

BALANCED GEOPOLITICS: INTERNATIONAL ACTORS IN CENTRAL ASIA

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Introduction

After the collapse of the Soviet Union in 1991, the newly independent Central Asian republics aimed to increase their ties with the wider world. These countries searched for regional and global allies to safeguard their security and territorial integrity, and economic partners to promote investment and diversify their markets. Due to historical ties, Russia remained politically and economically close to Central Asia. Apart from bilateral relations between Russia and the Central Asian states, Russia also leads the Eurasian Economic Union (EAEU), the Collective Security Treaty Organization (CSTO), and the Commonwealth of Independent States (CIS) of which many Central Asian countries are members. China's relationship with Central Asia has also expanded rapidly since their independence. The Shanghai Cooperation Organization (SCO), a Chinese-led political, economic, and security alliance, and the Belt and Road Initiative (BRI), China's intercontinental infrastructure development scheme, signal the increasing importance of China's influence in Central Asia. Although the United States is not geographically connected to Central Asia, it remains a major power in the region through bilateral and multilateral relations. The United States strengthens economic and political regional cooperation through the C5+1 initiative, and the countries continue to collaborate through U.S. led international organizations such as NATO's Partnership for Peace (PfP). As the Biden administration settles in in the United States and the countries of the Central Asia celebrate their 30th anniversaries of independence, the issue of great power competition has grown in prominence. With growing economies and increasing political strength and autonomy, alliances and influence in Central Asia hold the interest of the key international powers: Russia, China, the European Union, and the United States. In order for the United States to craft effective policies, it should first understand the motivations, policies, and initiatives of the other great powers in the region.

Russia's Efforts to Maintain its Historical Influence

Since the gradual Russian conquest of Central Asia in the eighteenth and nineteenth centuries, Russia has held considerable influence in the region, and it continues to loom large in political and economic affairs. Today, Russia seeks to protect its status among its southern neighbors by maintaining significant soft power through institutions, diaspora populations, cultural affinities, and its mass media, bolstering economic relations through the EAEU and public and private enterprises, and encouraging consistent flows of migration from Central Asia.

Each year, hundreds of thousands of Central Asian economic migrants move to Russia in search of seasonal employment. From January 2019 to June 2019, Russia's Federal Security Service (FSB) reported that 265,000 people from the Kyrgyz Republic, 524,000 from Tajikistan, and 918,000 from Uzbekistan entered Russia.¹ The Kyrgyz Republic, Tajikistan, and Uzbekistan are among the world's most remittance-dependent countries, relying heavily on the transfer of money from their workforce abroad to sustain their domestic economies.² For example, in 2019, the Kyrgyz Republic received \$2.4 billion in remittances (28.5 percent of its GDP), Tajikistan received \$2.3 billion (28.6 percent of its GDP), and Uzbekistan received \$8.5 billion (14.8 percent of its GDP). While both Russia and its Central Asian neighbors benefit from continuous migration, this system is susceptible to disruption by unforeseen circumstances, such as pandemics, conflicts, natural disasters, and political strife. In 2020, national pandemic lockdowns disrupted migration patterns, and resulted in workers becoming stranded in Russia

with no means of returning home.³ These disruptions have also exacerbated economic hardships.⁴ Russia has remained an appealing destination for Central Asian migrants hailing from countries with limited domestic job opportunities and low wages. This relationship has played an important part in allowing Russia to maintain its economic hold over its southern neighbors. However, the pandemic has highlighted the insecurity of this reliance and the need to build up the region's resilience to unexpected shocks.

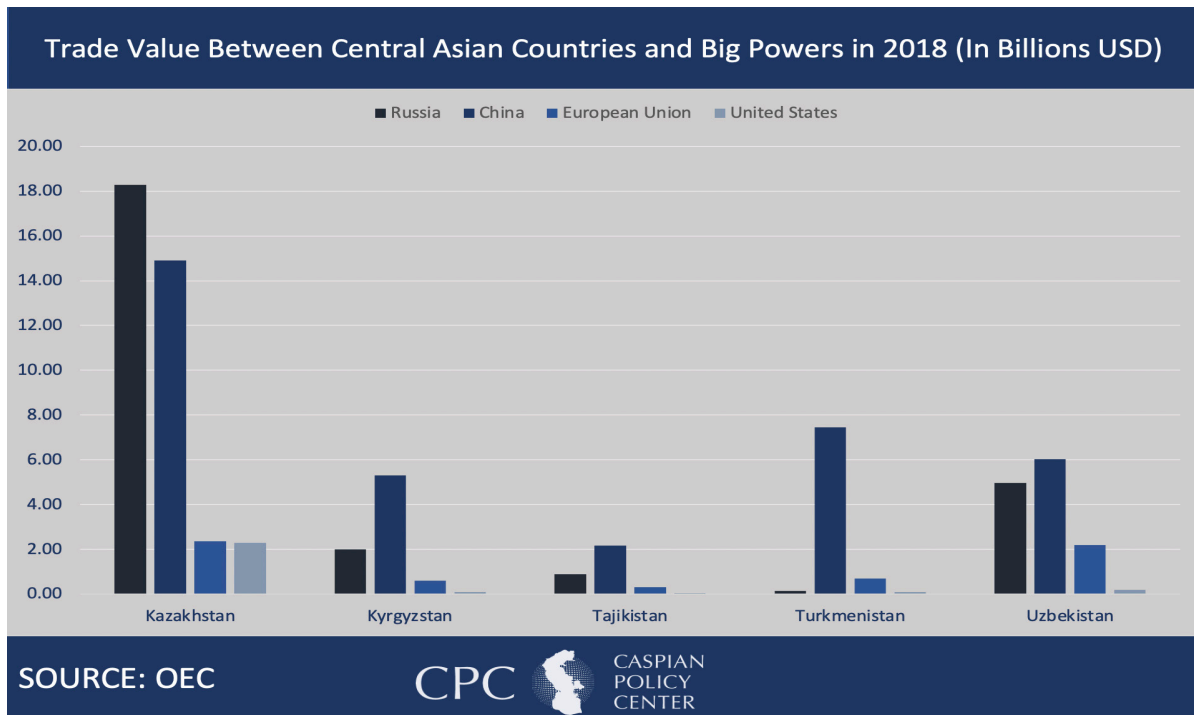


The meeting of the Supreme Eurasian Economic Council in St. Petersburg in December 2018. Source: akorda.kz

The EAEU is an international economic union comprised of Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and Russia.⁵ The union was formalized in a May 2014 treaty and launched on January 1, 2015. The EAEU integrated the markets of its member states to build an economic confederation designed to ease the movement of goods and people and establish a common protocol for agriculture, industry, trade, and transport. While Turkmenistan follows a non-aligned foreign policy and touts its policy of “positive neutrality,” Uzbekistan became an observer state of the EAEU in December 2020 and Tajikistan has mulled the possibility of acceding to the union.⁶ Should Uzbekistan decide to accede to the union as a full member, it will likely compel Tajikistan to follow suit, drawing in four out of the five Central Asian republics.⁷ The EAEU has provided a means to boost bilateral investments and increase the flow of remittances from Central Asian migrant workers in Russia.⁸ In addition, the EAEU can serve as a forum to settle migration concerns. But the EAEU has also become a strategic mechanism in which Russia can leverage its interest against its Central Asian neighbors. Russia can oppose Chinese requests to formulate bilateral agreements with its Central Asian neighbors by encouraging discourse in a multilateral format, through the EAEU, granting Russia additional influence in the region.⁹

The EAEU also serves as a dependable zone that retains Russia as the focal point of trade among the post-Soviet states, leading the Central Asian states to grumble sometimes that it benefits Russia more than it does them. Though China has surpassed Russia as Central Asia's

largest trading partner, the EAEU is a trading bloc that promotes a high level of economic exchange between Russia and Central Asia. Furthermore, the historical legacy of the Soviet Union and Central Asia's connectedness with Russia counters Chinese economic ambitions in the region.



Russia's defense relationship with Central Asia remains close as Russia's primary political and security goal is to maintain the status quo to keep Central Asia in its sphere of influence. To support its security influence over the region, Russia maintains military bases in the region, remains the top materiel supplier for Central Asia, and supports military cooperation, usually under the auspices of the CSTO (Collective Security Treaty Organization). Kazakhstan is the second-largest military contributor to the CSTO after Russia.¹⁰ As part of the CSTO, countries are able to buy Russian materiel at the same cost as the Russian military and form joint units with Russia, making defense deals and cooperation easier for member states. For example, in 2019, Russia transferred \$9 million worth of air defense systems to Tajikistan, free of charge.¹¹ Russia also continues to educate Central Asian officers, such as Kyrgyz military personnel who have studied in Russian military universities since 2000.¹² Furthermore, in 2019, Russian Minister of Defense Sergei Shoigu announced that more Tajik officers would study in Russia and that the Russian military would increase its role in training Tajik forces.¹³

The Russian military leases bases throughout the region, demonstrating its continued military presence since the fall of the Soviet Union. Russia continues to lease Baikonur Cosmodrome, from which it launches manned and unmanned spacecraft, from Kazakhstan for approximately \$115 million annually.¹⁴ Although Russia is working to decrease dependence on Baikonur with the intention of using the Vostochny Cosmodrome and Plesetsk Cosmodrome, both located in Russia, Baikonur is currently necessary, since it is the only site capable of accommodating manned launches.¹⁵ Russia also maintains the Russian Joint Military Base in Kyrgyzstan, which is comprised of four Russian military sites - Kant Airbase, a naval weapons testing base in Karakol, a communications center in Chaldybar, and seismology center in Mailuu-Suu - which

were consolidated into one in 2012.¹⁶ The largest Russian military base abroad is located in Tajikistan and hosts the 201st Military Base, previously called the 201st Motorized Rifle Division.¹⁷ Through this base, Russia regularly supplies materiel and provides hardware upgrades to the Tajik military. In 2012, Russia also signed a lease for a base close to the border with Afghanistan aimed at securing Russia's perceived "sphere of influence" from possible terrorist threats.¹⁸ These bases not only serve to maintain Russian influence in Central Asia, but they also attempt to ward off competing states that might attempt to establish a military presence in the region.

China's Economic Model for Influence

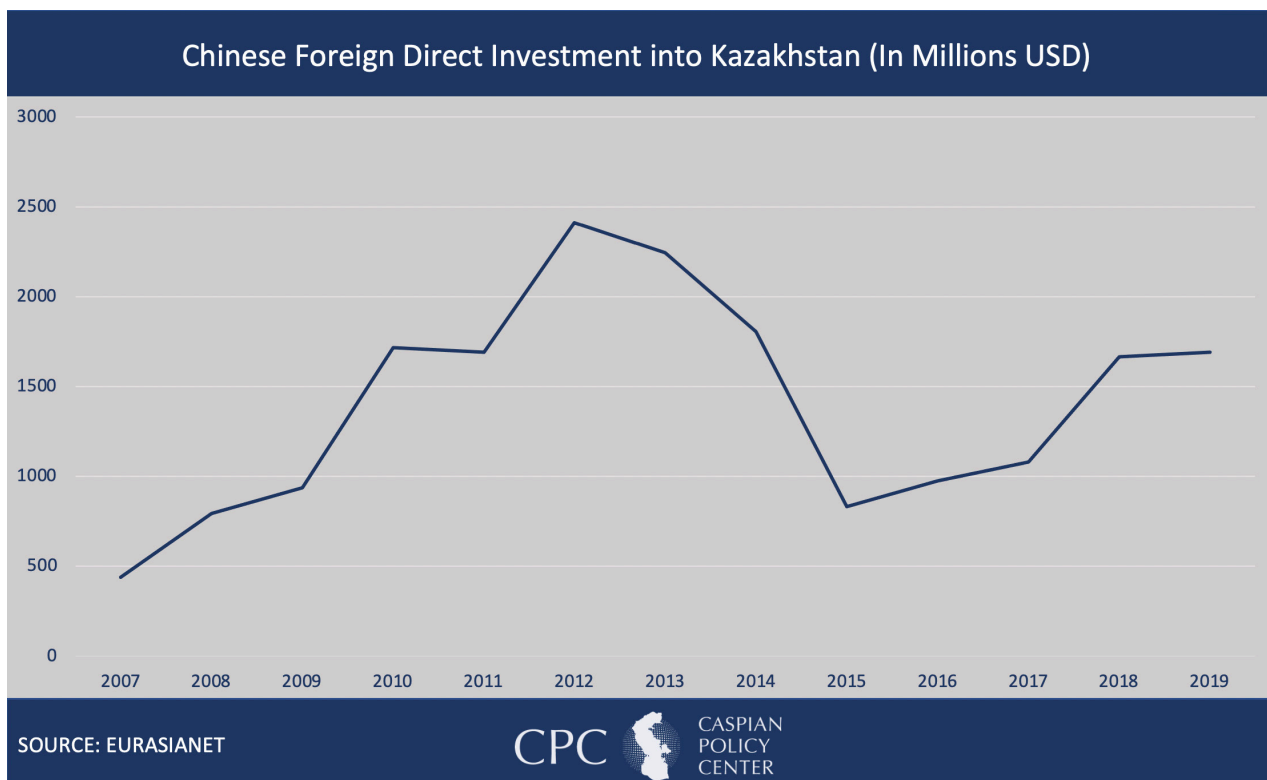
The Chinese Belt and Road Initiative (BRI), launched in 2013 by President Xi Jinping during a speech at Kazakhstan's Nazarbayev University, aims to revive the vibrant trade routes that once linked China with Europe via Central Asia and the Middle East.¹⁹ The BRI is a series of projects spanning over 60 participating countries across Africa, Asia, Europe, and the Middle East. The overland component, the Silk Road Economic Belt, seeks to develop sustainable trade and transit routes across Central Asia by constructing a network of highways, railways, transit terminals, and pipelines through the region.

The BRI has allowed China to increase its reach in the region. As a result of the Russian imperial and Soviet periods, transit routes in the region were designed to connect the Central Asian republics with Russia, neglecting east-west connectivity. Moreover, the region's difficult terrain makes any attempt to construct new road and rail networks costly. China has been ramping up its railway presence in Central Asia, providing an outlet for countries to diversify their trading partners away from.²⁰ Constructing these new routes has brought Central Asia closer into China's economic orbit, due to increased trade flows between the two.



Railway tracks that lead to the border dry port at Khorgos between Kazakhstan and China. *Source: Nikkei Asian Review*

The eagerness of the Central Asian republics to benefit from Chinese investment through BRI projects has ensnared the poorer countries in the region in a debt trap. Beijing's predatory lending practices have led Kyrgyzstan and Tajikistan to become heavily reliant on China for financing. In the summer of 2020, Kyrgyzstan and Tajikistan respectively held \$4.08 billion and \$3.096 billion in total external debt,²¹ accounting for 63.3 percent²² and 44.7 percent²³ of their GDP respectively. In addition, 43.4 percent of Kyrgyzstan's debt and 36.6 percent of Tajikistan's debts are owed to China's Export-Import Bank (Eximbank).²⁴ The large proportions of their debts held by Chinese lenders hampers their ability to act in an economically independent manner and impedes their response efforts in addressing unforeseen circumstances. For example, Kyrgyzstan participated in discussions with China's Eximbank to restructure \$1.8 billion of debt after its economic downturn due to the COVID-19 pandemic.²⁵ China's growing economic influence in the region is leading to greater political influence as well.



The Shanghai Cooperation Organization (SCO) presents China with an important framework to exert its influence in the region. The Chinese government justifies the existence of the organization by presenting it as a means to fight terrorism, separatism, and religious extremism, threats it perceives as emanating from Central Asia. Furthermore, 13 percent of the world's heroin supply is consumed in China.²⁶ China aims to utilize this platform to act against drug trafficking and enlist other member states to align their practices with its security standards.²⁷ By citing these security issues, China has heightened its engagement in Central Asia. For instance, in 2016 China and Tajikistan signed an agreement, along with Afghanistan and Pakistan, to form the "Quadrilateral Cooperation and Coordination Mechanism in Counter Terrorism." Although the group met only twice, it served as a catalyst for future bilateral agreements that stipulated that China would construct 11 military outposts and a training

center in Tajikistan.²⁸ Since the 2016 agreement, rumors have circulated of a substantial Chinese military presence in Tajikistan, indicating that Chinese troops are conducting unilateral patrols along the Tajikistan-Afghanistan border. In 2019, a Chinese military outpost was located in Tajikistan near the borders of Afghanistan and China, in the Pamir Mountains.²⁹ Discussions to repatriate U.S. troops from Afghanistan are happening amidst a growing presence of Chinese military troops on the border.³⁰

China's growing economic presence in Central Asia is affecting its security interests in the region. There are 261 active Chinese-sponsored projects in Central Asia, totaling \$136 million.³¹ With increasing resource acquisitions by Chinese companies in Central Asia, such as handover of gold and silver mines in Tajikistan, China aims to defend its companies and resources through hard power.³² China's government prioritizes guaranteeing stability and the political status quo in Central Asia in a way that protects its transit routes and eases the concerns of investors, prompting bilateral military exercises and new military installations across the region.

EU Interests in Building Partnerships in Central Asia

The European Union has sustained friendly relations with the Central Asian republics since their independence from the Soviet Union. The EU has engaged with the region on multiple diplomatic, economic, and security fronts as the region holds valuable potential in overland trade, energy diversification, and security partnerships for the stabilization of Afghanistan. However, the EU is composed of 27 countries, each possessing its own distinct national interests, and the EU's foreign policy must reflect consensus among all of its 27 members. While the overall European Union strategy includes facilitating investment, sponsoring development projects, and ensuring security stability, independent European countries are vying for access to Central Asia's vast hydrocarbon reserves to supplement their growing energy consumption.

Positive relations between the EU and Central Asia were bolstered by the EU Strategy for Central Asia in 2007, which aimed to promote economic development, strengthen transport and energy links, promote environmental protection, safeguard human rights, and combat security threats. The most recent 2019 iteration of the Strategy highlighted new objectives to increase the connectivity and the flow of people, services, goods, and ideas between the EU and Central Asia, promote an integration of a regional market, and prioritize Central Asian-Afghan cooperation to advance peace.³³ The EU has transformed existing offices and embassies or opened new ones in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. It has also opened a liaison office in Ashgabat.³⁴ The EU plays an active role in shaping the economic and security affairs of the region in line with its own international agenda.



President of the European Council Donald Tusk and President of Kazakhstan Kassym-Jomart Tokayev meet in Kazakhstan in May 2019. Source: Akorda.kz

EU leaders understand that Europe may not be able to challenge Russia's historical legacy in Central Asia and the economic prowess of China in the region. Therefore, the EU's agenda prioritizes bolstering the resilience of Central Asian countries to withstand the demands of its domineering neighbors.³⁵ The EU has heightened its engagement with the region by ratifying key agreements with countries in the region and bolstering trade and investment in the region. The EU also employs programs to improve rule of law and access to open markets.³⁶

The hazards of dealing with Moscow have highlighted the necessity of diversifying European energy resources. For example, about 44 percent of Italy's gas imports³⁷ and 31.5 percent of Germany's gas imports³⁸ were transported by pipelines from Russian reserves. In total, 44.7 percent of natural gas imported by the European Union in 2019 originated in Russia.³⁹ Central Asia has emerged as a serious contender to offset this imbalance in energy imports. As a result, Europe has eyed Central Asia's vast hydrocarbon reserves and has provided modest but steady investment to enhance energy infrastructure projects in the region.

The EU has continually engaged in bilateral and multilateral relations with Central Asia to combat security threats in the region. The most recent iteration of the EU Strategy, published in 2019, emphasized the importance of countering security challenges stemming from the political and border instability in Afghanistan. The EU works to promote security cooperation between the Central Asian states and held a high-level security dialogue among the EU, Central Asian countries, and Afghanistan in May 2019 in Brussels.⁴⁰ The EU also vowed to strengthen regional cooperation on integrated border management to combat organized crime, migrant smuggling, and drug and human trafficking.⁴¹ Through the Enhanced Partnership Cooperation Framework Agreements (EPCAs), the EU also continues to support cooperation in mitigating asymmetric and cyber threats, while also advocating for an open and secure cyberspace. The EPCAs also promote the fight against violent extremism and terror financing through strengthening local communities and combatting the economic causes of radicalization.

The EU has endured as a consistent actor in Central Asian affairs since the dissolution of the Soviet Union. The overall European Union has maintained a vested interest in counterbalancing Russia's influence in the region by saturating the Central Asian economies with lucrative investment projects and infrastructure development. The EU has also advocated for a coordinated approach aimed at increasing Central Asian connectivity and its EU-China Connectivity platform to ensure economic benefits for all parties involved. Furthermore, the EU strives to promote security cooperation to combat international terrorism, organized crime, and human trafficking. The EU has particularly emphasized supporting Afghanistan's integration into Central Asia and supported its role in the Afghan peace process. Individual European countries have also stepped up their engagement with the region to secure access to the region's hydrocarbon reserves. The EU intends to continue to carve out its own strategic importance in Central Asia through supporting increased connectivity via collaboration in the development, economic, and security spheres.

United States Seeks to Balance Other Actors in Central Asia

The U.S. government was one of the first to recognize the independence of the Central Asian states and has worked for the last three decades to support the region's sovereignty, development, and security. The primary U.S. objective of in the region is to support the Central Asian states in building a sovereign and stable region so that it can pursue global connectivity and its own political, economic, and security partnerships. The United States aims to promote democracy, human rights, and rule of law, and views a stable and independent region as vital to the energy security, economic prosperity, and the fight against international terror. The main avenues through which the United States supports Central Asia are: promoting sovereignty through diplomacy, countering terror threats, expanding support for Afghanistan and its integration into the region, promoting rule of law and human rights, and encouraging U.S. investment in the region.

Even outside of U.S. involvement in Afghanistan, the region is of strategic value to U.S. economic and security interests. The United States has directly invested over \$9 billion in the Central Asian states dedicated to security, economic growth, and humanitarian assistance, and its private sector has invested over \$31 billion in commercial ventures in the region that has helped to create thousands of local jobs.⁴²

Central Asian governments have placed a great emphasis on using their vast hydrocarbon resources to attract investment and develop their domestic economies. For example, Kazakhstan has 30 billion barrels of proven oil reserves⁴³ and 60-100 billion barrels of suspected oil reserves in the Caspian Sea. Kazakhstan has positioned itself to maximize its profits from its hydrocarbon resources. Since 1991, Kazakhstan's hydrocarbon sector has received 60 percent of all foreign direct investment to the country and constitutes about 53 percent of its export revenue. Similarly, Uzbekistan has approximately 594 million barrels of proven oil reserves.⁴⁴ Turkmenistan has the fourth-largest reserves of natural gas in the world, positioning itself as an important player in the hydrocarbon market.⁴⁵ Russia aims to assert itself as the regional hegemon by controlling pipelines connecting Central Asia to Europe.⁴⁶ At the same time, China has signed numerous agreements with Central Asian countries to

construct new pipelines to tap into the region's expansive hydrocarbon reserves. While both China and Russia have held significant interests in Central Asia's hydrocarbon reserves, the United States and the European Union are becoming increasingly more vested in diversifying pipeline routes from Central Asia. The United States has increased its involvement with Azerbaijan and Kazakhstan to develop their energy markets. However, due to the geographical distance between the United States and Central Asia, U.S. officials have instead encouraged their allies to increase investment to link Central Asian infrastructure with Europe and South Asia. For example, India has announced its intention to increase imports of hydrocarbon resources from Central Asia. This would minimize Russia's holdings on Central Asia's energy market and curb China's presence in the region's energy sector.

The United States also seeks to continue political and defense cooperation with Central Asia to defend against the expansion of great powers like Russia and China. Since the closure of the Manas Transit Center in Kyrgyzstan 2014, the United States has not had any military bases in the region outside of Afghanistan.⁴⁷ The United States continues to support Central Asian defense through international collective security organizations like NATO's PfP, however, the most recent Central Asian-U.S. joint military exercise was held outside the PfP. In June 2019, the two-week long annual Steppe Eagle exercises led by the U.S. were hosted in Kazakhstan, with additional participation by British, Kyrgyz, and Tajik force observers from India, Turkey, and Uzbekistan.⁴⁸ Although this exercise emphasizes interoperability, the United States is competing with ongoing exercises from the CSTO and SCO.

While Central Asia is of geostrategic importance to the United States regardless of Washington's level of engagement with Afghanistan, a stable Afghanistan undoubtedly



Former U.S. Secretary of State Mike Pompeo meets with leaders from Central Asia at the C5+1 ministerial meeting on February 3, 2020. *Source: Associated Press*

provides more security and stability to the region. A year after the closure of the Manas Transit Center, the United States issued its first Central Asia strategy and initiated the C5+1 meeting format.⁴⁹ The updated strategy addresses cross-border terrorism as a main security concern.⁵⁰ However, the proposed withdrawal of U.S. forces in Afghanistan could increase the possibility of threats spilling over the border of Afghanistan into Central Asia. This proposed withdrawal would leave Russia and China as the only security allies in the region. To combat the security risks a proposed U.S. withdrawal would create, the United States would need to strengthen its direct political and defense engagement with Central Asia.

Central Asian Reactions and Responses

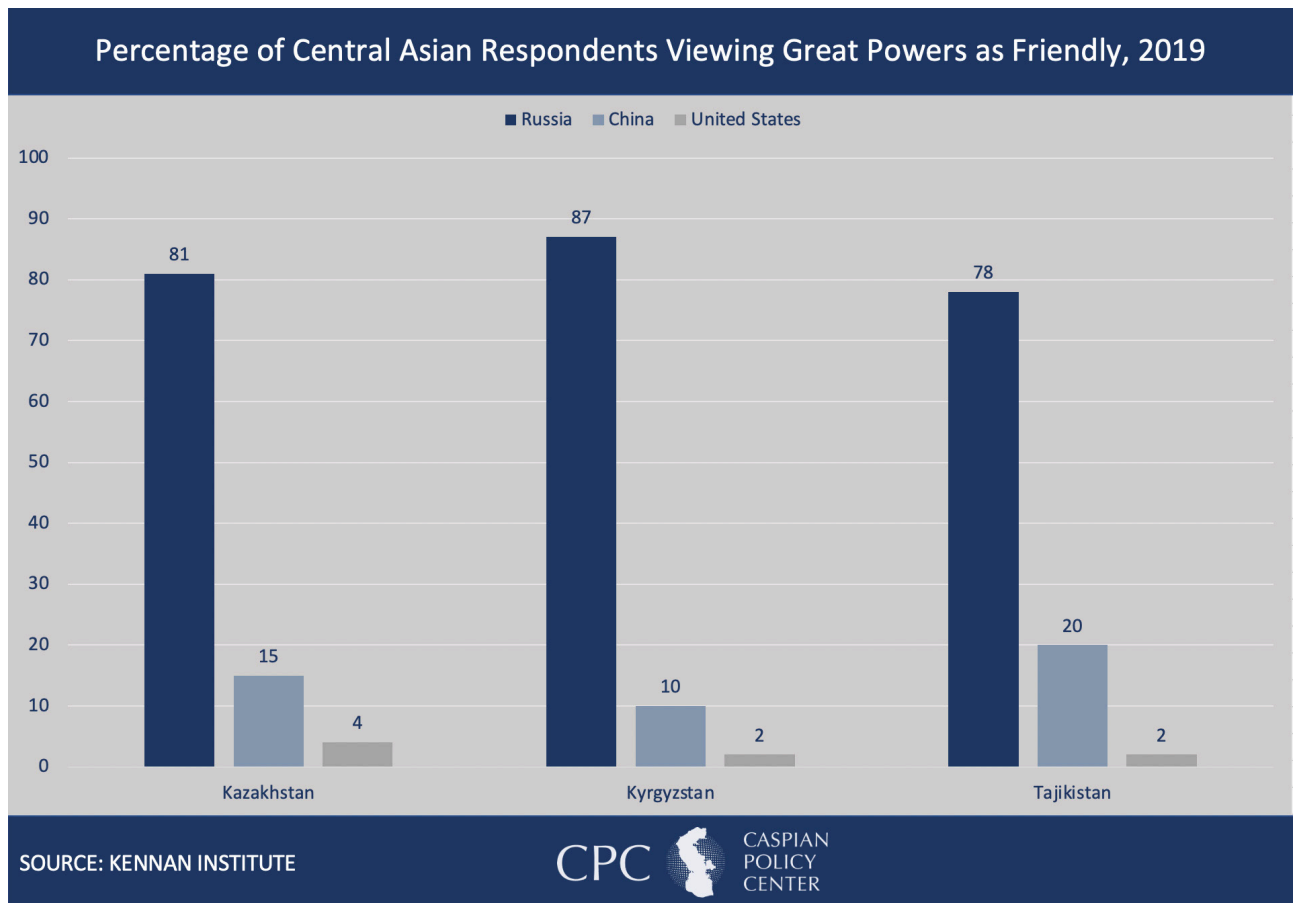
Central Asian governments have responded to growing pressure from their large neighbors with different mechanisms and campaigns. While there is a growing resentment towards Chinese investment in the region, governments are cautious of expressing outright distrust of Beijing. Central Asian governments maintain close economic and security allies of Russia.

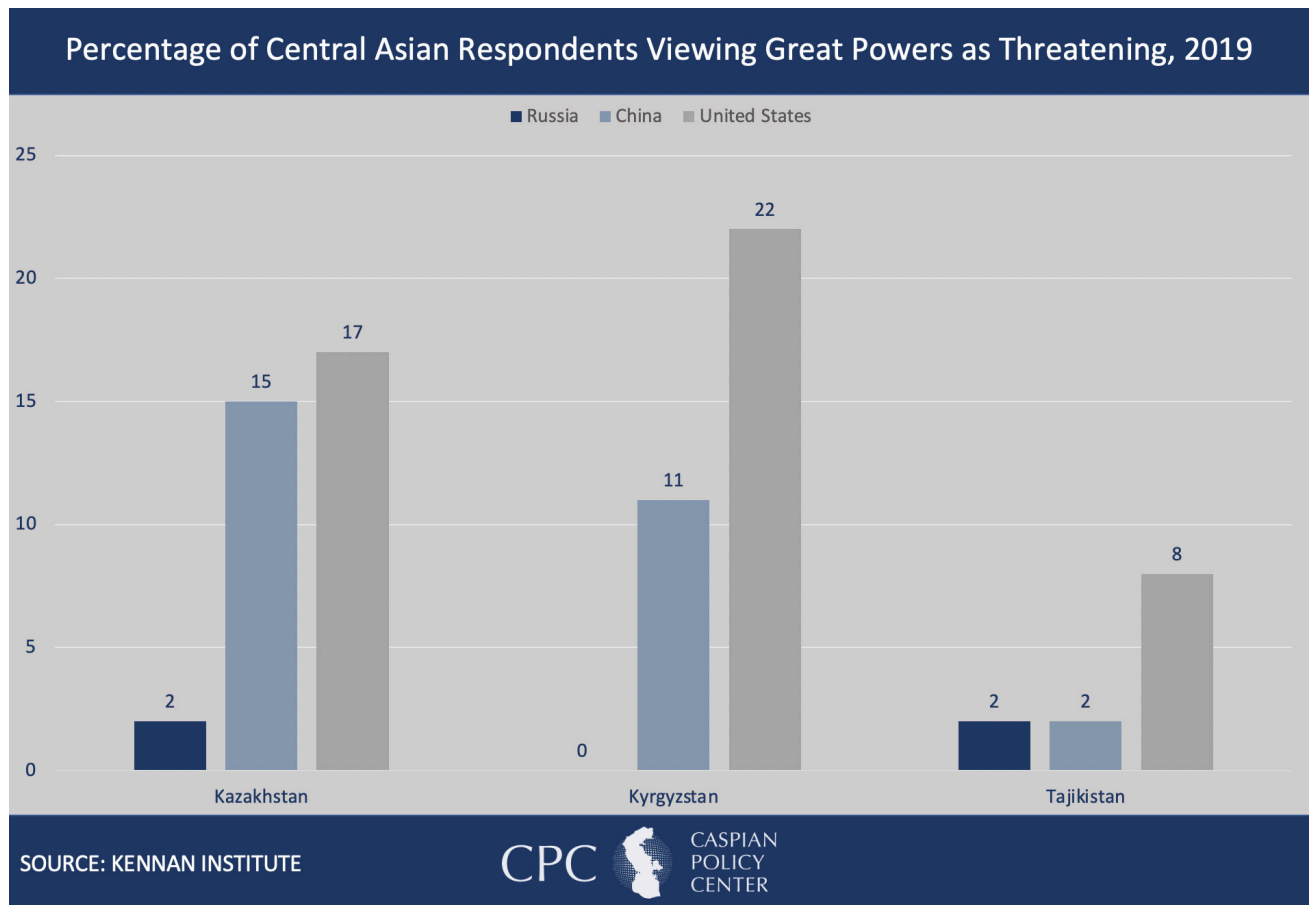
Chinese loans and economic opportunities brought by the BRI remain attractive, and Central Asian governments continue to accept opportunities for business with Chinese entities. While China continues to build influence in the region, its presence is not entirely welcome. Although not supported by the governments of the Central Asian republics, anti-Chinese sentiment has notably increased across the region. For instance, in February 2020, Kyrgyz authorities cancelled a \$275 million Chinese logistics center after protests erupted.⁵¹ Some protesters held large banners that read, “No Kyrgyz Land To China,” displaying heavy pushback due to the Kyrgyz government’s attempts to accept Chinese investment projects. According to a study conducted by Central Asia Barometer, one of the few independent pollsters based in the region, Uzbek support for Chinese energy and infrastructure investment



People protest the construction of Chinese factories in Almaty, Kazakhstan on September 4, 2019. Source: Reuters/Pavel Mikheyev

has dropped. In 2019, 65 percent of respondents indicated that they “strongly supported” China’s investments; however, the number dropped to 48 percent a year later.⁵² Similarly, the number of people who said that they were “strongly opposed” to Chinese investment rose from 2 percent to 10 percent. When asked how concerned they were about their country’s economic relationship with China hurting their economic relationship with Russia, 25 percent of Kazakhstanis, 34 percent of Kyrgyz, and 22 percent of Uzbeks marked “very concerned.”





While public opinion of Russia is overwhelmingly positive and the United States is mostly negatively, China is regarded more neutrally than the other great powers. Public opinion also diverges from practice. For example, 78 percent of Kazakhstani students abroad were studying in Russia; however, only 35 percent indicated that they would like to study in China, while 19 percent indicated Russia and 22 percent mentioned other countries.⁵³ Even though positive public opinion towards China appears low, governments in the region perceive anti-Chinese sentiments as a manageable crisis rather than one warranting great concern.

Recommendations to Central Asia

Balancing great powers remains a difficult task for emerging economies and growing regional powers. To protect its own interests while also balancing the divergent interests of its great-power partners, Central Asia should:

- 1. Form a regional partnership in Central Asia**, like the Association of Southeast Asian Nations (ASEAN) or the Nordic Council. This multilateral partnership would serve to collectively balance the great powers in the region. The strength a regional partnership would provide in combatting external dominance would help to support the autonomy and interests of Central Asia.
- 2. Leverage the interests of other great powers to strike more beneficial deals with Russia.** Russia is dependent on Central Asian migrant workers to supplement its declining working population. Central Asian governments should leverage its increased engagement with

other actors, like China and the European Union, to ink deals that would provide safeguards for their expat populations and obtain privileges in trade and travel regulations.

3. Cautiously engage with China on BRI investment projects. Chinese investment projects provide an opportunity for Central Asian countries to modernize institutions and develop infrastructure. However, they must remain cautious to not fall into a debt trap with China and become dependent on Chinese economic interests.

4. Continue making reforms for economic liberalization. Kazakhstan reformed and liberalized its financial and banking sectors in the early 1990s and Uzbek President Shavkat Mirziyoyev has implemented a slew of reforms to liberalize Uzbekistan's economy. Liberalization and market stability encourage lucrative investment deals from the European Union and the United States. This would allow their governments to mitigate the impacts of Chinese investment in the region.

5. Provide security and stability to Afghanistan to ensure regional security. Central Asian countries should continue to support the ongoing peace talks held by the Afghan government and the reintegration of a stable Afghanistan into Central Asia.

Recommendations to the United States

To further U.S. interests in Central Asia and prevent any one power from becoming the dominant actor in the region, the United States should:

1. Acknowledge the Existing Power Dynamics in the Region. Central Asia sits at the crossroads of multiple actors, including China, Russia, South Asian countries, Middle Eastern countries, and the European Union. The United States must approach any Central Asian strategy in a multi-vector mindset to approach the region most accurately.

2. Increase its engagement through established channels. Through the Blue Dot Network, the United States can unite governments, civil society, and the private sector to develop new infrastructure and development projects. This heightened engagement would align with the EU's strategy of bolstering resilience in the region to counterbalance China's economic investment.

3. Develop and support more meaningful and long-lasting initiatives, such as professional and academic exchange programs. Continuing the C5+1 format of meetings is essential to promoting close U.S.-Central Asian relations. However, the United States should display its growing dedication to the region through conducting the C5+1 meeting at times at the presidential level rather than solely through foreign ministers. The continued support of Central Asian-NATO collaboration through the PfP would also promote closer defense ties through a U.S.-led international collective security organization.

4. Promote regional collaboration and the formation of an international bloc. The United States should encourage the five Central Asian republics and Afghanistan to develop an international bloc, similar to ASEAN or the Nordic Council, to stimulate regional productivity and strengthen regional goals.

5. Conduct a meeting in the C5+1+Afghanistan format within the Biden Administration's first year. This will demonstrate U.S. support for regional cooperation and show Moscow and Beijing that the United States is a committed regional player. To further emphasize the U.S. commitment to a stable Afghanistan, and thus to a stable Central Asia, the new administration should include Afghanistan in all future regional activities and initiatives. The United States should also push to include Azerbaijan in dialogues with the Central Asian countries on account of its importance to their international transit connectivity.

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