

Like a Bull in a China Shop: Uzbekistan Traces a New Foreign Policy Direction

by Davide Cancarini

Central Asia, politically speaking, is like a China shop: no conflicts erupted since the end of the Cold War between the five former Soviet republics of the area but many obstacles lie on the path to real intra-regional cooperation. Regional fragility finds its roots in the security dimension: destabilizing drivers include the spread of Islamic extremism, drug trafficking from Afghanistan, the management of disputed resources (e.g. water) and the need for security sector reform following the Soviet collapse.

Among the obstacles to intra-regional cooperation, the traditionally isolationist policies pursued by Uzbekistan and Turkmenistan since 1991, have represented another impediment. After decades of inward-looking tendencies, Uzbekistan's foreign policy appears to be shifting. The breaking point came with the death of the Uzbek president Islam Karimov after more than 25 years in power and

the subsequent election of Shavkat Mirziyoyev in 2016. Karimov had almost completely isolated Uzbekistan from the world, withdrawing membership from or refusing to join regional and international organizations, such as the Collective Security Treaty Organization or the Eurasian Economic Union.

Mirziyoyev seems to have understood that Uzbekistan, the most populous Central Asian Republic and the only one sharing a land border with all regional states, needs to improve its foreign relations in order to reenergize its economy.

One step has been Mirziyoyev's two-day visit to neighbouring Kyrgyzstan in early September, the first visit by an Uzbek president since 2000. Important agreements were concluded, including a deal on the demarcation of most of the contested border. Before this agreement, Uzbekistan and Kyrgyzstan had more than 140 disputed border

Davide Cancarini holds a PhD in Institutions and Policies from the Università Cattolica del Sacro Cuore in Milan and has worked extensively on Central Asian affairs.

points, a direct consequence of the territorial demarcation realized by the Soviet Union in early 1920s.¹

On the sharing of water resources, Mirziyoyev has taken several concrete steps that deviate from the Karimov period. In a nutshell, water disputes revolve around the fact that Uzbekistan, Kazakhstan and Turkmenistan suffer from water scarcity, while Tajikistan and Kyrgyzstan have large water resources derived from the Amu Darya and Syr Darya rivers. Differently from Karimov, Mirziyoyev has not opposed Tajikistan's Rogun Dam, an infrastructure project that could resolve that country's electricity problems but is also potentially threatening to Uzbekistan's water needs.²

In terms of regional diplomacy, Mirziyoyev has maintained close relations with the presidents of Kazakhstan, Turkmenistan, Kyrgyzstan and Tajikistan, meeting with them at least twice since being elected. Furthermore, in November, Uzbekistan will host an international conference supported by the United Nations on cooperation in Central Asia. In the economic realm, during Mirziyoyev's first official visit to China in May 2017, the Uzbek president underlined the strategic importance of the China-Kyrgyzstan-Uzbekistan-Afghanistan railway and the need for it to be integrated into the One Belt One Road



Source: University of Texas Libraries, <http://www.lib.utexas.edu/maps/commonwealth.html>.

(OBOR) project.³ Additionally, during his official visit to Turkmenistan, Mirziyoyev signed an agreement handing Uzbekistan's state controlled oil and gas company rights to develop an offshore natural gas field in the Caspian Sea.⁴

Mirziyoyev inherited a dire economic situation in Uzbekistan. Karimov's era was characterized by a planned economy based on commodity revenues, dependency on remittances and a highly unfavourable business environment: in 2015 the World Bank ranked Uzbekistan 141th out of 189 countries in its "Ease of doing business ranking".⁵ This situation forced millions of Uzbeks' to migrate abroad, mainly to the Russian Federation. Seeking

¹ International Crisis Group (ICG), "Central Asia: Border Disputes and Conflict Potential", in *ICG Asia Reports*, No. 33, 4 April 2002, p. 7, <https://www.crisisgroup.org/node/2140>.

² Catherine Putz, "Uzbekistan's Changing Rogun Tone", in *The Diplomat*, 10 July 2017, <https://thediplomat.com/?p=114788>.

³ Catherine Putz, "What's Next for the Belt and Road in Central Asia?", in *The Diplomat*, 17 May 2017, <https://thediplomat.com/?p=111013>.

⁴ Bruce Pannier, "Is This the Start of Regional Cooperation in Central Asia?", in *Radio Free Europe/Radio Liberty*, 24 May 2017, <https://www.rferl.org/a/28506666.html>.

⁵ World Bank, *Doing Business 2015. Going Beyond Efficiency*, Washington, World Bank, 2014, p. 4, <http://hdl.handle.net/10986/20483>.

to end Uzbekistan's isolationism and attract foreign investments, Mirziyoyev devaluated the national currency in early September by almost 100 percent in comparison to the dollar, introducing the use of market mechanisms in determining the exchange rate of the national currency in relation to foreign currencies.⁶

Improvements will not as easy, however. Tensions surrounding water provisions were mentioned above, but intra-regional distrust is based on several factors, many of them linked to the Soviet legacy. The ethnic makeup of the region, with large minorities present in every country (in Kyrgyzstan, for instance, Uzbeks' represent the largest ethnic minority accounting for more than 14 percent of the total population), is also in part derived from the region's Soviet past. Moreover, regional cooperation has been stifled by the former Soviet Republics' reluctance to bind themselves to supranational institutions, after almost 70 years of Soviet domination.

The impact of Uzbekistan's new approach to Central Asian affairs can be considerable, assuming that Mirziyoyev's attitude is lasting and his efforts are not frustrated by internal opposition. The main antagonist is Rustam Inoyatov, head of Uzbekistan's national intelligence agency, the National Security Service. Mirziyoyev's plan to restore cooperation with the European Bank for Reconstruction and Development (EBRD), suspended

in 2005, is for instance opposed by Inoyatov, on the grounds that economic liberalization could threaten the wealth of the country's political and economic elites.⁷

It may be premature to make an assessment of Mirziyoyev's impact after a mere year in power, but Mirziyoyev does deserve credit for having demonstrated that a change of rhetoric can bring positive results. Two conditions appear indispensable for enhanced cooperation in the region however: first, any movement must represent the will of Central Asian states and not be driven by the strategic objectives of external actors. Second, new and proactive leadership will be needed on behalf of all Central Asian republics if greater integration and confidence building is to become a reality.

Considering that Kazakhstan is the largest Central Asian country in terms of economy, territory and international political recognition, Kazakh support for Uzbekistan's regional strategy will be crucial to its success. Mirziyoyev met Kazakhstan's autocratic president twice since coming to power, but it is not clear whether the good personal relationship will materialize into concrete steps. Tensions could emerge if Kazakhstan begins to consider Uzbekistan as a potential competitor for regional leadership. In this respect, the succession to the 77-year old Kazakh president Nursultan Nazarbayev will be crucial. Whoever will succeed the

⁶ "Uzbekistan Devalues Currency as It Emerges from Decades-Long Isolation", in *Radio Free Europe/Radio Liberty*, 5 September 2017, <https://www.rferl.org/a/28718291.html>.

⁷ Petr Bologov, "The Power Struggle Dividing Uzbekistan's Leadership", in *Carnegie Commentaries*, 22 March 2017, <http://carnegie.ru/commentary/68361>.

Kazakh president – in power since the dissolution of the Soviet Union in 1991 – will be key to the future of regional cooperation in the area.

Another element to be taken into consideration is the role of Russia – the main security partner in Central Asia – and China – the most important economic actor in the region. So far, Moscow and Beijing's efforts have been directed towards forms of regional cooperation that do not exclude each other, independently from their different strategic priorities. This is particularly true for China, for which Central Asia is a key energy source and a geographic corridor at the heart of the OBOR initiative.

There is little doubt that developed regional cooperation mechanisms would significantly benefit Central Asia. Considered as a whole, the region is extremely rich in natural resources and is located in a strategic area, serving as a sort of bridge between Europe and Asia. These capabilities, if wisely exploited, could improve Central Asia's economic outlook. Such action is becoming increasingly urgent. The region's population is expected to grow from 65.7 million to almost 90 million by 2040 and many states remain almost completely dependent on natural resources and/or remittances that cannot provide sustainable growth models.

After a mere year in power Uzbekistan's new president has demonstrated a degree of strategic vision in shifting his country's foreign policy profile – also on the basis of the need to meet the country's short-term economic needs.

What remains to be seen is the reaction of Uzbekistan's neighbours and more distant actors that could either stifle or multiply Mirziyoyev's nascent efforts to fashion closer cooperation among the five Central Asian republics.

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Via Angelo Brunetti, 9 - I-00186 Rome, Italy

T +39 06 3224360

F + 39 06 3224363

iai@iai.it

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