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**DEVELOPMENTS IN CENTRAL ASIA AND THE
CAUCASUS: A SHORT OVERVIEW**

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The aim of this overview is to underline a number of factors that are relevant to the political and economic development of countries in the Former Soviet South (FSS). The work will be articulated in different points giving a short overview of topics and experts in the field. More information will be available for reference by contacting the author at the address and numbers mentioned above.

Within the frame of the FSS, the study will group the countries in two regions: Central Asia and the Caucasus. Countries belonging to Central Asia will be Turkmenistan, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan. Countries in the Caucasus will include Armenia, Georgia, Azerbaijan and the Russian Northern Caucasus.

In addition, the study will include a list of internal and external factors that are determining for a regional analysis of political and economic risk. A list of seven points will follow, each one highlighting different aspects which are relevant to a understanding of current events in the FSS. Each point will go through a brief historical analysis of the FSS highlighting topics relevant for the purpose of an overview of current events in Central Asia and the Caucasus. A short bibliography has been added to the work. The bibliography enlists a number of publications that are relevant to a historical and political understanding of the region..

Particular emphasis will be attached to element of continuity and discontinuity between events prior, during and post the formation of the Soviet Union, one of the most, if not the, crucial experience for both Central Asia and the Caucasus. Relations between the FSS and external actors will always have to bear in mind the importance of the Soviet period for patterns of economic and political relations among the FSS nations and the relations between the FSS and Russia.

1- Central Asia: past and present history with reference to factors determining the stability of the region

A number of elements are necessary for an understanding of current events in the region of Central Asia. The relation between its past and present is a factor of fundamental importance but often neglected by overmuch emphasis on current events. When looking at Central Asia we need to consider its past both in term of pre-Russian influence and of the period during the Soviet Union. It is then appropriate to divide the section on Central Asia into different topics. Each one will emphasise the importance of the historical period in shaping the present and future of the region.

a) History of Central Asia before the coming of the Russian

It is important to study the society and economy of Central Asia before the beginning of the Russian influence and conquest in the nineteenth century. Important also are the nomadic elements of the Central Asian society before the settling of large number in cities and urbanised areas.

b) Russian colonisation and Sovietisation of Central Asia: change and continuity

It is important to see the gradual influence the Russians had in Central Asia in terms of political, economic and cultural influences. It is also interesting to see the impact of such elements into a local society in terms of changing the political and economic balances in the region. Most relevant is the process of modernisation which coincides with more Russian influence in the region and culminates in the implementation of Soviet ideology in the Central Asia nations in terms of ideology, economic structure and national and cultural identities of each country during the Soviet times.

c) Collapse of Soviet Union and post-Soviet development: the shaping of a new identity

The collapse of the Soviet Union bears huge significance to the destiny of the Central Asian nations. The post-Soviet period is characterised by coming to terms with a modified scenario of newly independent nations struggling to redefine new identities and shaping political and economic structures in a modified environment. Political and economic problems have been facing Central Asia since the collapse of the Soviet Union. Economies based on monoculture, like the case of cotton in Uzbekistan, have suffered increasingly the pressure from outside markets and the reliance on huge amounts of imports. This has put great pressure on the countries' balance of payments. Ethnic divisions and conflict have also created instability among countries in Central Asia with Tajikistan as the most clear example. Internal and external factors of risk in Central Asia are a remainder of the necessity to develop economic and political relations with powerful neighbours; under this interpretation, the relations between Central Asia and the Russian Federation are still important and lasting.

Cultural and linguistic developments are also important in determining the new identities of Central Asian countries. Revival of Islam and moves towards the adoption of Latin script could be indicated as relevant factors in shaping new generations of people living in Central Asia countries.

2- Caucasus: past and present history with reference to factors determining the stability of the region

Similarly to Central Asia, an analysis of current events in the Caucasus requires an understanding of the historical past of the region. A list of topics will follow:

a) History of Caucasus: Russian conquest and annexation

b) First phase of modernisation

c) National formation and politicisation

- d) Revolution and first independence
- e) Sovietization
- f) Post Soviet development: economic and political challenges

3- Internal analysis of determining factors of stability of instability

A number of factors are explanatory for the stability or instability of Central Asia and the Caucasus. Elements of both political and economic nature are fundamental for an analysis of the FSS. A list of them will follow highlighting major internal factors of concerns for the future of nations in Central Asia and The Caucasus.

a) Ethnic conflicts in the FSS: a threat to regional stability and prosperous development

Conflict resolution is an important step for those nations in The FSS where a stable settlements of conflict has not been reached yet. This is particular relevant to The fate of the Karabagh province that is contented by both Azerbaijan and Armenia. Similaily the case of Taiikistan poses a tlireat to other Central Asian nations concerned about a possible spreading of the conflict.

b) The environment: a threat to the well being of the people of the ESS and economic prosperity

Environmental concerns are also very relevant to both Central Asia and the Caucasus. The case of the Aral sea is a particularly worrying factor for the well being of the people living by its now shrinking shores. Pesticides and abundant use of other potentially obnoxious chemicals that were largely used during the Soviet times to increase production of basic crops such as cotton in Uzbekistan are today responsible for the impoverishment of The fragile soil of Central Asia. Similarly the decline of agricultural production in Georgia due to a highly intensive production system in the previous years is today responsible for poor quality agricultural products. Deprived of its main purchaser of previous times such as the Soviet Union was, The products cannot easily compete in an highly competitive international market making like the case of tea production in Georgia shows.

c) Development of democratic institutions: a necessary step for the development of the ESS

The degree of continuity in autocratic ruling seems the one of the most striking elements of similarity between the Soviet times and current political environment in most countries of Central Asia and the Caucasus. The absence of a democratic institutions seems to have favoured so far the maintenance of old political system and patterns of leadership. typical of Soviet times, are today found among most leaders of countries in Central Asia and The Caucasus. The absence of opposition parties capable to challenge existing leaders causes serious threat to the development of open societies where political disagreement should

not necessarily result in conflict or persecution. In such authoritarian environment, economic inequalities or uncertainties regarding the political succession of countries' leaders are factors of significant internal risk threatening national and regional stability. Widespread corruption among members of the ruling elite is a feature of present-day economies and political structures in the FSS hindering hopes for a healthy development of the ESS economies and societies. Religion and Islam in particular considered by some as challenge to the secular political environment of the FSS are unlikely to pose threats today.

4- Factors of regional relevance for the Central Asian and the Caucasus (FSS)

a) Relations between the FSS and Russia

Russia is a fundamental player in the external relations of the countries of Central Asia and the Caucasus. Patterns of continuity in the relations of Russia and the FSS are relevant for an understanding of the new balance of power. The FSS is today closely related to Russia and sees Russia as important reference point both for national and regional issues.

b) Relations between the FSS and the USA

Following the break-up of the Soviet Union, the US has increasingly stressed the importance of developing relations with countries in the FSS. Realising the importance of the FSS in terms of its geographical location in the middle of the Asian continent, the US has shown interest in developing political and economic relations in the hope of gaining more influence in the region. An important example is the US policy on the exploitation of energy resources in the Caspian Sea (refer to the section on the Caspian).

c) Relations between the FSS and Turkey

Like the USA, Turkey has been trying to exert its political and economic influence in Central Asia and the Caucasus. In the failed attempt to revive Pan-Turkism. Turkey has tried to tie political and economic alliances with countries in the FSS. Countries of particular interest for Turkey include Azerbaijan where Turkey is trying to influence the energy policies of that country, especially in relation to the issue of the Caspian sea pipelines to the Mediterranean port of Ceyhan.

d) Relations between the FSS and China, South, Southeast and Northeast Asia

China is at the very border of Central Asia and will play an important role given the opening of its policies towards the FSS. Countries of particular interest for China are Kazakhstan and Uzbekistan. A number of South Korean corporations are starting investing in Central Asia while countries like Japan are beginning to show their interest in the possible exploitation of energy resources within the FSS. South Asian countries are particularly relevant when analysing the possible pipelines transporting gas out of the Caspian towards open markets.

e) Relations between the FSS and Iran

Similarly to Turkey, Iran has been trying to extend political and economic influence to Central Asia and the Caucasus. Influences have been so far limited due to the limited resources of the Iranian economy and the political isolation Iran is suffering due to the US-led sanction' law. Iran claims to have historical, cultural and religious ties with a number of nations in the FSS, especially with Tajikistan. Iran is increasingly concerned with events in Afghanistan, a country of concern for the FSS as well. Iran is trying also to influence events in the Caspian Sea both in terms of the legal framework of the Caspian waters and the sharing of energy resources (see section on the Caspian).

5- Specific analysis of the Caspian and relevance of the Caspian for the FSS

a) Differences in relations between FSS countries on the issue of the Caspian

The coasts of the Caspian sea are shared by five nations that include the Russian Federation, Kazakhstan, Turkmenistan, Iran and Azerbaijan. Different relations exist between these countries on the issue of the Caspian and also different international players influence in different ways the riparian nations. The Caspian sea should not be treated as outside the main framework of the FSS and should not be understood as a separate unit away from the FSS. Relevance of the Caspian sea and its abstraction from main topics related to the regions is only recent and due to the increasing international interest that the Caspian attracts because of its rich oil and gas resources.

b) Legal regime on the Caspian

Since the break-up of the Soviet Union problems have faced the legal regime of the Caspian sea. Anglo/Iranian and Soviet/Iranian treaties on the equal sharing of resources in Caspian waters were challenged by a number of newly independent riparian states including Azerbaijan, Turkmenistan and Kazakhstan. The Russian Federation and Iran jointly opposed such moves advocating the validity of previously signed treaties. Russia finally resorted to agree on some division of Caspian waters,¹ despite continued Iranian opposition to such a move. No firm resolution has been achieved among the five riparian states.

c) Evaluation of Caspian energy resources

A precise evaluation of Caspian oil and gas resources is not clear yet. Exploration of the Caspian waters has been limited so far and major development have been so far concentrated in fields near the Baku in Azerbaijan and the onshore development of Kazakhstan. Gas resources are being developed in Turkmenistan while Iran has so far concentrated its oil and gas developments on the Persian Gulf. The combination of low price of crude with trends of economic recession has put on hold major activities on behalf of oil corporates in the Caspian region.

d) Politics of pipelines

The geography of the Caspian means that its landlocked position requires a system of pipelines to transport oil and gas resources outside Central Asia and the Caucasus. So far

no new pipeline has been built and the limited amounts of Caspian crude has been transported via pre-existing pipeline networks or via “swap” deals with Iran. Turkey and the US are putting pressure to create an oil pipeline from the Azeri capital Baku to the Mediterranean port of Ceyhan in Turkey. The company consortium behind the project is the Azerbaijan International Operating Company (AIOC). Similarly the Caspian Pipeline Consortium (CPC) is putting pressure on the Tengiz-Novorossiisk route going from Kazakhstan to the Russian port on the Black Sea. Iran is also putting forward plans for pipelines specifically from the Caspian port of Neka in northern Iran to the capital Tehran. US sanctions have so far undermined the role of Iran despite the interest on behalf of a number of European oil corporates. Low oil prices and the financial crisis affecting Asia are serious threats to the idea of having multiple pipelines running from the Caspian to the outside markets.

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