "CONTRACT OF THE CENTURY"



U.S. Exchange Programs in the Caspian Sea Region:
Featured Interview with Assistant Secretary Marie Royce

A light blue map of the Caspian Sea region, showing the outlines of the five bordering countries: Russia, Azerbaijan, Georgia, Armenia, and Iran. The map is centered on the Caspian Sea.

CPC



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EDITORIAL

Caspian Affairs Letter from the Editor:

Dear Readers,

Welcome to the first edition of *Caspian Affairs* in 2020. Traditionally, this is the time when media pundits make prognostications for the year ahead. But, as all well know, they almost always miss the big stories, simply because no one can see clearly into the future.

What we can do, however, is look at recent significant trends that will be worth following closely in 2020. Here are a few, but I'm sure you have others that I haven't mentioned here.

BELT AND ROAD INITIATIVE. China's BRI is a policy that has morphed and developed over the years since it was first announced in the Fall of 2013. For the Caspian Sea region, its strong focus is on transportation links and trade facilities – roads, railroads, and ports. So far in the region, Kazakhstan has benefited the most from China's BRI, and that's likely to continue – and grow – simply because of Kazakhstan's immense size and relatively advanced state of development. Yes, the U.S. government has recently launched its Blue Dot Network policy in the region in response to China's BRI – a laudable initiative but with miniscule funding compared to China. What to watch in the BRI? Inevitably, hard power follows soft power. That's simply global realpolitik and something we should keep an eye on.

U.S.-IRAN RELATIONS. Iran is an essential country in the region – it's one of five Caspian Sea littoral states and seeks strong economic and political relations with all the countries in the region. Each of the eight countries, to one degree or another, works to balance its relations among Russia, China, the European Union, and the United States. Should the Washington-Tehran conflict heat up this year, no one can predict what will happen – except that the Caspian Sea countries will most certainly be affected.

UZBEKISTAN. Three years into Shavkat Mirzoyev's presidency, his economic, political, and diplomatic reforms continue to benefit Uzbekistan and the entire Central Asian region. Although in recent months it has taken a bit of the back burner, his perceived longer-term goal of creating a block of nations among the five is to be lauded and encouraged. Ultimately, it would enhance the political power of the region and improve the livelihoods of the population.

I'm sure you have other ideas for those who watch this region closely. We'd be delighted to hear your suggestions. We always welcome topics for follow-up. Please contact us at info@caspianpolicy.org.

Ambassador (ret.) Richard E. Hoagland
Caspian Affairs Editor-in-Chief



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Caspian Policy Center (CPC) is an independent, nonprofit research think tank based in Washington D.C. Economic, political, energy and security issues of the Caspian region constitute the central research focus of the Center. The Caspian region, at the crossroads of the East and the West, is increasingly becoming a crucial area of global interest with its rich natural resources, geopolitical rivalry and economic development. Established in 2016, the Center aims at becoming a primary research and debate platform in the Caspian region with relevant publications, events, projects and media productions to nurture a comprehensive understanding of the intertwined affairs of the Caspian region. With an inclusive, scholarly and innovative approach, the Caspian Policy Center presents a platform where diverse voices from academia, business and policy world from both the region and the nation's capital interact to produce distinct ideas and insights to the outstanding issues of the region.

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Ambassador to the Republic of Azerbaijan (2015 – 2018), Bob Cekuta has long and extensive experience as a top level U.S. diplomat. Amb. Cekuta's positions in the State Department included Principal Deputy Assistant Secretary for Energy Resources as well as Deputy Assistant Secretary for Energy, Sanctions, and Commodities. His overseas postings included the U.S. Embassies in Berlin and Tokyo where he oversaw the full range of economic, commercial, nonproliferation, and scientific relations. In addition, Bob was Deputy Chief of Mission in Albania and held positions in Vienna, Baghdad, Kabul, Johannesburg, and Sana'a, Yemen. Ambassador Cekuta has received nine Senior Foreign Service Performance Awards, four Superior Honor Awards, five Meritorious Honor Awards, and the Career Achievement Award.

EUGENE CHAUSOVSKY

Eugene Chausovsky focuses on political, economic and security issues pertaining to the former Soviet Union, Europe and Latin America. He was previously a researcher at the University of Texas, where he focused on Russian demographic trends and their impact on the country's political and electoral systems. He also holds a degree in international relations from the same university. Mr. Chausovsky was born in Moscow and is a fluent Russian speaker. He lived in Ukraine, Austria and Italy before moving to the United States.

KRISTEN CHERIEGATE

Kristen Cheriegate is currently a Non-Resident Research Fellow at the Caspian Policy Center, and is the Managing Director of Caspian Affairs. She also works in Denver, Colorado as the Communications and Policy Advisor to the Majority Leader in the State Senate. Prior to her move to Colorado, she was the Senior Programs Manager for the Caspian Policy Center. She holds a Master's degree in Security Policy and National Security Law from the George Washington University. Formerly, she was a Guest Lecturer at College of the Canyons in Southern California and was on the Board of Directors for the United Nations Association of the National Capital Area. She has also conducted research and analysis for both the Center for Cyber and Homeland Security and the Center for European Policy Analysis.

AMBASSADOR (RET.) RICHARD HOAGLAND

Ambassador Richard E. Hoagland was U.S. Principal Deputy Assistant Secretary of State for South and Central Asian Affairs, October 2013-August 2015. Before returning to Washington in September 2013, he spent a decade in South and Central Asia. He was U.S. Deputy Ambassador to Pakistan (2011- 2013), U.S. Ambassador to Kazakhstan (2008-2011), and U.S. Ambassador to Tajikistan (2003-2006). He also served as U.S. Charge d'affaires to Turkmenistan (2007-2008). Prior to his diplomatic assignments in Central Asia, Ambassador Hoagland was Director of the Office of Caucasus and Central Asian Affairs in the Bureau of Europe and Eurasian Affairs, Department of State (2001-2003). In that position, he wrote and negotiated four of the key bilateral documents defining the Central Asian states' enhanced relationship with the United States in the aftermath of 9/11. His earlier foreign assignments included Russia where he was Press Spokesman for the U.S. Embassy (1995-1998). During the course of his career, he received multiple Presidential Performance Awards, State Department Meritorious and Superior Honor Awards, as well as the Distinguished Honor Award.

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DR. ROBERT F. ICHORD, JR.

Dr. Robert F. Ichord, Jr. is a senior fellow at the Atlantic Council's Global Energy Center where he is authoring a policy series on power sector transformation in developing countries and supporting the Council's work on US nuclear leadership and US national security. He comes to the Atlantic Council after almost forty years of US government service in advancing US international energy policy and programs. He retired in January 2016 from the US Department of State, where he served as deputy assistant secretary for energy transformation in the Energy Resources Bureau from 2011 to 2015. In 2016 he established Ichord Ventures LLC, which provides energy analysis and consulting services to both the private and public sectors. At the US State Department, he helped launch the new Energy Resources Bureau established by Secretary Clinton and worked to further US foreign policy interests in energy security, sustainable development, and global climate change. He shaped US policies and programs in clean energy with a special focus on electricity sector transition, improving energy efficiency, commercializing gas and renewable energy technologies, and increasing energy access in emerging nations.

JACOB LEVITAN

Jacob Levitan currently teaches English as a Foreign Language at the L.N. Gumilyov Eurasian National University, in Kazakhstan. Previously a Research Intern with the Caspian Policy Center's Center for Security and Politics Program, he achieved many accomplishments at the Washington University in St. Louis. As a 2018 Bachelor's degree recipient, he studied International and Area Studies with a Eurasian Concentration and minor in Russian Language and Literature. In his sophomore year he was competitively selected to participate in a course titled "The Meaning of National Security in the 21st Century" with Fudan University, Jawaharlal Nehru University, and Washington University in St. Louis. He also presented a research paper titled "Nomads, Europeans, or Something Else: The Russian Question Explained Through the Great Game" at the 2016 Central Slavic Conference. In the spring semester of 2017, he spent a semester studying at St. Petersburg State University in Russia. Prior to joining the Caspian Policy Center, Jacob Levitan interned at Eurasia Foundation and the American Foreign Policy Council.

ASSISTANT SECRETARY MARIE ROYCE

Marie Royce was unanimously confirmed by the United States Senate and sworn in as Assistant Secretary of State for Educational and Cultural Affairs on March 30, 2018. In this capacity, she oversees a wide range of programs to advance U.S. foreign policy objectives through educational, professional, cultural, and sports exchanges that promote mutual understanding between the people of the United States and people of other nations. The Bureau of Educational and Cultural Affairs (ECA) programs create networks and partnerships to advance U.S. foreign policy goals and address the world's greatest challenges and opportunities.





25 Years After the “Contract of the Century”: The Implications for Caspian Energy

Ambassador (ret.) Robert F. Cekuta

“ And while there might be questions about the likelihood of future international mega-energy projects on the scale of the \$40+ billion Southern Gas Corridor, the Caspian region has the potential to contribute further to regional and global energy security through smaller projects. ”

When the agreement between Azerbaijan and an international oil consortium was signed on September 24, 1994, it launched development of the Azeri-Chirag-Guneshli (ACG) oil fields in the deep-water Caspian Sea and, at the same, time signaled the region's return as a serious oil supplier to world markets. Dubbed “The Contract of the Century” by Azerbaijan's then-president Heydar Aliyev, the document had implications that went beyond just arrangements with a government for companies to drill for, produce, and sell oil. The \$7.4 billion agreement originally had 11 international energy companies (AMOCO, BP, McDermott, UNOCAL, SOCAR, Lukoil, Statoil, TPAO, Pennzoil, Ramco, and Delta) from seven different countries (Azerbaijan, Norway, Russia, Saudi Arabia, Turkey, UK, and the United States).

The investment flows and income resulting from the contract had tremendous positive benefits that boosted the income and helped strengthen the independence of Georgia as well as Azerbaijan. The agreement also demonstrated clear international, especially U.S. and western European, interest in the region's newly

independent countries as they worked to find their way forward after the Soviet Union's collapse. It signaled Azerbaijan wanted to be a place in which international companies could do business and invest. The restart of the Caspian region's energy sector would provide an on-going means for those countries to earn revenues that would foster growth and stability, particularly important for those such as Azerbaijan that was in armed conflict with its neighbor Armenia over Nagorno-Karabakh. Finally, it would become the model for future deals and projects, e.g., the Southern Gas Corridor, that would further boost Europe's and the world's energy security.

Over the past twenty five years, there have been significant changes in world energy markets, especially in the ability to tap previously inaccessible oil and gas through directional drilling and fracking. Still, the Caspian Basin remains an important oil and gas supplier. Kazakhstan's Tengiz oil field might be the sixth largest in the world and is the focus of a \$36.8 billion upgrade that is expected to boost production by 260,000 b/d to 860,000 b/d by 2022. Bordering Iran and Russia and an oil and gas source for Asian as well as Western

markets, the region's geopolitics remains complex. And while there might be questions about the likelihood of future international mega-energy projects on the scale of the \$40+ billion Southern Gas Corridor, the Caspian region has the potential to contribute further to regional and global energy security through smaller projects. Such projects could include a gas pipeline though the Balkans to enhance that region's energy security and a connection to Turkmenistan to move its gas west.

A CONFLUENCE OF OIL, INTERNATIONAL SECURITY, AND POLITICS

The world's oldest hydrocarbon province — the first modern oil well was drilled near Baku in 1846, some years ahead of Drake's 1859 well in Titusville in the United States — oil production in Azerbaijan and the Caspian had languished in the post-World War II Soviet Union. Azerbaijan was one of the world's top oil sources before World War I and an important strategic objective for Hitler in invading the Soviet Union in World War II. After the War, however, the Soviets looked to develop oil deposits elsewhere in the USSR at the expense of Azerbaijan, despite

the significance of its hydrocarbon resources. Estimates today put Caspian Basin reserve levels (excluding Iran) at around 48 billion barrels of oil and 292 trillion cubic feet (8.3 trillion cubic meters) of natural gas. New studies and recovery technologies, however, could mean greater levels of oil and gas recovery, just as they have in other established provinces.

By September 2017 when the ACG contract was renewed for another 25 years, some 3.2 billion barrels of oil had been produced in the ACG fields as a result of \$33 billion in investments. As important as the geology is in terms of hydrocarbon recovery, it is instructive to look at the above-the-ground aspects and their relationship to the 1994 contract's impact.

Perhaps the most essential above-the-ground principle the Contract set out is the idea Azerbaijan — and again, by extension, others in the region — recognized that they must be responsive to the concerns of private enterprise, of international corporations, in order to tap, market, and profit from their resources. The contract followed over three years of negotiations with the private-sector partners in which they made clear the legal and other conditions needed for work to proceed. Conditions laid down included the private-sector partners' right to move capital freely into and out of Azerbaijan. The contract's provisions, as Azerbaijan's leadership has frequently

and proudly remarked since, were ratified by the country's parliament in a way that they are enshrined as constitutional law. Thus, the Azerbaijani government used the contract to send a strong signal in 1994 — a time when most of the former Soviet Union was rather chaotic in terms of the conditions for doing business — that it would take the steps needed to attract and keep foreign investors.

A second principle established as a collateral result of the contract was recognition that the countries in the region need to work together. The contract called for building an export pipeline within 54 months. Moving the oil out of Azerbaijan would mean crossing neighboring countries' territories. Initially, there was an effort to use this necessity to lower Armenian-Azerbaijani animosities by building a pipeline to carry the Azerbaijani crude west to world markets cross Armenia. But Armenia's government refused. This move, unfortunately, furthered Armenia's economic isolation in addition to scrapping a measure that could have helped build a needed degree of confidence between Baku and Yerevan.

At the same time, however, cooperation between Azerbaijan and Georgia (as well as Turkey) flourished, given a desire for pipelines that could move the oil west in a way that avoided crossing Iran or Russia. The strong level of cooperation and connectivity that resulted would yield benefits

for more than just those two countries. The new pipelines across the Southern Caucasus, dubbed the East-West Energy Corridor, included the Baku-Tbilisi-Ceyhan oil pipeline and the complementary South Caucasus Gas Pipeline that would serve as a model for the Southern Gas Corridor, a U.S. and EU-supported project that will supply natural gas from the Caspian to Europe and lessen European reliance on Russian gas. The corridor also became the path for the Baku-Tbilisi-Kars rail-road, which opened in 2017 and provides a new overland link between Europe and the South Caucasus and South Asia, offering a faster surface-transportation route — 10 to 14 days as opposed to as long as 45 days — between Shanghai and Hamburg. Thus the contract sparked a model that would help re-establish trans-Eurasian transport and trade links and help foster greater connectivity within the region that in turn could lead to greater economic growth in the South Caucasus and Central Asia.

A third above-the-ground benefit was the increased revenue Azerbaijan received. In 1994, Armenia had seized the disputed territory of Nagorno-Karabakh as well as seven surrounding Azerbaijani districts; hundreds of thousands became refugees or were otherwise displaced. Domestic political disputes had so plagued Azerbaijan since independence that some worried it could become a failed state. This was a period of



domestic unrest in other countries of the region as well, including, for example, the armed conflict in Chechnya. With the contract, Azerbaijan would receive substantial revenues from increased oil production, income that would help stabilize the state budget and stimulate the country's economy, raising Azerbaijanis' prosperity and standard of living.

Energy income would provide the means for economic growth and for boosting the standard of living in Kazakhstan as well. The Tengiz, with up to 11 billion barrels of recoverable oil, and the neighboring Korolev field, reportedly provide as much as a quarter of Kazakhstan's national revenues. TengizchevOil, which operates the Tengiz and

Korolev fields and is a joint venture of Chevron (50%), Exxon Mobil (25%), KazMunayGas (20%), and LukOil (5%), has a workforce that is 85% Kazakhstani. In Baku, BP officials note around 95% of the workforce is Azerbaijani.

Finally, a factor that helped bring about the Contract of the Century was the political and diplomatic engagement and the support of the West, especially of the United States and the United Kingdom. These governments supported their countries' energy companies as the contract was developed, but they were also certainly interested in the stability, independence, and success of post-Soviet states.

Thus, their ambassadors were present at the contract's signing in Baku, as were the

UK Energy Minister and the U.S. Deputy Energy Secretary. Strong U.S., British, and later EU engagement would continue in supporting Azerbaijani and Caspian oil and gas production, including in developing and realizing the Southern Gas Corridor Project. This engagement would also pay off in terms of affording NATO access to Afghanistan via the Northern Distribution Network as well as in helping countries in the region stand up to aggressive neighbors and pursue independent foreign policies.

NEXT STEPS

Anniversaries should be occasions to take stock and think about what's next, not just for remembering or celebrating past achievements.

“ Signature of a 25-year ACG contract extension in 2017 between Azerbaijan’s SOCAR and its international partners shows continued energy-company interest in the region. ”

Looking forward then, it is essential to recognize how significantly energy markets have changed since 1994. Talk of peak oil supplies is obsolete given the development of fracking and other new technologies that have made oil — and natural gas — deposits, previously thought unable to be commercially tapped, commercially productive. The United States’ switch from net importer to net exporter due to the application of these technologies is a core aspect of this development. Moreover, while the industrialized west will continue to rely on oil and natural gas for the foreseeable future, demand from this traditional group of consumers seems to have plateaued, especially in Western Europe, and in some cases is slowly declining. At the same time, demand in other parts of the world, especially in China but also in India, continues to rise, and signs are these economies, and to a lesser extent those in Africa, will demand increasing oil and gas supplies even as they look to develop more renewables and employ more energy-saving technologies. While peak oil demand is a current focus for analysts, policy makers, and corporate

planners, while many suggest global oil demand might top out by 2040 or somewhat later, few expect a precipitous drop in in the world’s oil consumption. Rather, they expect a gradual decline in its use of oil. Natural-gas demand, too, could peak and then gradually decline but with it continuing to be in demand for power generation and as a key petrochemical feedstock.

With a continued need for oil and natural gas, governments will need to continue thinking about secure supplies, about energy security as a component of their countries’ and populations’ well-being.

So while circumstances are no longer what they were in 1994 or in the opening years of this century, Caspian oil and gas remain important. Signature of a 25-year ACG contract extension in 2017 between Azerbaijan’s SOCAR and its international partners shows continued energy-company interest in the region. Turkey sees its role in the transport and export of Caspian oil and natural gas as a key aspect of its ambitions to be an energy hub. Bulgaria and other countries in the Balkans seek to obtain natural gas from Azerbaijan and the

Caspian to provide an alternative to Russian gas supplies and so improve their energy and foreign-policy security. Construction of the Greece-Bulgaria Interconnector pipeline now underway is a key component to advancing this policy. Turkmenistan, considered to have the fourth-largest natural gas deposits in the world, is now primarily dependent on one customer: China. Proceeding with some sort of pipeline or connector to Azerbaijan and ideally to markets further west would give Ashgabat a more secure customer base and additional income as well as contribute further to global energy security. The United States, the EU, and other governments continue to engage to foster access to energy sources in the region, as in other areas of the world, out of national-security concerns.

The bottom line, then, is the process begun with the 1994 contract continues to play in world markets and global energy security as well as in the stability of the Caspian region.

Celebrating the 25th Anniversary of the *“CONTRACT OF THE CENTURY”* in Washington, DC



On November 21, 2019, the Caspian Policy Center held the Contract of the Century: Building on 25 Years of Success event at the historic Hall of Flags of the U.S. Chamber of Commerce, the world's largest business federation located headquartered in Washington, D.C.

The policy, government, and business leaders from the U.S. and the Greater Caspian Region countries, including high-level government and energy officials both from the United States and Azerbaijan, Georgia, Kazakhstan; representatives of the U.S. Department of State, Department of Energy;

executives of companies such as BP, SOCAR, and Equinor; and officials from the Atlantic Council and Center for Strategic and International Studies came together at this event to discuss the future of the oil and gas industry in the Greater Caspian Region.

Efgan Nifti, Executive Director of the Caspian Policy Center, kick-started the forum with the welcome speech and mentioned the economic and geopolitical importance of the Contract of the Century that was signed 25 years ago in 1994. “This contract made the Caspian oil endowments available to the world,” said Nifti mentioning successful oil pipeline projects that followed the Contact of the Century. “This forum celebrates the achievements in the Caspian Region’s oil sector since then and serves as a platform for establishing crucial business ties and promoting global energy dialogue. Through this event, we seek to foster new avenues and opportunities for mutual energy energy cooperation between the United States and the Greater Caspian Region,” he continued.

Robert F. Cekuta, CPC Board Member and former U.S. Ambassador to Azerbaijan who was among the forum’s keynotes spoke about the economic role of the contract and its impact on the Caspian Region. “This agreement has a much broader impact. It helped improve the economic well-being of the citizens of Azerbaijan,” former Ambassador noted.

During the event, the Caspian Policy Center leadership presented to Francis R. Fannon, Assistant Secretary of State

for Energy Resources at U.S. Department of State, an award for his extraordinary work in the energy sector and Greater Caspian Region. “Energy is more than bits and barrels. It is the foundation of political stability. That’s why it is a critical component of our foreign policy.”

Ambassador (ret.) Steven Mann, Senior Advisor at ExxonMobil; Bob Scher, Head of International Affairs at BP; Elshad Nassirov, Vice President of Investments and Marketing at SOCAR; Ambassador (ret.) Richard Morningstar, Director and Chairman of the Global Energy Center at the Atlantic Council; Edward Chow, Senior Associate of the Energy and National Security Program at the Center for Strategic and International Studies; and Tom Cunningham, Director of International Government Relations and Public Affairs at Equinor were among the high-profile panelists who spoke at the Forum about the role of energy projects and developing opportunities in the Caspian.

H.E. Elin Suleymanov, Ambassador of Azerbaijan to the United States; Giorgi Tsikolia, Deputy Chief of Mission at the Embassy of Georgia to the United States, Daulet Saudabayev, Advisor to the Prime Minister of Kazakhstan Ambassador; Art McHaffie, former Executive Vice President at the

Azerbaijan International Operating Company, and many more high-level diplomatic representatives attended the forum and shared their perspectives on the importance of the transCaspian energy pipelines and its benefits for both the United State and Caspian region.

Elshad Nassirov, VP of Investments and Marketing at SOCAR, was among the high-level energy executives who shared his perspective on the 25-years success of the “Contract of the Century” and what it means for the energy industry.

“This forum brings us to understanding that Azerbaijan and the U.S. are very close to each other in the energy industry and beyond.

These two countries never used energy as a tool to dominate other countries. 25 years in the oil industry is not a big deal, but we celebrate the achievements as a result of this global important co-operation,” Mr. Nassirov shared with the forum guests. “This contract is essential for the energy industry, but more importantly, it is for Azerbaijan and its co-operation with foreign partners.”

Mark W. Menezes, Under Secretary of Energy at the U.S. Department of Energy, was among the forums keynotes speaking about the importance of the U.S. and Azerbaijani relations in the world energy market. “Energy security

“ *The Contract of the Century is a key U.S. bipartisan regional success that was supported by all U.S. administrations.* ”

“ *Energy is more than bits and barrels. It is the foundation of political stability. That’s why it is a critical component of our foreign policy.* ”

provides economic security and prosperity and ensures national security. During 27 years of bilateral relations, Azerbaijan has become an important partner of the U.S., and we are looking forward to expanding this partnership.”

H.E. Parviz Shahbazov, Minister of Energy of Azerbaijan, talked about the important role Azerbaijan plays in the economic development of the Caspian region and how the Contract of the Century contributed this role. “A new era began in Azerbaijan and in the region with the signing of the Contract of the Century 25 years ago. Thanks to this contract, Azerbaijan has been transformed from a country that was

beginning to take its first fragile steps for the path of independence into the country that has a sustainable development path today.”

H.E. Elin Suleymanov, Ambassador of Azerbaijan to the United States, talked about the importance of the “Contract of the Century” for Azerbaijan and the Caucasus region. “Cooperation and development extends far beyond the initial commitment. This signals enormous commitment of Azerbaijan,” Ambassador Suleymanov shared with the forum attendees.

Elshad Nassirov, VP of Investments and Marketing at SOCAR, was among the high-level energy executives who

shared his perspective on the 25-years success of the “Contract of the Century” and what it means for the energy industry. “This forum brings us to understanding that Azerbaijan and the U.S. are very close to each other in the energy industry and beyond. These two countries never used energy as a tool to dominate other countries. 25 years in the oil industry is not a big deal, but we celebrate the achievements as a result of this global important co-operation,” Mr. Nassirov shared with the forum guests. “This contract is essential for the energy industry, but more importantly, it is for Azerbaijan and its co-operation with foreign partners.”





Interview with Assistant Secretary Marie Royce

Conducted by Ambassador (ret.) Richard E. Hoagland

Ambassador Richard

E. Hoagland: What are the principal U.S. educational and cultural exchange programs in the region, and about how many participate in these programs in each country of the Caspian region?

Assistant Secretary

Marie Royce: The U.S. Department of State's Bureau of Educational and Cultural

Affairs (ECA) designs and implements academic, professional, and cultural exchange programs that create and sustain the connections with other countries necessary to advance U.S. foreign policy and national security goals. ECA programs help maintain America's primacy in the international community by promoting U.S. values and mutual understanding.

ECA implements a wide range of academic, youth, professional, and cultural exchange programs in the Caspian Sea region.

ACADEMIC PROGRAMS:

As you may know, the Fulbright Program is the U.S. government's flagship academic international exchange program and has offered opportunities to students, scholars, artists,

teachers, and professionals to study, teach, conduct research, and contribute solutions to complex international issues. Fulbright participants have forged lasting connections, countered misunderstandings, and created professional networks that have connected individuals, institutions, and communities in the United States with counterparts in the Caspian Sea region.

Other academic programs include the Global Undergraduate Exchange Program (Global UGRAD), that provides scholarships to undergraduate students from the region for non-degree study at U.S. colleges and universities. The Study of the U.S. Institutes (SUSI) are five to six-week academic programs focusing on topics in U.S. studies for groups of foreign undergraduates, scholars, and teachers. The

Hubert H. Humphrey Fellowship Program brings young and mid-career professionals from developing countries to the United States for a year of non-degree graduate-level study, leadership development, and professional collaboration with U.S. counterparts.

PROGRAMS FOR AMERICAN STUDENTS:

In addition to the Fulbright U.S. Student Program, ECA offers opportunities to U.S. undergraduates to study abroad. The Benjamin A. Gilman International Scholarship Program provides scholarships to outstanding U.S. undergraduates with financial need to study and intern in the Caspian Sea region. The Critical Language Scholarship Program (CLS) provides U.S. undergraduate and graduate students with rigorous academic instruction and cultural

immersion activities in critical languages such as Azerbaijani and Persian (in Tajikistan).

PROFESSIONAL, CULTURAL AND SPORTS EXCHANGES:

Professional exchanges include the flagship International Visitor Leadership Program, through which current and emerging leaders from across the world visit the United States for two to three-week programs designed to address specific policy goals. Cultural exchange programs bring the rich artistic traditions of the United States to foreign audiences through exchanges in visual arts, music, performing arts, film, and cultural studies. Programs like TechGirls empower and inspire young women, including from Central Asia, to pursue careers in science and technology. Sports exchanges include the Sports



“ *Cultural exchange programs bring the rich artistic traditions of the United States to foreign audiences through exchanges in visual arts, music, performing arts, film, and cultural studies.* ”

Envoy program through which professional American athletes have traveled to Central Asia to promote the use of sports to foster tolerance and democratic governance, as well as to counter violent extremism.

YOUTH PROGRAMS:

The Future Leaders Exchange (FLEX) Program enables high-school students to spend an academic year at high schools in the United States and live with host families. It showcases our long-term commitment to people-to-people ties by promoting mutual understanding and fostering relationships.

EDUCATIONUSA:

ECA's EducationUSA network reaches millions of prospective international students and helps the United States to compete in attracting talent to American institutions. EducationUSA advising centers in the Caspian Sea region provide accurate, current, and comprehensive information to prospective students interested in studying in the United States.

EducationUSA advising centers also provide support for U.S. college and university recruitment professionals and

offer strategic guidance on campus internationalization.

English Language Programs

promote the learning and teaching of American English in the region as an integral part of our efforts to foster mutual understanding between the people of the United States and the Caspian Sea region. We administer a broad range of programs in cooperation with U.S. embassies and consulates overseas. ECA also offers teaching and learning resources like the American English website, which provides links to multimedia resources and information on exchange opportunities for teachers and students of English as a foreign language.

American Spaces introduce millions of foreign citizens and visitors to their first taste of America, including people-to-people exchanges, and serve as an important platform for championing ties and deepening mutual understanding between the United States and other countries.

Cultural Heritage Programs protect and preserve the cultural heritage of other countries

through programs such as the U.S. Ambassadors Fund for Cultural Preservation, which has awarded \$6.4 million for 103 projects to preserve cultural heritage in the Caspian Sea region. Alumni Affairs leads and coordinates efforts to engage alumni of U.S. government-sponsored exchanges in order to maintain relationships with these current and emerging leaders.

Ambassador Richard E. Hoagland: Why are these programs important?

Assistant Secretary Marie Royce: Department of State exchange programs implemented by ECA promote America's competitive advantage in the global marketplace of ideas. Providing young Americans with international experiences, cross-cultural perspectives, and language training equips the next generation with the skills necessary to compete globally. For example, the Fulbright, Benjamin A. Gilman Scholarship, and Critical Language Scholarship (CLS) programs for U.S. undergraduates and graduates have broadened the cohort of Americans who study and intern abroad.

Exchange programs implemented by ECA protect the American homeland and way of life. ECA programming is often a first resort for implementation of U.S. government strategies on priority foreign-policy challenges, reflecting the historic impact of our exchange programs in difficult environments. Whether combating the global scourge of violent extremism or countering Russian and Chinese efforts to constrict civil society and spread disinformation, ECA has rapidly deployed exchange programs that empower stakeholders to take positive action.

Through the Digital Communications Network, ECA has connected 5,000 journalists, communications professionals, and opinion leaders from across Eastern Europe and Central Asia, empowering them to work together to develop and share digital content and tools to strengthen independent journalism and support civil society.

ECA has also sponsored programs through the International Visitor Leadership Program (IVLP) and Fulbright to promote responsible media practices, freedom of the press, cybersecurity, and digital-media monitoring in Europe and Central Asia.

Ambassador Richard E.

Hoagland: Is the budget for these programs rising, steady, or falling?

Assistant Secretary Marie

Royce: Through ECA, the U.S. Department of State is committed to providing resources to sustain engagement with countries of the Caspian Sea region through exchange programs.

Ambassador Richard E.

Hoagland: Could you please give us a few success stories from these programs?

Assistant Secretary Marie

Royce: Department of State exchange programs create

lasting connections between the United States and countries of the world. Exchanges build networks, enhance foreign participants' understanding of American values, and advance priorities such as bolstering democratic principles, strengthening the rule of law, and encouraging strong civil-society institutions.

Recently, Fulbright critical-thinking and media-literacy seminars, developed in collaboration between U.S. and local experts from the Kyrgyz Republic, have trained more than 100 American Fulbright English Teaching Assistants and alumni from the Caspian Sea region with the tools necessary to assess the authenticity of information resources so they may share these skills with their counterparts and students in the region.

The Harlem Globetrotters promoted their anti-bullying campaign across public schools in Uzbekistan, supporting the





Government of Uzbekistan's effort to modernize its school systems through the promotion of extracurricular activities and the implementation of anti-bullying programs.

A 2019 TechGirls alumna from Tashkent recently led a training program on cybersecurity for young girls at the National Library of Uzbekistan as part of efforts to create a sustainable NGO in Uzbekistan that will continue working to encourage girls to pursue education and jobs in STEM fields.

The U.S. Ambassadors Fund for Cultural Preservation (AFCP) has supported the conservation of the 17th century church of Saint Sargis in Meghri, Armenia, as well as the 12th-century Silk Road Caravanserai at Dayahatyn in Turkmenistan. AFCP programs in Turkmenistan are among our most successful for building the bilateral relationship.

Over the past year, the U.S. Embassy in Azerbaijan has

organized special programs at its four American Corners across the country to offer young people vital skills in coding, technology, and financial literacy to strengthen their capacity to realize economic opportunities. As opportunity centers, American Corners serve as an integral part of the U.S. commitment to economic and democratic development in Azerbaijan.

In 2018-2019, the U.S. embassies in Armenia, Azerbaijan, and Georgia collaborated on a conflict-resolution workshop for youth from all three countries, creating new opportunities for future leaders to identify and understand their common challenges and strategies to address them together.

At a workshop in Almaty, Kazakhstan, in November, alumni of exchange programs sponsored by the Department of State from across Central Asia shared best practices on empowering women in media and

countering disinformation. This is just one way we are working to increase media literacy in a region where Russia dominates the broadcasting environment and anti-American disinformation is rife.

During an American Music Abroad tour in Tajikistan, Nashville-based bluegrass band Humming House was unexpectedly trapped when an avalanche cut off the road they were on. Wanting to pay forward the kindness they had experienced in Tajikistan to hundreds of their fellow stranded travelers, the band mounted a flatbed trailer for an impromptu acoustic concert that went viral. The band bolstered the spirits of their fellow travelers and created considerable goodwill toward the United States. During the rest of their tour, the band helped dispel myths and disinformation about Americans, and engaged youth through educational and cultural initiatives.

Renewable Energy and the Future Caspian Electricity System

Dr. Robert F. Ichord, Jr.





INTRODUCTION

The growth of renewable energy is one of the major forces shaping the current global energy transition. Renewable energy already is the second largest source of global electricity generation and net additions in 2018 were greater than fossil fuels and nuclear combined. In 2018, global renewable energy electricity generation grew by an estimated 14.5%, outpacing natural gas (3.9%) and coal (3.0%). The International Energy Agency Renewables 2019 market report forecasts that the world's total renewable-based power capacity will grow by 50% between 2019 and 2024.

This brief analysis focuses on the electric power sector in the South Caucasus and Central Asia countries of the Caspian region and the growing role of renewable energy, which is defined as including large and small hydro power as well as solar, wind, biomass, geothermal and other renewable sources. Both subregions are known for their oil and gas production and exports, notably by Azerbaijan, Kazakhstan and Turkmenistan, to both East and West. But renewable energy, particularly hydro power, also plays an important role in the electricity systems of countries in both sub-regions, especially in Georgia, Armenia, Kyrgyz Republic and Tajikistan. And governments are pursuing new investments and plans for solar and wind as well as hydro development.

This electricity system transformation is occurring in the context of the competition and confrontation among the US, China, Russia, and Iran in the two sub-regions. These interactions, along with the commitments of the eight countries, as signatories of the Paris Climate Agreement, to mitigate and/or reduce their greenhouse gas emissions, will be significant drivers of the energy transition in the Caspian region.

THE SOVIET LEGACY

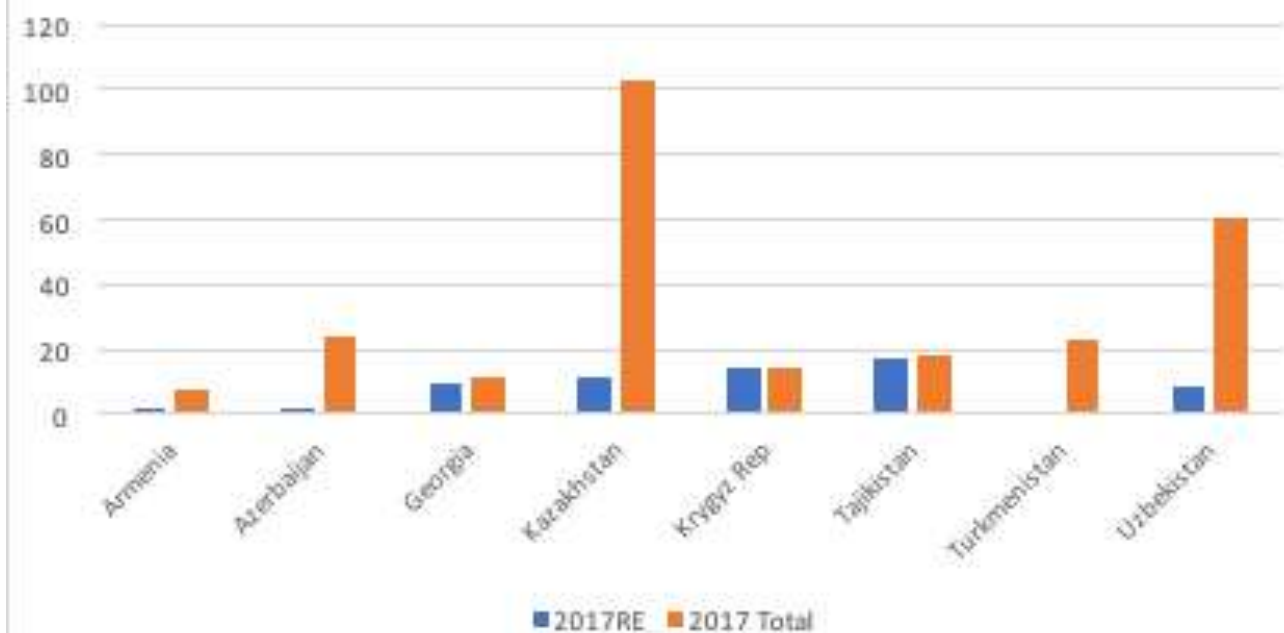
As Soviet Socialist Republics, the eight countries were influenced by the strong push for electrification as embodied in Lenin's famous dictum: "Communism is Soviet power plus electrification of the whole country" and Lenin's countrywide program of electrification in 1920 under the State Electrification Commission. As a result, these subregions are characterized by their virtually 100% electricity access. Over several decades, the Soviet system constructed an interconnected transmission system in each sub-region, integrated into the larger IPS system, and that allowed them to take advantage of the diverse energy resource endowments. In the South Caucasus, Georgia developed hydro, particularly the large facility at Enguri, Armenia built a VVER-440/230 nuclear power plant at Metamor, and Azerbaijan's system developed mainly based on oil-fired units using domestic fuel oil. In Central Asia, major hydro facilities were

built in the upstream S.S.R.s of Kyrgyzstan and Tajikistan, while the downstream states of Kazakhstan, Turkmenistan, and Uzbekistan developed oil and gas and the major coal resources at Ekibastuz in northern Kazakhstan. After the fall of the Soviet Union, cooperation has been problematic. Most of Armenia's grid is synchronously interconnected with Iran's and conflicts between Uzbekistan and Tajikistan have disrupted until recently the parallel operation of the Central Asia Power System and its Coordinating Dispatch Center Energia in Tashkent.

GROWING ELECTRICITY DEMANDS AND THE GENERATION MIX

The electricity systems in the Caspian region are not large in global terms and electricity generation in 2018 was about 270TWh, about the same level as Indonesia and only 1% of global electricity generation. Over 60% of the generation was accounted for by Kazakhstan and Uzbekistan, mainly from oil, gas, and coal. Renewable energy, mainly hydro, provided about 25% of total generation in 2017. The Caspian region is sharply divided between mountainous countries with electricity systems dominated by hydro, i.e. Georgia, Kyrgyz Republic, and Tajikistan, and downstream countries that are major oil and gas producers, i.e. Azerbaijan, Kazakhstan, Turkmenistan and Uzbekistan. Electricity demand has been growing steadily at

Renewable Energy and Total Electricity Generation in the Caspian Region: (2017) GWh



an average rate of 4-5% per year for the Caspian region over the 2014-18 period. Electricity demand growth in the South Caucasus has been higher at about 6%, compared with about 3% in Central Asia. With expected economic, urban and population growth, energy and electricity demands are projected to increase.

THE CRITICAL ENERGY/ WATER NEXUS

The water resources, from the northern Georgian and Armenian rivers and the Sri Darya and Amu Darya river basin systems in Central Asia, and their use for hydroelectric generation, irrigation and public consumption are the lifeblood of the two sub-regions. Total installed hydro capacity is

about 65GW including both run of the river and reservoir storage facilities. In the South Caucasus, hydro provides the majority of Georgia's electricity and a third of Armenia's, as well as frequency regulation to the electricity systems. In Central Asia, the management of waters in the reservoirs of the Kyrgyz Republic and Tajikistan is critical to the downstream water needs of Uzbekistan, Kazakhstan and Turkmenistan. It is especially important to the prevention of flooding as well as for the irrigation of the cotton export crop in Uzbekistan. Concerns by Uzbekistan about these downstream impacts were a major factor in opposition to the long-delayed 3,600MW, \$3.9 billion Rogun Dam project on the Vakhsh River in Tajikistan,

which was started under the Soviet Union in 1976 but abandoned after its dissolution. The World Bank supported during 2011-2014 assessment studies for the project and, with the changed political situation after the death of President Karimov, Uzbekistan in 2018 removed its objections to the project. Two of the planned 6 turbines have been installed as of September 2019. In addition to financing from Eurobond issues, Chinese companies and banks are increasingly involved in the huge project and related transmission and road infrastructure, greatly increasing Tajikistan's already large external debt, of which as much as half is to China. However, Rogun, as well as the Santuda I (Russian financed) and Santuda II

(Iranian financed) hydro plants would allow expanded exports to the CASA-1000 HVDC transmission project (under construction with financing by the World Bank, US and other donors) which will provide power flows across Afghanistan to Pakistan.

The seasonality and yearly variation of hydro generation in the region, which depends of glacier melt and snowfall levels, is an important factor influencing generation requirements. The threat to water supplies has intensified due to retreating glaciers (30% since the 1960s) and growing inefficient irrigation, leading to worsening drought conditions, lower per capita water availability, desalination and the drying up of the Aral Sea. With lower water availability in the winter months, the hydro states of Georgia, Kyrgyz Republic and Tajikistan require thermal power to meet electricity and heating requirements. Meeting these winter demands has necessitated imports of gas and coal from neighbors and in Central Asia, energy swaps and various payment mechanisms have been a constant source of friction. China has agreed to finance the rehabilitation of an aging heat plant in Bishkek which has been the subject of competition with Russia in a procurement scandal.

In Georgia, about 1300MW of the total hydro installed capacity of 3261MW is at the Enguri Dam, which is located on the border with Abkhazia,

the province that was occupied by Russian troops following the 1998 Russo-Georgian war. The EBRD, EIB, the EU and other donors have financed repairs and upgrades at Enguri but power from the facility has increasingly been distributed to the population in Abkhazia without adequate compensation, thereby seriously affecting both the revenues to the Georgian government and a key source of low-cost electricity supply to Georgian consumers. Since the Russian invasion, the US, the international financial institutions and other donors have worked with the Georgian government to support the implementation of over 500MW of private hydro development projects that have reduced dependence on Enguri and allowed exports to the fast-growing Turkish electricity market via an EBRD and KfW-financed back-to-back transmission line between Georgia and Turkey which was completed in 2013. An Azeri-Georgian-Turkey Power Bridge concept has also been pursued and ongoing expansion of the Azeri-Georgian interconnection will further increase the potential for electricity trade and transit. Azerbaijan is also connected with Russia and Iran and in August 2019 these three littoral states signed an agreement for the development a North-South Power Corridor.

Armenia has two major hydro cascades –the 560MW Sevan-Hrazdan and the 404MW

Vorotan --that supply about 30% of Armenia's electricity. The Sevan-Hrazdan units were turned over to the Russian state company Inter-Rao in 2003 as part of Armenia-Russia debt settlement agreement and it was sold to RusHydro in 2011. In July 2015 the Armenian government sold the Vorotan Cascade Hydro Power facilities to the U.S. company Contour Global which committed to invest in upgrading and refurbishing the facilities.

POTENTIAL FOR BROADER FUTURE RENEWABLE ENERGY DEVELOPMENT

Over the past several years, countries in the Caspian have devoted greater attention to the potential for non-hydro, renewable energy to help diversify their electricity generation mixes. Renewable energy resource assessments have clearly indicated the significant potential for wind and solar energy in both sub-regions. And several countries have established renewable energy targets and emphasized their commitment to increasing renewable energy and reducing CO2 emissions in their National Determined Contributions to the Paris Climate Agreement. Especially noteworthy is Kazakhstan's ambitious goal of 30% renewables by 2030 and 50% by 2050. Kazakhstan has huge wind resources, estimated to be as much as 75% of the theoretical potential in Central Asia. Even Uzbekistan has



Image Source: Caspian News

announced clean energy targets for 1.2GW of hydro power, 450MW of solar PV power and 300MW of wind power by 2025. The Uzbek government in 2018 signed the first power purchase agreement with the Canadian company Skypower for an estimated \$1.3 billion, 1,000 MW project to build solar energy systems. This new Uzbek clean energy strategy also includes a significant effort to development nuclear power in the form of two 1200MW Russian VVER-1200 units. Turning to the South Caucasus, Azerbaijan has already installed about 420MW of solar and biomass capacity and expects renewable energy to account for 15% by 2020 and eventually 40% by 2030. The excellent renewable energy resource potential suggests very competitive costs for the new solar and wind systems. Armenia, with a solar resource potential of about 1700 kWh per sq. meter, issued its first competitive tender for a 55MW solar photovoltaics system and a consortium led by Fotowatio Renewable Venture B.V.(FRV) won the bid offering a tariff of

4.19 US cents per kWh. For Georgia, Kyrgyz and Tajikistan, hydro will continue to be a focus of future generation expansion. Georgia envisions an increase in hydro to 73% of installed capacity by 2029, along with 10% solar and wind, but resistance by local communities to hydro development is increasing. It also seems likely that the risks of hydro development in the Caspian will increase as the effects of climate change and the uncertainties in the hydrological cycle become more severe.

In sum, developments over the past several years clearly demonstrate that Caspian leaders are moving to introduce and augment renewable energy generation capacity, including solar and wind as well as hydro, with substantial financing from international investors, donors and financial institutions. There is also growing recognition of the need for regional cooperation to move in this direction and develop the grid systems needed to integrate effectively the variable resources and reduce the share of thermal power in the future.

Recently, senior energy officials from Georgia, Azerbaijan, Kazakhstan, Kyrgyz Republic, Uzbekistan and Tajikistan signed a declaration at the September 2019 meeting of CAREC Energy Ministers held in Uzbekistan which states: “Acknowledging the vast potential of renewable energy in the region and recognizing that solar and wind power have become attractive cost-competitive options, we support the step up power production from these renewable energy sources. We commit to double up the current solar and wind power capacity in the region by 2023 to achieve a more diversified and cleaner energy mix.” In this changing environment, US renewable energy companies have a potential emerging market worth pursuing despite the major presence of China and its financing resources. The new US Development Finance Corporation, replacing OPIC, should strongly support US commercial efforts to get in on the ground floor of this regional renewable energy development focus.



Image Source: TheWeek

Democracy Aligned: Indian and U.S. Interests in Central Asia

Jacob Levitan

INTRODUCTION

The Eurasian Heartland, Central Asia, has become, as Halford Mackinder predicted at the start of the 20th century, the world's most vital geostrategic region. Whoever controls this region manages the new economic corridors connecting the rich markets of Europe to East Asia, and the new emerging markets of South Asia to West Asia. With projections indicating that the Asian continent

will make up over half the world's GDP by 2050, the trade routes of Central Asia will be indispensable.

Russia and China already have a significant foothold in this strategically important region. They have, between them, centuries of historical influence and billions of dollars invested in Central Asia. Russia maintains its influence in the former Soviet republics through the Eurasian Economic Union,

the Collective Security Treaty Organization, and bilateral ties. China has its Shanghai Security Organization and is building its influence by investing billions into infrastructure projects and is beginning to add a security component as well, notably in Tajikistan.

While the United States has the economic and military capacity to compete with Russia and China in this region, it does not have the political will to

be the main competitor. India, however, is a waking giant on the Asian stage. It has deployed soft-power assets across the world, particularly in Central Asia, and is in the process of capitalist-oriented economic reforms that are bringing fresh winds to its economy. It also has a massive, young, and well-trained population, which, when placed next to China's aging population, gives India the long-term advantage. It would be no exaggeration to say, in terms of potential, that India resembles a democratic version of Deng Xiaoping's China. Connecting to Central Asia represents a vital geostrategic objective for a rising India, given its rivalry with Pakistan and China. India, therefore, is the perfect partner for the United States in maintaining the independence and sovereignty of Central Asia from Russia and China.

INDIA AND CENTRAL ASIA

India has recently come to see Central Asia as part of India's 'extended neighborhood,' and, even earlier, as a strategic partner against Pakistan. Like Russia and China, it has more than 2,000 years of historical, cultural, religious, and linguistic links with the region, which it

can use to establish connections. A brief by India's Ministry of External Affairs emphasized that India and Uzbekistan had ancient connections by noting that Uzbeks participated in the period described by the Indian Mahabharata epic. More recently, India was one of the most diplomatically engaged countries in Soviet Central Asia, as one of the few to maintain a consulate in Soviet Tashkent. Indian soft power, especially Bollywood, was and remains omnipresent in the region. However, following the Soviet collapse, Indian policy primarily focused inwards on economic development and glanced outward only to focus on its archenemy, Pakistan.

India snapped back to an active role in the region a few years into China's Belt and Road Initiative (BRI) when it realized China had established solid relations with India's South Asian neighbors. India responded first by reaffirming its neglected relations with its South Asian neighbors. India has pushed on by seeking to reconnect with Central Asia through its Connect Central Asia Policy (CCAP) project, launched in 2012 in Bishkek, Kyrgyzstan. However, India is still far behind in total trade

with the region compared to China. India's trade with the region in 2017 was only \$1.5 billion, whereas China's was \$50 billion.

India has taken steps to address this. As part of the CCAP, India is working on constructing the International North-South Transport Corridor, a 4,474-mile land and sea route that would link India, Central Asia, Iran, and Russia. In 2016, India, Afghanistan, and Iran agreed to renovate the southeast Iranian port of Chabahar, while India would help develop a 373-mile rail route from Chabahar to Turkmenistan.

Further, Indian Prime Minister Narendra Modi, in 2015, made the first tour of Central Asia by an Indian head of state since the collapse of the Soviet Union. Over the course of the tour, 21 agreements on defense, trade, and energy linkages were signed. One of the most notable was a uranium-supply agreement with Kazakhstan, which has led to Kazakhstan becoming India's biggest source of uranium. Prime Minister Modi and Kazakh President Nursultan Nazarbayev also agreed to trade intelligence to fight terrorism in Central Asia.



Connecting to Central Asia represents a vital geostrategic objective for a rising India, given its rivalry with Pakistan and China.





Image Source: Astana Times

In addition to Kazakhstan, Uzbekistan represents one of the biggest targets for Indian policy. India has agreed to help in the joint exploration and exploitation of Uzbek gas fields, to assist in the construction of liquid gas and oil factories in Uzbekistan, and to source Uzbekistan as another supplier of uranium. Uzbekistan borders all the Central Asian states (including Afghanistan), making it a key transit platform in India's foreign policy calculus.

Already, Indian soft power is highly prevalent in Uzbekistan. For 57 years, there has been Hindi broadcasting in the

country. The Indian Council for Cultural Relations was established in Tashkent in 1995 and has promoted Indian culture throughout the country. India has also taken pains to emphasize the joint history of Uzbekistan and India, from the time when they were both ruled by Alexander the Great to the empires of Tamerlane and Babur. When former Minister of External Affairs Sushma Swaraj visited the country in 2018, an Uzbek woman serenaded her with a Bollywood song on the street.

India has also worked to develop Central Asian infra-

structure, building a military-medical research facility in Kyrgyzstan and helping build a \$46.5 million bypass road in Tajikistan from the West (Hisor) Gate in Dushanbe to Khatlon province. Still, the bulk of Indian-Central Asian trade is with Kazakhstan (making up 75 percent of the total trade), and is primarily crude oil and chemical imports, while India exports its pharmaceuticals and equipment. India has also emphasized its growing commitment to the region through the First Session of the India-Central Asia Dialogue that was held in Samarkand on January 13.

The Indian representative was Modi's newly appointed Minister of External Affairs Subrahmanyan Jaishankar. During Minister Jaishankar's speech, India announced that it would establish an Indian-Central Asia Business Council, that the Indian Council for Cultural Relations is organizing an international conference in New Delhi on the cultural links between India and Central Asia, and that India is ready to help the Central Asian states follow its own successful model on developing pharmaceutical businesses. In addition to this, Minister Jaishankar announced that India is ready to begin developing film cooperation between India and Central Asia, something that Uzbekistan has long sought.

While Russia and China have the advantage in actual hard

infrastructure development and security cooperation, India has managed to carve out a large slice of the soft-power pie in Central Asia. India also has the benefit of being seen as a benevolent rising power. While Pakistan has played on its shared Muslim faith with Central Asia, it has also been an unsubtle purveyor of terrorism, especially through its support of the Taliban. China's BRI is coming under increasing suspicion thanks to the debt traps that Pakistan has fallen to in Gwadar and that Sri Lanka has fallen to in Hambantota.

India has, especially since the 1990s, followed a policy called the 'Gujral Doctrine.' In Prime Minister Singh's words in 2010, the Gujral Doctrine meant that India should engage its neighbors "without looking at reciprocity, [but] in our

own enlightened interest." India has followed through on this through the successful and recent completion of the trilateral Indo-Japanese-Sri Lankan port development project in the Sri Lankan capital Colombo. In the terms of the deal, Sri Lanka owns 51 per cent of the port, while the Indo-Japanese joint venture will own only 49 per cent, maintaining Sri Lankan sovereignty. India has demonstrated itself to be an altruistic alternative to China's BRI in South Asia, and, therefore, as a potential partner offering leeway from China. For this reason, India, with its passive model of system-exportation and anti-imperialist ideology, is a particularly attractive partner for developing countries, especially in Central Asia.



Image Source: Thedailystar.net

POSSIBILITIES AND CHALLENGES TO AN INDO-U.S. PARTNERSHIP IN CENTRAL ASIA

Prospects of a U.S.-Indian Partnership

India and the United States have good reasons to cooperate in this region. From a normative perspective, partnership between the two countries makes sense. The United States has, from the start of the Cold War, engaged in an official foreign policy predicated on the

belief that democratic countries are stronger than their authoritarian counterparts and are natural allies. A U.S.-India partnership is therefore a likely and desirable outcome, since both are capitalist democracies that believe in the rule of law. A partnership between the world's largest democracy and the world's strongest democracy would be able to put revisionist, authoritarian powers such as Russia, China, and Iran back on the defensive. Reflecting this

geostrategic ideal is the deepening U.S.-Indian relationship that began under President Clinton's administration, and

which developed momentum with Prime Minister Modi's election. Following Modi's election, the U.S. entry ban on him was lifted, and he was invited to speak at the United States Congress, which he described as a temple of democracy.



Image Source: European Press Photo Agency

Other, more realist-based reasons for a U.S.-Indian partnership are the global and national security concerns facing India and the United States. Both are threatened by a rising China, and both have serious security commitments and concerns in Afghanistan and Pakistan. Regarding China, the United States and India have

been working closely to counter China's maritime ambitions in the Indian Ocean. In 2014, the United States, India, and Japan held trilateral naval exercises. The United States, India, Japan, and the Philippines held naval exercises in May, not so subtly aimed at China.

Another area of cooperation is Afghanistan. Both India and

the United States see a stable and prosperous Afghanistan free from international terror as important to national security. For India, a stable Afghanistan is more likely to be aligned with India, denying Pakistan the strategic depth it has sought through the Taliban. This would also take away the Pakistani leverage of instability over the

fragile Central Asian states. For the United States, it would create a partner in the region against Iran, and could provide a gateway to building infrastructure in Central Asia, countering China's BRI. For India, a stable Afghanistan would also provide a secure transit corridor to Central Asia, allowing for India to cooperate with and develop the region more fully.

Potential Challenges to Partnership

Despite the similarities and mutual interests shared by India and the United States, there remain significant obstacles. The greatest issue is President Trump's tariff campaign against India. The Trump administration decided to end tariff exemptions on \$5.6 billion worth of Indian exports, and has shown no signs of changing this policy any time soon. This campaign only serves to validate prevailing anti-Anglo sentiment in India and bolster the impression that the United States means to continue with unilateral actions. In response to this, India has applied tariffs of its own. Prime Minister Modi's new Minister of External Affairs, Subrahmanyam Jaishankar, India's longest-serving envoy to Beijing and former ambassador to the United States, will most likely work to smooth over this hiccup.

Another issue facing U.S.-Indian cooperation is Iran. From the Indian perspective, the U.S. sanctions against Iran threaten

India's ability to reach Central Asia through the Iranian port of Chabahar. Besides China, Chabahar is the only way for India to bypass Pakistan and reach Afghanistan; and, while the United States has said that Chabahar will be spared sanctions, New Delhi is still worried about continued American pressure on Iran. India reads the unilateral actions of the United States in reimplementing the Iranian sanctions, largely without international support, as indicative of the United States' penchant for imperialistic and unilateral actions.

From a U.S. perspective, India is provoking concerns by purchasing Russian weapons systems. It signed a \$5 billion deal for Russia's S-400 systems in Fall 2018, and in April signed a \$2 billion deal for 464 Russian battle tanks. While the United States does not want its

jeopardize it.

India has continued to push through with the S-400 purchase, triggering U.S. sanctions through the Countering America's Adversaries Through Sanctions Act. However, India is lobbying for exempt status which the Trump administration has the authority to grant under the 2019 U.S. National Defense Authorization Act. The issue continues to act as a major bump in a developing Indo-U.S. alliance, given American fears that the S-400s will be able to access sensitive U.S. and U.S.-ally military technology in the region.



Image Source: Sputnik News



Uzbekistan's Foreign Policy Opening And Implications

Eugene Chausovsky

On Nov 29, Uzbek President Shavkat Mirziyoyev hosted a meeting of Central Asian heads of state in Tashkent. The central theme of the gathering, which included the presidents of Kyrgyzstan, Tajikistan, and Turkmenistan, as well as former Kazakh President Nursultan Nazarbayev, was boosting regional cooperation. The topics of discussion included fostering greater integration in the transport, energy, and tourism sectors,

and Mirziyoyev also proposed the establishment of a regional investment forum of Central Asian countries.

This summit is a brainchild of Mirziyoyev, whose rise to power following the death of long-time Uzbek leader Islam Karimov at the end of 2016 has substantially shifted the geopolitical dynamics of the Central Asian region. Mirziyoyev has launched a landmark reform process in Uzbekistan, which was largely closed off

to both the region and to the outside world under the isolationist Karimov for nearly three decades. This process has included major economic reforms, most notably the liberalization of foreign currency convertibility in Sep 2017, and a proposal by Mirziyoyev in the same month during the United Nations General Assembly to hold annual consultative meetings between Central Asian heads of state.

A FRIENDLIER NEIGHBORHOOD

Uzbekistan's emergence from isolation and uptick in regional diplomatic activity under Mirziyoyev has produced tangible results. Inter-regional trade in Central Asia has increased by over 25 percent in 2019 compared to the previous year. Uzbekistan has struck landmark border demarcation agreements with Kyrgyzstan and Tajikistan over the past year, and there has been progress in increasing cooperation over water resource sharing. While challenges over these issues still persist and will continue to face tests as the population of the region is expected to grow by double digits in the coming decades and resources become more scarce, there has nonetheless been significant improvement in relations between Central Asian states across the political, economic, and security spectrums in the Mirziyoyev era.

It is on account of Uzbekistan's strategic importance that reforms at home are sending ripple effects throughout the region. Uzbekistan has the largest population and the most diversified economy in the region, and it is the only country to border all other Central Asian states, as well as Afghanistan. The reversal of Karimov-era economic policies and warming of diplomatic ties with neighboring countries thus offer significant opportunities for economic growth and enhanced

regional integration for all of Central Asia.

BALANCING BETWEEN THE LARGER POWERS

These same factors have made Uzbekistan's opening under Mirziyoyev highly attractive to influential external powers in the region, most notably Russia, China, and the United States. Mirziyoyev has strengthened the country's economic and military ties with Russia, and Uzbekistan has become an increasingly important component of China's Belt and Road Initiative. Mirziyoyev has also signed new trade and investment agreements with the US, albeit to a more limited extent than with Russia and China.

This opening to external powers does not come without its share of challenges, however. Tashkent's outreach to Moscow, Beijing, and Washington has the potential to foster greater geopolitical competition between these powers over increasing their influence in the country. Indeed, Russia has already upped the ante by advocating for Uzbekistan's membership in the Eurasian Economic Union, a Moscow-led grouping whose motivations are not limited purely to the economic realm.

The Uzbek government has said that it is 'studying' such membership, but Tashkent has reason to be wary of such an outcome. The Eurasian Economic Union tends to be exclusive in nature and could limit the outreach that

Uzbekistan is pursuing with other countries, be it with China or with the West. And while Mirziyoyev has sought to do away with Uzbekistan's isolation, he has also attempted to maintain the country's neutrality in the form of a 'multi-vector' foreign policy, in which formal membership in blocs like the Eurasian Economic Union is preferred to be avoided. But growing pressure from Russia, as well as the economic rise of China in Central Asia and the potential frictions this can create between Moscow and Beijing as the two countries increasingly overlap in the region, has the potential to upset Tashkent's delicate balancing act.

CONCLUSION

Uzbekistan's opening under Mirziyoyev has fostered significant improvement in diplomatic and economic relations in Central Asia, and it has also presented many opportunities for strengthening the country's ties with regional powers like Russia, China, and the United States. However, the changing regional dynamics and uncertain outcomes of Tashkent's opening present new challenges for Uzbekistan, which will have to be carefully calibrated by the government in order to extract maximum benefits of its newfound position while minimizing risks.



Image Source: Moscow Times

Cultural Spotlight:

Kyrgyzstan

Kristen Cheriegate

The Central Asian nation of Kyrgyzstan is nestled among four countries — Kazakhstan to its north, China on the east and south, and Tajikistan and Uzbekistan on its west and south. Almost entirely covered by mountain ranges, Kyrgyzstan is a small country of about 5 million people. Those residing in the Central Asian nation either live in one of the few large cities, or live as nomads amongst the Tien Shan and Pamir-Alai Mountains. It is filled with Silk Road relics, countless mountain peaks, and

scenic canyons. Citizens of over 40 countries can visit Kyrgyzstan visa-free, and traveling in the country itself has very few restrictions.

PEOPLE AND LANGUAGE

Over half of its population is made up of Kyrgyz — a Muslim Turkic people who settled into the country centuries before the Soviet period. Kyrgyzstan is also home to ethnic minorities of Russian, Uzbek, Ukrainian, and German descent. Ethnic Kyrgyz themselves make up about three-fourths of the pop-

ulation, leaving one-seventh to the Uzbeks and one-eighth to remaining ethnic groups. Kyrgyzstan's culture combines nomadic lifestyles from Russia, Persia, and even Turkey; however, its people have developed a unique lifestyle. The influence of nature is most certainly well known, and its mark can be seen in the nation's music and traditions. A key example would be the Epic of Manas, arguably the longest poem in the world and perhaps the most famous part of Kyrgyz culture.

THE EPIC OF MANAS

The epic poem tells the story of Manas (a warrior), along with his son and grandson, and his efforts to unite conflicting tribes to establish a homeland for his people. Although the poem is considered fiction, the influence of Manas is impossible to disregard. Landmarks are named after him across the nation, including the Manas International Airport and the Kyrgyz-Turkish Manas University. The highest peak in the Talas Range is also named Manas Peak. Along with these landmarks, statues of him can be seen across Kyrgyzstan, which has ensured he remains a central figurehead of Kyrgyz statehood.

YURTS

Another significant reflection of Kyrgyz culture is its peoples' houses and what they represent. Nowadays, most citizens reside in modern houses

and apartments, leaving only a minority of its population to lead nomadic or semi-nomadic lives. However, nomadic housing is still available, and represents the warmth of Kyrgyz culture. Called “yurts,” homes used by nomads can be seen across Central Asia and Eastern European countries; however, Kyrgyz yurts are made a bit differently. Their design is dependent upon being portable and flexible, all the while being suitable for dramatic weather changes. In actual construction, they are a cupola birch poles and latticework, covered by felt and wool, with a wooden circle at the top called a *tunduk* — marking one of the most important symbols to those who reside in it. The *tunduk* is an essential design in Kyrgyzstan and is even used on the national flag to represent the 40 tribes that Manas legendarily united as the first Kyrgyz state (expressed in 40 sunbeams).

MUSIC

Kyrgyz music is also symbolic of the nation's ties to nature and the peoples' lives amongst the mountains. With or without words, the instrumental portions of their songs reflect the experiences they have witnessed through nomadic life. The most notable instrument is a three-stringed instrument, known as the *komuz*. Similar in design to a guitar, this national symbol is made from a single piece of wood and can be played in a many different ways — whether over the shoulder or even upside down. Those who have mastered the art, called “Master komuzcha,” are able to play their komuz behind their backs, or even on their heads. Some of the songs created on the instrument include lyrics, but many are solely instrumental in nature.



Image Source: Trip Advisor

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The Another national symbol in music is the kyl kyyak — a vertical two-bowed string instrument. Representative of the prevalent horse culture in Central Asia, the kyl kyyak showcases a horse’s head carved at the end and a bow made of horsehair. According to legend, it might have been one of the first bowed instruments in the world, even leading to the creation of the violin in Europe.

CLOTHING

Kyrgyz clothing is similarly influenced by nomadic lifestyles. Although many citizens of Kyrgyzstan wear Western clothing in the present day, traditional elements and clothing options are visible to all. Influenced by various regions of Kyrgyzstan, wool, felt, leather, skins, and coarse cloth are the main materials used for traditional Kyrgyz clothing. The most notable piece of attire

is the kalpak, which is a tall hat made of white felt often worn by men and older male children. When presented to honored guests, these hats symbolize respect and traditional hospitality. While kalpaks are traditionally for men, women traditionally wear a large headdress called an elecheck. Made up of 100 feet of wrapped fabric, it is a popular piece of clothing to wear for ceremonial wear to this very day.



Kalpak, Image Source: Yahoo News



Elecheck, Image Source: Yahoo News

CULTURAL SITES

Kyrgyzstan has two sites included on the World Heritage List. One is the Suleiman-Too Sacred Mountain, which stands as a beacon for travelers along the routes of the Central Asian Silk Road. There are 17 places of worship along this mountain, and many are believed to provide cures for physical ailments. The second is Silk Roads: The Routes Network of Chang'an-Tianshan Corridor. This covers the Chang'an-Tianshan portion of the ancient Silk Road and all historical sites along the way. Some of the sites which can be seen along the route include Buddhist cave

temples, ancient paths, sections of The Great Wall, and religious buildings.

One of the attractions of Kyrgyzstan is that its tourism industry is still being developed. Those who appreciate stunning natural beauty and charming local culture can still do so without contending with mobs of tourists.

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