The Impact of U.S. Efforts to Promote Regional Cooperation among the Five Post-Soviet
Central Asian States on Social and Economic Stability of the Central Asian Region

A thesis presented to
the faculty of
the Center for International Studies of Ohio University

In partial fulfillment
of the requirements for the degree
Master of Arts

Sevara Sharapova

June 2010

© 2010 Sevara Sharapova. All Rights Reserved.
This thesis titled
The Impact of U.S. Efforts to Promote Regional Cooperation among the Five Post-Soviet
Central Asian States on Social and Economic Stability of the Central Asian Region

by

SEVARA SHARAPOVA

has been approved for
the Center for International Studies by

_____________________________
Jie-Li Li
Associate Professor of Sociology and Anthropology

_____________________________
Thomas A. Smucker
Director, International Development Studies

_____________________________
Daniel Weiner
Executive Director, Center for International Studies
Abstract

SEVARA SHARAPOVA, M.A., June 2010, International Development Studies

The Impact of U.S. Efforts to Promote Regional Cooperation among the Five Post-Soviet Central Asian States on Social and Economic Stability of the Central Asian Region

(126 pp.)

Director of Thesis: Jie-Li Li

The purpose of this study was to investigate U.S. activities in post-Soviet Central Asia and their impact on regional economic and social stability. The analysis of the U.S. policy in CA is informed by the careful examination of a.) legal documents and testimonies, b.) statistics, and c.) interviews with experts. The U.S. carries out its policy mainly through the State Department and the Department of Defense in the region as well as the U.S. Trade Representative. Therefore, these bodies’ documents are presented and analyzed in this thesis. The results revealed that the U.S. does not focus currently on the development of regionalism in post-Soviet CA. Although there is an on-going dialogue about the importance of economic stability for the promotion of CA expressed by the U.S. officials working with CA, in fact the U.S. activities mostly focus on the achievement of the goals of the U.S. in Afghanistan. To this end, U.S. supports the promotion of the idea of Wider CA.

Approved: ______________________________________________________________

Jie-Li Li

Associate Professor of Sociology and Anthropology
Acknowledgment

First of all, I would like to thank my parents who have been always my role models in life.

My deepest gratitude goes to Dr. Li, my advisor and the chair of my thesis committee. His guidance, invaluable comments and suggestions regarding the structure of my thesis and its methods made it possible for this thesis to be completed. I have always felt Dr. Li’s support; this support and trust was an important motivation for me to work harder and achieve my goal. I also would like to thank Prof. Choppin and Dr. Lskavyan, the committee members, for the time they spent working with me, their advice and suggestions. I want to thank Dr. Mosher from the Political Science Department for the feedback on the theoretical part of my thesis, as well as Farrid Mommand, the Afghan graduate student for his comments and recommendations. Research for this thesis was supported in part by a grant from the Edmund S. Muskie Graduate Fellowship Program, a program of the Bureau of Educational and Cultural Affairs (ECA) of the United States Department of State, implemented by IREX (International Research & Exchanges Board). I deeply appreciate the support that I have always obtained from Rachel Surkin and Ian Jobe, IREX staff who coordinate the Muskie Program in the U.S.

The views expressed are the author’s own and do not represent the Muskie Program or the U.S. Department of State.
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>3</td>
</tr>
<tr>
<td>Acknowledgment</td>
<td>4</td>
</tr>
<tr>
<td>List of Tables</td>
<td>6</td>
</tr>
<tr>
<td>List of Figures</td>
<td>7</td>
</tr>
<tr>
<td>Chapter 1: Introduction</td>
<td>8</td>
</tr>
<tr>
<td>1.1. Purpose of the Thesis</td>
<td>10</td>
</tr>
<tr>
<td>1.2. Theoretical Approaches to Regionalism, Security and Development</td>
<td>11</td>
</tr>
<tr>
<td>1.3. Relevant Theory</td>
<td>18</td>
</tr>
<tr>
<td>1.4. Research Methods</td>
<td>20</td>
</tr>
<tr>
<td>Chapter 2: Literature Review</td>
<td>25</td>
</tr>
<tr>
<td>2.1. The Influence of the U.S. on Development</td>
<td>26</td>
</tr>
<tr>
<td>2.2. Literature on the U.S. Interests in CA</td>
<td>30</td>
</tr>
<tr>
<td>2.3. Literature on the U.S. Bilateral Relationship with CA countries</td>
<td>40</td>
</tr>
<tr>
<td>2.4. Literature on the Transitional Models of CA Countries</td>
<td>44</td>
</tr>
<tr>
<td>2.5. Literature Devoted to Regional Cooperation</td>
<td>47</td>
</tr>
<tr>
<td>2.6. Methods Applied in the Research on the U.S. Presence in CA</td>
<td>51</td>
</tr>
<tr>
<td>Chapter 3: Regional Profile of Post-Soviet Central Asia</td>
<td>55</td>
</tr>
<tr>
<td>3.1. Lack of Experience of Intraregional Interstate Relations</td>
<td>58</td>
</tr>
<tr>
<td>3.2. Economic Regimes and Economic Capabilities of the Central Asian Countries</td>
<td>62</td>
</tr>
<tr>
<td>4.1. Security Cooperation</td>
<td>74</td>
</tr>
<tr>
<td>4.2. Trade and Investment Framework Agreement (TIFA)</td>
<td>85</td>
</tr>
<tr>
<td>4.3. Experts’ Opinions regarding U.S. Policy in CA</td>
<td>93</td>
</tr>
<tr>
<td>Chapter 5: Discussion/Conclusion</td>
<td>101</td>
</tr>
<tr>
<td>References</td>
<td>113</td>
</tr>
</tbody>
</table>
List of Tables

Table 1. GDP Growth (percentage). .................................................................65
Table 2. Inflation. GDP Deflator (annual %). ..................................................65
Table 3. GDP per Capita Growth (in %). .........................................................66
Table 4. GNI per Capita, Atlas method (current US$) ........................................66
Table 5. Foreign Direct Investment, Net Inflows (% of GDP) .........................67
Table 6. Aid Percentage of GNI ......................................................................67
List of Figures

Figure 1. External and Internal Factors Influencing the Pace of Regionalism ...............13

Figure 2. The Link between External Relations in Security and Regional Cooperation and Economic and Social Stability .................................................................23

Figure 3. FY 2008 Areas of Focus .............................................................................84

Figure 4. FY 2009 Areas of Focus.............................................................................84
“Once their security is taken care of, countries can devote themselves with more confidence to their long-term evolution” Javier Solana, former NATO Secretary General (as cited in Blank, 2001, p. 129)

Chapter 1: Introduction

Central Asia (CA) is an extremely significant area for its impact on world history and politics. It is a place whose spiritual importance could be compared with Jerusalem in how major religions intersect with each other and coexist in CA. The region is located in a geopolitically significant area and has abundant mineral resources, including such strategic ones as oil and gas. This makes local countries attractive to great powers influencing, in turn, the competition among them, resulting in the division of CA into spheres of influence. Taking into account local countries’ vulnerability, relatively smaller size in comparison with the countries surrounding them and closeness to each other in historical, cultural, and religious terms, ignoring the benefits of regional cooperation would be the wrong choice because of its negative influence on these countries’ social and economic stability. Although regional cooperation seems to be the best option for CA countries, the idea of regional cooperation has not become the reality.

Several attempts aimed at promoting regional cooperation in CA have failed because of the combination of internal and external factors. The outside countries competing with each other over the geopolitical influence in the region and interest in processing mineral resources of CA have not seen any advantage to promoting regional cooperation. CA countries, in turn, have competed for the attention of outside countries so as to gain political and economic benefits. In addition, the unstable situation in neighboring Afghanistan and the possibility of spillover effects to the CA countries are
forcing them to spend a considerable amount of their limited resources on defense while the areas of human and economic development have received less attention.

In this thesis, I will focus on two issues. The first issue is that there is presently a unique opportunity to stop this vicious circle and achieve some level of regional cooperation in CA. For the promotion of regionalism in CA it is crucial to have a hegemonic outside power which is interested in regional CA cooperation and able to push local countries to cooperate. In the past the U.S. government made some efforts to promote cooperation among the post-Soviet CA countries; however, it was not a priority of the U.S. CA strategy. Now the situation is different. The government of the United States is determined to make peaceful development of Afghanistan irreversible (Obama, 2009). To achieve this goal, the U.S. needs a stable and developed CA, which can act as a positive development model to the Afghans and will involve them in regional cooperation.

The second issue this thesis will focus on is the security component of successful regional cooperation in CA. In the unsecure and unstable conditions of the Greater Central Asian region (i.e. the region including Afghanistan, Iran, Russia, China, to mention a few) security is a critical concern; only on this basis is it possible to promote cooperation and development in other areas. According to Summers and Thomas (1995), “peace is a prerequisite to successful development” (p. 425). Regional cooperation on security issues lays the foundation for cooperation in other areas leading eventually to the modern development of the whole region. The literature review shows that these two questions, being extremely important, have not obtained the necessary attention.
This research addresses indirectly the extremely relevant issue of the U.S. involvement in Afghanistan. The idea of the thesis is to show that since the war in Afghanistan has been demanding more complex measures than it was assumed would be needed, it would be beneficial for the Obama Administration, and/or its successor(s), to motivate cooperation among CA countries and to promote social and economic stability within the region. Having success stories in CA, first of all, can demonstrate the positive sides of peaceful development to the Afghan people and possibly provide the U.S. with security. Also, political benefits can be obtained: CA countries can be examples of liberal democratic development of countries whose populations are majority Muslim. Economic reasons are a final possibility, due to interest in the energy resources of CA.

1.1. Purpose of the Thesis

The main purpose of this thesis is to investigate U.S. activities in Central Asia (CA) and to study the impact that the U.S. has had on regional economic and social stability. I argue that the U.S. policy focusing on the promotion of cooperation between the post-Soviet CA countries and Afghanistan will not result in success. Peace in Afghanistan should be established before the cooperation between the post-Soviet CA countries and Afghanistan can be promoted. Otherwise, instability will spill from Afghanistan to post-Soviet CA.

I argue that the U.S. is the only power whose significant security interests favor the promotion of cooperation among the five post-Soviet CA countries. Therefore, it is in the U.S. interests to create incentives, which will push the CA countries towards regional cooperation. I see the role of the U.S. as a motivating force for other great powers to
work together in the creation of an environment that is conducive to regional cooperation in CA. Due to the fact that security concerns are shared by both the five post-Soviet CA countries and the great powers, I argue that security cooperation can be a basis upon which the cooperation could start and extend further to other areas, such as the economic or political domains.

1.2. Theoretical Approaches to Regionalism, Security and Development

The theories that connect regionalism, security and development are the classical theory of regionalism and a new regionalism theory (NRT). Both traditional and new schools on regionalism agree on the positive role of regionalism; however, they each perceive of the notion of a region slightly differently and point to different factors as causes of regionalism. Traditional regionalism theories consider region as a politically motivated concept. Unlike traditional regionalism, new regionalism theories emphasize that region has a more complicated character and represents itself in different forms. Hettne and Soderbaum (2002) refer to Sweden as a good example because different parts of this country may be included in different regional spaces. Thus, Sweden’s “eastern parts turns ‘Baltic’, while the western turns ’Atlantic’ and the southern ’Continental’” (Hettne & Soderbaum, 2002, p. 38).

Both traditional and new regionalism theories stress the important role of external and internal factors in promoting regional cooperation. While traditional regionalism emphasizes the role of hegemonic outside power in promotion of cooperation, new regionalism stresses the role of internal factors pushing regional cooperation from inside. Accordingly, the object of traditional regionalism studies is regional institutions and
structures established as a result of interstate cooperation, while new regionalism focuses on bottom-up approaches to regional cooperation. From the traditional regionalism perspective, the emergence of the EU was caused by a combination of external and internal factors, while in the case of ASEAN, the cooperation was mainly externally driven, at least at the beginning. A favorable geopolitical context is also crucial to regionalism as well as the support of great powers. The latter is almost required if local countries have limited capacity and do not trust each other. In such conditions, the presence of an outside hegemonic power willing and able to push local countries to develop regional cooperation is the only possible first step on the way to regionalism.

Despite the potential benefits, many regional integration schemes have failed. The factors that determine the success of regionalism are the combined presence of both external and internal factors (figure 1).
Figure 1. External and Internal Factors Influencing the Pace of Regionalism
(based on indicators from Mattli, 1999)

Figure 1 shows that external factors driving regionalism may be of two types. It is either a global situation which favors development of regional cooperation or great powers that are interested in the promotion of regionalism. So, in the second case it may be a situation when great powers pursue certain political or security interests in this region, and to achieve this goal they make efforts to establish a certain regional regime. Another case is when the commercial and business interests of great powers are interested in a foothold in this part of the world.

While external factors are significant, they cannot promote cooperation and further integration if there is no support for it coming from regional countries. Therefore, internal factors are of a special importance. The basic point on which cooperation and the integration is likely to build up is a presence of a developed market economy. If there is
a developed economy within the region, other internal factors can foster regional cooperation. The first internal requirement of successful regionalism, according to scholars, is the presence of driving forces for it. It can be business interests or security concerns. While some scholars (Mattli, 1999) argue that the EU’s integration was mainly driven by market players who have “demand for regional rules, regulations, and policies” (p. 42), other scholars (Waltz, 1979) point out the important role of “the concern about securing peace” for success of the EU integration (Mattli, 1999, p. 5).

The second internal requirement of successful cooperation is that “the potential for economic gains from market exchange within a region must be significant” (Mattli, 1999, p. 42). From his point of view, to have gains, the regional economies should have a complementarity and large enough market for economy of scale. Only in this case will the local players be willing to promote cooperation to benefit from it.

The third internal requirement is “the presence of a benevolent leading country within the region seeking integration” (Mattli, 1999, p. 42). Mattli (1999) stresses this condition saying that success of cooperation requires some degree of sacrifice of a leading country which “serves as a focal point in the coordination of rules, regulations, and policies” and “eases tensions that arise from the inequitable distribution of gains from integration, for example, through side-payments” (p. 42). He also indicates that the leadership of this country must be uncontested (Mattli, 1999, p. 66).

If there is a balance between external and internal interests regionalism can definitely be promoted. Otherwise, the absence of some of these requirements will make the regionalism either difficult to promote or impossible. Scholars emphasize a role of
leadership in the success of regionalism (Mattli, 1999). Success of the regional scheme depends to a large extent on whether there are charismatic leaders who are willing to promote cooperation; if there are no such leaders, cooperation is unlikely to develop. Although this point is questioned by experts (Mattli, 1999, p. 5) who think that “even willing political leaders may be unable to supply regional institutions because of collective action problems” (p. 42), there is a common view that it is an asset to cooperation if there are charismatic leaders willing to promote it.

Depending on initial conditions and the global/regional context, regional initiatives serve different purposes. Traditional regionalism theories emphasize security issues and economic growth. According to traditional regionalism, in the EU an initial focus was to achieve economic prosperity, while ASEAN was originally promoted as a forum aimed at provision of security. New regionalism theories direct attention to the emergence of “a new monetary regionalism” meaning the desire of regional countries to take control over the financial situation within their region (Breslin, Hughes, Philips & Rosamond, 2002, p. 5). New monetary regionalism emphasizes common monetary policy as a regional response to external factors.

The most prominent theory connecting security issues with regional cooperation is the security complex theory developed by Buzan (1983). According to Buzan (2000), the closest nations form a security complex if there is “a distinctive pattern of security interdependence” (p. 5). It is up to their communication how the regional cooperation on security issues will go. If regional countries can reach compromises, a security complex will grow into a security community (positive outcome); if they cannot overcome
barriers, the security complex will be conflictual (negative outcome). A security regime offers a neutral outcome between the security community and conflictual complex. Buzan indicates that the way to achieve security is to go from security complex to security community. Consequently, a transformation of weak states into strong states is required.

According to Buzan, there are two levels of security complexes: the local (regional) level and the global (great powers) level, each of which has its own dynamic. Buzan points out that in many cases the global level has more influence on the local level; great powers consider the local dynamic as something secondary in regard to the relations among them. To avoid the penetration of outside powers in the region, the security threats should be solved by regional countries (Buzan, 2000, p. 3).

While at first this theory seems possible to apply to CA, its two conditions, which are required to form a security complex, put this assumption into question. According to Buzan (2000), the security complex is formed only if the regional countries interact with each other and have enough capabilities to form the security complex; this is the first condition. The second condition requires that great powers not be heavily involved in the region. “Overlay” exists when “the direct presence of outside powers in a region is strong enough to suppress the normal operation of security dynamics among the local states” (Buzan, 2000, p. 3). Such overlay is present in CA because the great powers are in the region and their interactions greatly affect the regional security dynamics. Therefore, it is doubtful if there is a local security complex in CA.

A new regionalism approach developed further the connection between security, development and regionalism. Two main features make up the essence of this approach.
The first feature is that there must be a “link between regionalism and security” (Hentz, 2003, p. 11). The second feature requires that “security and development are becoming converging concerns” (Hettne, 2003, p. 149). The new regionalism approach widely utilizes the notion of human security, which is a notion that is much broader than just military security; it includes measures against such non-traditional threats as diseases, violations of human rights and state failure. The new regionalism approach stands for human security, which is also development leading to common betterment, including social stability. As a result, security and development can be achieved if the security regionalism and the developmental regionalism are promoted (Hettne, 2000).

Hettne (2003) points out that “development concerns today, in the light of September 11, are being subordinated under security concerns” (p. 163). He says that “development becomes a tool rather than a goal in itself” and that politicians now prefer short-term oriented strategy over “long-term preventive strategy to avoid what later may result in a violent conflict” (p. 163). Thus, the new regionalism approach sees promotion of regionalism as the best way to achieve both security and development goals. It is also important that the new regionalism approach emphasizes the importance of long-term strategy.

Although I agree that there is a direct connection between development, security and regionalism, I disagree with new regionalism approach regarding the role of the great powers. Hettne (2000) developed the new regionalism approach from dependency theory; he modified it by further categorizing the three regions: neo-liberal regionalism in the core, open regionalism in the intermediate regions and security and development
regionalism in the periphery. Hettne (2000) agrees with dependency theory on the “different structure of interests between Core and Periphery” (Hettne, 2000, p. 63). Although Hettne is fundamentally right, I think at present there is a unique situation in CA: the interests of the so-called Core and Periphery countries are becoming similar. That is, the U.S., Russia, China, Uzbekistan, Kazakhstan to mention a few, share similar security concerns in regard to the situation in Afghanistan.

1.3. Relevant Theory

My research is done under the scope of critical political economy (a combination of development studies, security, international economics and IPE). The basic concept that was used is “a phased or ‘stage-theory’ approach” developed by Hurrell (1995, p. 73) and security as a low level of “regionness” of the NRT developed by Hettne and Soderbaum (2002). Hurrell’s ‘stages-theory’ emphasizes flexibility in the application of different theories, in other words that depending on the level of regionalism, it is useful to deploy that theory which helps better understand regionalism patterns in that area. Security is perceived as a low level of regionness because security is a main concern of states and, therefore, can be promoted at the state level. Economic cooperation, on the contrary, can be developed by both state and non-state actors; it therefore requires a higher level of regionness.

According to ‘stages-theory,’ hegemonic power can positively impact the promotion of regional development in its early stages. The U.S. is the only great power which is interested in the promotion of CA cooperation. Although there are considerable questions regarding the hegemonic status of the U.S. in the current world (Cohn, 2003;
Moeller, 2009), the U.S. is still powerful enough in military and political terms to take on the costs related to the organization of a broad coalition of countries working together on the provision of security and the creation of stability in the region. This, in turn, will bring both short-term and long-term benefits to all countries involved because modern and liberal ideas will take root in this part of the world making a liberal CA self-sustainable.

Thus, the approach I consider appropriate for CA is one in which security issues, including non-traditional ones, are a basis for further cooperation and the U.S. is the main driver of cooperative power. Security issues are important in CA but due to the socialist past of the local nations, security is directly related to economic and social stability of their societies. In post-Soviet CA there are not enough developed internal factors leading to sufficient regionalism. There is a relatively developed market economy and there are some institutions needed for regionalism such as the shared past, common culture and religion, linguistic closeness, developed labor forces and linkages among economic sectors, which can foster regionalism. However, there is lack of political willingness to foster cooperation at the state level. In such conditions, the environment conducive to regional cooperative can push the CA countries towards cooperation. The U.S., being a relatively hegemonic power, is able to do this and through that provide a spark to the processes of regionalism in CA, while later on the internal forces will play more important role in its further development.
1.4. Research Methods

This research is qualitative in nature; it is based on the study of multiple sources of information, such as documents, observations and interviews with Western experts. The decision to conduct interviews with Western experts was taken with the goal to minimize the effect of my positionality on the research results. Being a female scholar from the CA region, I wanted to balance my analysis of the U.S. legal and policy documents with the opinions presented by Western experts working on the CA issues. To collect data, I have applied the following qualitative methods: textual analysis (legal and policy documents), observations, and semi-structured open-ended phone interviews with experts that took place in December 2009.

A thorough literature review, including the study of reports prepared by USAID, the U.S. GAO, the RAND corporation, OECD (GAO, 2003; OECD, 2008; USAID, 2009), Hearings before the Committee of Foreign Affairs of the House of Representatives and the documents of the U.S. Department of State (U.S. House of Representatives, 1993, 1994a, 1994b, 2001, 2005, 2006, 2008) has been an important source of information. Data also include the analysis of statistics (UNCTAD, 2009; OECD, 2009; World Bank, 2009; USAID, 2009).

In order to prepare for interviews, first, I developed an interview schedule which consisted of open-ended questions. To ensure flexibility, I decided to choose the semi-structured form of interviewing because “this form … has some degree of predetermined order but still ensures flexibility in the way issues are addressed by the informant” (Dunn, 2005, p. 80). Second, I worked on purposeful sampling. To this end, I made a list of
experts in CA issues, such as the U.S. officials working on CA issues (the U.S. Department of State and U.S. embassies in the region), business people and representatives of the American Chambers of Commerce in CA, development workers, scholars specializing in CA issues, representatives of international organizations and networks (the World Bank institutions, EurasiaNet, Central Eurasia Leadership Academy) in CA and the experts of Economist Intelligence Unit (the UK) specializing in Eastern Europe and Central Asia, whom I want to interview. My list consisted of 25 names. I contacted them via email and invited them to participate in my project. I got positive responses from nine. They indicated their consent via email. After having received their consent, I contacted them by phone.

The interviews were conducted in December 2009. There were 10 open-ended questions. The length of each interview differed, and on average it was around 45 minutes. Then the interviews were coded for themes and analyzed qualitatively.

The list of open-ended questions given to experts during phone interviews included:

1. What are the priorities of the U.S. in post-Soviet Central Asia: security, democracy, political stability, or economic stability?

2. Has the U.S. taken efforts to promote regional cooperation among the five post-Soviet Central Asian states?

3. Should the U.S. promote international support for cooperation among the five post-Soviet Central Asian states?
4. If yes, what actions should the U.S. take to involve other countries to assist CA regionalism?
5. How can the U.S. engage Russia and China in this effort?
6. Who are the main American actors who are interested in the promotion of CA regionalism: state, military, business, or development workers?
7. Should the U.S. provide economic assistance to the countries of the region? What kind of economic assistance? To all of them?
8. If yes, to what areas should the aid go?
9. Is the CA regionalism favorable to American business and commercial interests? Or are bilateral relations preferable to regionalism for the American business and commercial interests?
10. Should the U.S. give military assistance to CA?

I assume that the U.S. can help the development of regionalism in the post-Soviet CA by working together with other great powers on the creation of an environment which will provide the region with security and also be favorable to CA regionalism. I call this environment external relations in security. The newly independent countries of the post-Soviet CA have not developed the culture of cooperation with each other yet. This lack of culture of cooperation may be to some extent explained by their location in a very conflictual environment where the great powers have conflicting interests. Therefore, the external relations in security are of crucial importance for the post-Soviet CA development. Regionalism in CA is directly connected with economic and social stability of the CA countries, and vice versa because only together the post-Soviet CA countries
can be strong in world politics and attractive in world trade and for foreign investments. The CA countries cooperation will bring prosperity to their people.

Figure 2. The Link between External Relations in Security and Regional Cooperation and Economic and Social Stability

Figure 2 shows the link between external relations in security and regional cooperation and economic and social stability. The external relations in security affect the pace of regionalism in the post-Soviet CA and its social and economic stability because there is not future without peace. Another factor showing why external relations in security are significant for the future of the five post-Soviet CA countries is that non-traditional security challenges, such as drug trafficking, spread of diseases, refugees and anarchy coming from the areas of unstable security can undermine the stability of the CA countries. Therefore, if external relations in security are peaceful and there are rules accepted by everyone encouraging all countries to act peacefully towards each other, the post-Soviet CA would develop regionalism and promote economic and social stability within the region. On the contrary, if the external relations in security are conflictual and
they do not orient the countries to solve their disputes peacefully, the regionalism in the post-Soviet CA would be impossible as well as its economic and social stability.

In the research, I focus on the relationship between external relations in security and social and economic stability and regional cooperation. The goal is to concentrate on their relationship to answer the following main research question:

In what ways can the U.S. presence foster development and promote regional cooperation in Central Asia?

The main research question being explored determines the working questions. There are two working questions (Q), with a number of subquestions:

Q 1. Has CA developed into a region?

Q 2. Do current US efforts lead to the promotion of regional cooperation among the five post-Soviet Central Asian states and social and economic stability of the Central Asian region?

Subquestion 1. Is the promotion of the cooperation among the five post-Soviet Central Asian states a priority of the U.S.’s CA strategy?

Subquestion 2. Are the efforts that the U.S. has taken in CA aimed at social and economic stability of the Central Asian region?

To find answer to the first question the regional profile of CA was examined. To answer the second question this author analyzed U.S. activities in CA. This part of the research is also based on interviews with contemporary U.S. experts. One of the interviewees did not provide permission to put his name. Therefore, the pseudonym “Turner” was used.
Chapter 2: Literature Review

There is an array of literature devoted to Central Asia (CA). For the purposes of convenience the literature on the investigated subject is divided into six blocks. The first block is made up of the papers depicting the influence that the U.S.’s presence or strategic interests in certain regions of the world have on their development. The literature presented in this part does not aim for deep analysis of the American influence, but to show the main trends, advantages and disadvantages for the regions where the U.S. is present or has strategic interests. The second block consists of the literature studying the U.S.’s regional interests in Central Asia (CA). The papers in this block are subdivided into two sub-groups. The reason for the division is the change in the U.S. priorities in the region. In the first years the main goal was to get access to mineral resources of CA and limiting the influence of other regional powers such as Russia and/or China. Later on the focus shifted to Afghanistan. Therefore, the literature of the second block consists of the papers analyzing 1) the geopolitical rivalry between the U.S., China and Russia and 2) the U.S. involvement of CA in its military and diplomatic efforts in Afghanistan. The third block represents the papers showing the U.S.’s bilateral relationships with the five post-Soviet CA countries. This literature explains the dynamics of bilateral relations between the U.S. and mostly Uzbekistan and Kazakhstan as these two countries are perceived as more influential within CA. Also, Turkmenistan being rich in oil and gas attracts a considerable amount of scholarly attention. The fourth block is made up of the literature showing the peculiarities of the five post-Soviet CA countries’ path of development. This literature consists of the papers studying the political, social and economic transition of these five countries through the prism of their
security interests. The fifth block is composed of the papers devoted to regional cooperation. Finally, the sixth block presents the methods that the experts applied in their research on CA.

2.1. The Influence of the U.S. on Development

There is a considerable amount of literature devoted to the issue of American presence in different parts of the world and its influence on local development (Adams, 2000; Cohen, 2005; Leamer, 1994; Pach, 1991; Wishnick, 2002). A substantial amount of research considers such activities of the U.S. as measures aimed at the promotion of its own military, political and economic interests; only a small part of the works see these activities as the altruistic promotion of development in the areas where the U.S. is present. This pattern is in no way unique, it is common to most donor countries. The research conducted by Neumayer (2003) shows that “economic interest in the form of exports and military-strategic interests … are often statistically significant determinants” of aid allocation for the majority of countries providing aid (p. 96).

There is a significant amount of literature devoted to the role of military aid and military bases (Baker, 2004; Hartley & Sandler, 1995; Pach, 1991). While U.S. military bases can play a significant role in U.S. domestic development (Kirby, 1992; Warf, 1997), there is no consensus regarding the impact of U.S. military bases on foreign countries’ development. Some experts positively assess the presence of U.S. military in both security provision and developmental terms. One such positive example of U.S. military presence is West Germany, which has hosted the U.S. military since the 1950s. Baker (2004) for instance, points out that the U.S. military have assisted “in emergencies such
as earthquakes and floods” and established “connections with host communities through public events” (p. 174), but does not necessarily bring desirable measurable changes to the host country’s development.

Experts generally agree that the idea behind military bases is not to promote development but to achieve some mutual political or security goals. The bases usually serve the interests of the host country’s elite; therefore, political tradeoff and motives are behind the agreements about the establishment of bases. These agreements often lack public support; as a result, the U.S. military has not always been welcomed by the people of host countries (Baker, 2004). Baker (2004) further warns that such attitudes towards U.S. military personnel may worsen as new U.S. bases are located in increasingly hostile environments.

There is a wide range of opinions regarding the U.S. non-military foreign assistance. U.S. non-military foreign assistance reveals itself in three main forms. The first form is the developmental assistance aimed at promotion of “long-term social and economic progress in poor countries” (Adams, 2000, p. 2). The second form is the Economic Support Fund which “is more explicitly structured to advance U.S. political and security objectives” (Adams, 2000, p. 6). Finally, the Food Aid program was created to assist countries experiencing food shortages (Adams, 2000).

The analysis of the publications on U.S. non-military aid shows its four main features. First, despite a common opinion that the U.S. assistance is a heavy burden for American taxpayers, the U.S. in fact spends relatively little on foreign assistance. According to Adams (2000), “assistance is actually one of the smallest public
expenditures, representing less that 1 percent of the federal budget” (p. IX). Secondly, economic aid is generally perceived to have impact on the pace of development; yet, the scope of this impact depends on the significance of the recipient country to the U.S. Experts point out that the decision regarding allocation of the U.S. foreign assistance is based on political and economic interests of the U.S. and to a small extent by the desire to promote development in other countries. Neumayer (2003), for instance, notes that there is a direct correlation between U.S. foreign policy goals and strategic interest in a certain country and the amount of U.S. aid received by said country. Adams (2000) states that economic, political and development motivations are all under consideration when the decision regarding aid is taken in the U.S., nevertheless developmental needs of the recipient country obtain little attention. The White Paper “U.S. Foreign Aid. Meeting the Challenges of the Twenty-first Century”, the unofficial document published by USAID, also indicates that U.S. foreign assistance aims to achieve five goals, one of which is “supporting U.S. geostrategic interests” (USAID, 2004, p. 5). Thirdly, among three forms of non-military assistance the Economic Support Fund is the most politically motivated. The Economic Support Fund, which is administered exclusively by the State Department through its Embassies worldwide, offers “economic assistance to allies and countries in transition to democracy …and financing economic stabilization programs” (USAID, 2007). According to Adams (2000), this aid is focused primarily on “strategic allies or countries which host U.S. military bases” (p. 6). Fourthly, assistance, while important, cannot solve all problems, therefore, it is considered to be complementary to other policies aimed to develop a country. In this sense the capacity of the recipient state
as well as availability of the institutions which can promote development are critical. In
the conditions when a country lacks such capacity or institutions, economic aid has
usually a negative influence on local development. Although experts point out the
importance of good governance for a country to get aid, studies show that for many
donors either only one aspect of good governance, such as human rights, corruption,
excessive military expenditure is important, or none of them are important at all
(Neumayer, 2003, p. 88). According to Neumayer (2003), democracy is only one aspect
of good governance that plays a significant role in the U.S. decision-making regarding
aid allocation (p. 82).

In 2004, the U.S. Congress established the Millennium Challenge Corporation
(MCC), which is an independent aid agency. The goal of the MCC is to provide aid to the
countries which have high poverty rate but good capacities to spend aid efficiently.
Kyrgyzstan is the only post-Soviet CA country which is getting aid from MCC threshold
program. USAID is “currently the primary agency overseeing the implementation of the
Threshold Program” (MCC, 2010).

Thus, to be efficient, military and non-military aid should be delivered in amounts
sufficient to bring about changes and to the countries that have capacity and institutions
to utilize this aid in an efficient way. These are good criteria for development of the
assistance policy; yet, both military and non-military aid is usually provided to the
countries where the U.S. has significant geostrategic interests.
2.2. Literature on the U.S. Interests in CA

Politically and geopolitically post-Soviet Central Asia is widely held to be extremely significant (Demirbag, Gunes & Hafiz, 1998; O'Neil, 1998). In terms of economic and business attractiveness, the Central Asian region is considered as one of the most promising and developing regions of the world (Demirbag, Gunes & Hafiz, 1998; O'Neil, 1998). Therefore, since 1991 when the CA countries became independent the US has been trying to increase its presence in the region (Blank, 2001; Jonson & Allison, 2001; Olcott, 2001; Tabyshalieva, 1999; Wishnick, 2002).

At the beginning, the U.S. activities in the region were mainly driven by geopolitical reasons (strategic interests). The geopolitical position of CA between China and Russia, on the one side, and between Iran, India and close to Middle East, on the other side, prioritizes for U.S. policymakers a region rich in oil and gas. The main idea was to assist political and economic transformation of local countries in a pro-Western way.

In addition to geopolitics, the energy resources of the region made it extremely attractive to the U.S. whose policy was aimed at diversification of energy supplies. Political efforts were taken to develop new infrastructure bypassing Russia. Economic and business interests of the U.S. in the region were mostly limited to energy-sources (Cutler, 2007).

Literature on the U.S. interests’ in CA of that period is dominated by a neo-realist approach. The main focus of these studies is the interests of great powers such as the U.S., China and Russia in CA, their actions toward the region, and their relations with
each other regarding CA (Allison, 2001; Blank, 2001; Choo, 2003; Jonson & Allison, 2001; Sperling, 2003). The fact that Kazakhstan inherited nuclear weapons from the USSR was a main concern of the U.S. policy regarding CA at the beginning (Cutler, 2007). After US-Kazakh cooperation successfully diminished this threat the energy resources of CA became a priority number one for the U.S. strategy for a long period.

It is extremely significant that the great powers had both the same pretext and real interest to get involved in CA. Pretext was the concern for the potential instability that the countries of the region have had. This concern acted as the main cause for the great powers to be involved in the region. For instance, Choo (2003) points out that “American, Chinese and Russian interest in Central Asia is driven by the fragility of Central Asian regimes and the potential threat they pose to regional stability” (p. 107). Real interest was the need to have “stable and reliable source” of energy (Choo, 2003, p. 107). To pursue their national interests efficiently the great powers developed strategies aimed at deeper collaboration with the five post-Soviet CA countries; these strategies have been in the form of great powers–led partnerships on security issues. Thus, the desire to secure access to oil and gas resources, being a main target of the foreign policies of the great powers, drove efforts to incorporate local countries in their security systems. It is not surprising, therefore, that many papers are devoted to the analysis of factors affecting CA security as well as the security alliances and unions established in CA (Blank, 2001; Horsman, 2001; Johnson & Allison, 2001; Malashenko, 2001; Olcott, 2001).
Experts point out that there are a substantial number of security threats in CA (Johnson and Allison, 2001; Olcott, 2001), including both external and internal threats. Among the external threats, Johnson and Allison point out Afghanistan as an “immediate challenge” because of “its role in exporting instabilities beyond the Afghan frontiers” (p. 6). According to Johnson and Allison, the role of great powers is ambiguous. It may be possible for both the positive influence of great powers on CA security and its development and the negative influence in the form of rivalry between great powers to lead to the deeper division of local countries. In addition to external factors causing instability, there is “a wide variety of internal sources of instability within Central Asia” (Johnson & Allison, 2001, p. 4). These are the possibilities of ethnic conflicts (Olcott, 2001), a rise of poverty (Lewis, 2008), and an increasing demand for scarce water resources (Horsman, 2001), to mention a few. This combination of external and internal factors makes the likelihood of conflicts within CA higher than the likelihood of cooperation. The competing alliances led by regional powers Russia, China, and the U.S. are examples of such conflicts.

The alliances existing in CA are the subject of many scientific investigations. Due to the research objective of this study, only the publications whose focus is the U.S. efforts aimed at the involvement of local countries in the Atlantic security system were analyzed (Allison, 2001; Burghart, 2007; Johnson & Allison, 2001). The U.S. mechanism for the CA countries’ involvement in the Atlantic system is the Partnership for Peace (PfP) which was established on the basis of NATO to initiate cooperation
between NATO and Eastern European and post-Soviet partner-countries. All five post-
Soviet CA countries became members of the PfP. According to Allison (2001):

A potentially important function of PfP activities in Central Asia has been the
couragement of nascent regional security processes under the Central Asian
Economic Community by offering a framework for joint exercises, particularly
for regional rivals Kazakhstan and Uzbekistan, and by providing technical support
for the formation of Centrasbatiii. In this sense the PfP has been working to
overcome the lines of division in the region and to build habits of regional
military cooperation. (p. 232)

Although the idea was good and the beginning was promising, the realization of the idea
was not successful for a couple of reasons. First, the PfP mechanism has not been that
attractive to the five post-Soviet CA countries because the PfP did not provide a security
guarantee and its functions were limited to “those of education, political consultation,
confidence building and preventive diplomacy” (Johnson & Allison, 2001, p. 20).
Secondly, it lacked sufficient funding as the countries, which are the members of NATO,
did not consider CA among their top security priorities. These two reasons led to the
situation that by 2000 the popularity of the PfP among post-Soviet CA countries fell, and
they openly showed their preferences to maintaining bilateral military relations with the

After 9/11 the region became extremely significant for the U.S. as the fight
against terrorism turned into a number one policy priority (Cohen, 2005; Mahnovski et
al., 2008; Rumer, 2002; Wishnick, 2009). The proximity to Afghanistan and relatively
developed military infrastructure played a role in CA’s attractiveness to the U.S. and
NATO. Since that time the number of academic articles, books, and policy papers aimed
at making U.S. policy in the region more efficient have increased significantly (Burghart,
Among these publications, a considerable number are reports prepared and published by international organizations and American think tanks (Byrd & Raiser, 2006; Mahnovski et al., 2008; Wishnick, 2002, 2009).

Many experts emphasize that presently the main concern of the U.S. in the region is Afghanistan. To that end, the five Post-Soviet Central Asian countries’ primary importance to the United States is an extension of U.S. policy in Afghanistan. Experts also remind us that CA also remains nonetheless important because of its energy resources and geopolitical location (Legvold, 2003).

Since 2001 the potential role of the U.S. in CA has been reanalyzed by experts. In the early 2000s, experts pointed out that U.S. became “the region’s main economic donor and security manager” (Rumer, 2002, p. 57), but now such statements are quite rare. Now more experts agree on one basic point, which is that “the United States will not be able, in the long term, to remain a regional hegemon in Central Asia and the Caucasus” (Cohen, 2005, p. 7). There are many reasons for that. Most often experts point out that the U.S. cannot be a hegemon in the long term is the necessity to spend more of financial and economic resources domestically to support the U.S. economy, on the one hand, and the increasing influence of China in CA, on the other.

The potential and the importance of the five post-Soviet CA countries have been reexamined as well. In early 2000s there were a wide range of studies where some were optimistic about the future of U.S – CA cooperation, while others were, to some extent, pessimistic. One of the optimistic opinions was expressed by Garnett (2003) who pointed
out that the U.S. security interests should lead to the development of dialogue with CA countries and help them to overcome the barriers to their “political and economic liberalization” (p. 228). This dialogue, according to Garnett (2003), means a lot for the U.S. because it helps U.S. leaders “to think more systematically about when and how they can most effectively lend a hand in ways promoting stable, positive change” (p. 228). The example of a more pessimistic point of view is the article by Rumer (2002). Rumer pointed out that “the US embrace of Central Asian regimes is likely to entail American responsibility for regional security and stability, including support of authoritarian, even dictatorial regimes” (p. 66). This support may lead to the same situation that happened in Egypt and other countries where the U.S. supports secular but corrupt regimes (Rumer, 2002, p. 66). Moreover, according to Rumer, the U.S. would bear a high cost to be a primary driver for the economic development of CA. He notes that “the goal must be sustainable development” (p. 66), but “even with resources and commitment by the United States, there is no guarantee of sustainable economic growth in Kazakhstan, with its entrenched clans and mafias and pervasive corruption, or in Uzbekistan, which is no less corrupt and where reforms have stalled and the old Soviet-style command economy still exists” (p. 66).

Unlike the publications of early 2000s, the recent publications on CA are mostly pessimistic. One of the extremely pessimistic is the research conducted by Lewis (2008). Lewis whose research definitely cannot be considered within the realist framework, criticizes the U.S. and western strategy towards CA for being opportunistic regarding democratic values and carrying out a policy aimed at the exclusion of Russia. In Lewis’s
opinion, the cooperation of the U.S. with non-democratic regimes of CA has undermined the trust of CA people towards the US. According to Lewis, the policy aimed at exclusion of Russia was wrong from the beginning. He states that “US trade projects tried to bring the five Central Asian states into agreements that had nothing to do with their predominant trading partners to the east and the north, and offered complex infrastructure projects that tried to link Central Asia to Afghanistan and Pakistan, but seemed to deny the commercial advantages to Central Asians of their economic ties to the north” (p. 230). This policy could not lead to the desirable result which is to make the U.S. more attractive to the CA people because the U.S. could not compete with Russia in the region in either economic area or in public relations. The U.S. could not invest more than Russia could because the CA economies are not attractive to the U.S. business, except for business involved in the extraction of mineral resources. Those U.S. companies that may be willing to work in the region are constrained by “US legislation that outlawed corruption, and US corporate governance” (p. 230) and consequently cannot compete with Russian and Chinese companies “who had few qualms about playing according to local rules” (p. 230). Although the U.S. has provided aid to CA countries, these efforts of the U.S. have been invisible to ordinary people. Russia, unlike the U.S., has myriad connections with CA people through labor migration, common media area, trade relations and therefore, its influence was noticeable for ordinary people. Lewis illustrates it with the example of Kyrgyzstan where the massive U.S. aid and charities could not change the public distrust towards the U.S. and where Russia is still perceived as a main ally by ordinary people (p. 227). In general, Lewis concludes that the policy of exclusion of
Russia created a vacuum which is now being filled by “nationalists and Islamists” whose ideas are getting popular among the impoverished younger generation of Central Asia making them, consequently, “even more alien to the West than those of their parents’ generation” (p. 236).

As it was mentioned above, Lewis’s research is pessimistic in regard to the future of both current regimes of CA and the U.S. strategy in CA. Although many of his points are valid, this author finds his analysis exaggerates the actual situation and misleads his readers. For instance, his statement that the cooperation of the U.S. with the current regimes of CA has resulted in less trustier attitudes of CA people towards the U.S. does not reflect reality. The U.S. activities and involvement in CA are still perceived by CA people as one of the limited opportunities promising better future to them. The U.S. is perceived as the power that balances international relations in CA. Other studies represent more balanced opinions (Rumer, 2002; Wishnick, 2009). There are different suggestions that experts give on how the U.S. can achieve its goals in the region.

First of all, experts recommend the U.S. work together with China and Russia in the region (Mahnovski et al., 2008; Rumer, 2002; Wishnick, 2009). While earlier publications called on prevention of “attempts by Russia or other external players to establish political and economic hegemony in Central Asia” (Tabyshalieva, 1999, p. 42), nowadays experts point out that “the United States has limited ability or interest in becoming a regime patron” (Mahnovski et al., 2008, p. XX). The U.S. is powerful enough to be a significant actor in the region and have influence on its political and economic development but would be more successful if it worked with Russia and China.
The wars in Iraq and Afghanistan as well as the world economic crisis have significantly decreased the amount of resources available for the U.S. to use in the region. In addition, the public support for the war in Afghanistan has continued to erode since the campaign began. Therefore, according to experts, the U.S., knowing its own limitations, should focus on cooperation with China and Russia regarding its actions in Central Asia.

The second suggestion that experts give is that the U.S. should work together with the EU in the region. There are some contradictions regarding this advice as experts at the same time recommend the U.S. take a realistic approach. This so-called realistic approach means that the United States should maintain bilateral relations with the countries of the region because this is the only possible efficient way to achieve results in a region filled with mutual distrust. In contrast, the EU’s policy towards the region prioritizes a regional approach in dealing with CA. This approach reflected itself in the form of the New Partnership established between the EU and CA in 2007. How these completely different approaches may work together is not clear.

The third conclusion made by experts is that such traditional tools of American foreign policy, as military and economic aid, are not very efficient in Central Asia. Some publications call for basing U.S. military aid on the region’s political reforms, democratization and human rights performance while admitting, however, that there is “little grounds for optimism” (Mahnovski et al., 2008, p. XIX). The same with economic assistance. Theoretically, scholars point out its importance (Akiner, 1996), indicating, however, its limited effect due to a high level of corruption at all levels of government in local countries (Lewis, 2008).
The fourth conclusion made by experts is the critical role of Uzbekistan in the U.S. interests in the region. Such attention stems from Uzbekistan’s geographical location, large population, and economic and military potential (Mahnosvki et al., 2008; Jonson & Allison, 2001). Experts warn that if Uzbekistan fails, it “would result in major regional problems and undermine broader U.S. goals, such as counterterror and counternarcotics strategies” (Mahnosvki et al., 2008, p. XIX). Although the role of Uzbekistan is critical for the U.S. interests in CA, experts point out that Uzbekistan is highly unstable. According to Lewis (2008), the main cause of instability is an economic model chosen by the government of Uzbekistan which has led to the impoverishment of the majority of its population. Uzbekistan is the most populous country of CA. The dissatisfaction that the population feels about economic conditions is a main cause of decreasing trust in a secular government and the rise of Islamic radicalization. Such tendencies in the Uzbek society and alliance of the U.S. with the current regime, according to experts, may damage the long-term U.S. security interests in CA (Lewis, 2008). Therefore, bearing in mind that Uzbekistan’s stability is crucial for development of the region, the U.S. should develop relations with Uzbekistan carefully.

Thus, the U.S. has significant national interests in CA. These are strategic interests (geopolitics), security interests (proximity to Afghanistan and the potential for instability within the five post-Soviet countries of CA), and economic interests (mineral resources and opportunities for business). While in the 1990s the strategic and economic interests took priority in the U.S. strategy towards CA, in the 2000s the focus shifted to security interests that have become number one among the U.S. priorities in CA.
Afghanistan is important for U.S. security interests, experts warn that close relations with current regimes of the five post-Soviet CA countries may bring more disadvantages than advantages.

**2.3. Literature on the U.S. Bilateral Relationship with CA countries**

The papers devoted to bilateral relations between the U.S. and the post-Soviet countries of CA are relatively small in number. The bilateral relations literature is usually part of the papers whose main focus is US security or energy interests (Rumer, 2002) or the geopolitical situation in Central Eurasia (Intriligator et al., 2005). There are several exceptions; these are, for instance, the research conducted by Daly, Mepen, Socor and Starr (2006) in which the focus is the dynamics of the relationship between the U.S. and Uzbekistan. Other exceptions are the book edited by Legvold (2003) and the research conducted by Weitz (2008) where the relations between Kazakhstan and great powers were investigated.

In this literature all five countries of the region have obtained attention because they all are important to U.S. interests in CA. Nevertheless, Uzbekistan and Kazakhstan have been studied more than others (Deyermond, 2009; Legvold, 2003; Rumer, 2002; Weitz, 2008). Uzbekistan has been studied extensively due to its geopolitical role in CA; Kazakhstan because of abundance of mineral resources and economic potential. The situation in Turkmenistan as well as Kyrgyzstan and Tajikistan’s situations have been also investigated (Akcali, 2005; Blank, 2007). The focus of research on Kyrgyzstan has been mostly geopolitics and the path of its democratic development (Tabyshalieva, 2010); the most studied issue on Tajikistan is reconciliation with Islamic movement.
(Heathershaw, 2009; Jonson, 2006); the neutrality of foreign policy and energy resources are issues which have obtained most attention regarding Turkmenistan (Blank, 2007). Also, Kyrgyzstan and Tajikistan are the focus of many studies because Kyrgyzstan has played host to a U.S. air base and Tajikistan is a front-line country with Afghanistan.

A substantial part of the literature is made up of papers describing the relations between United States and Uzbekistan (Deyermond, 2009; Rumer, 2002). The reason for that is the geopolitical importance of Uzbekistan for security and energy interests of the U.S. as well as the potential influence of Uzbekistan on CA’s development. Although Uzbekistan is important for U.S. foreign policy strategy in CA, the relationship between the two countries is not well-balanced. The U.S. and Uzbekistan have gone through different periods. Being friendly and supportive in the first years of gaining independence by Uzbekistan, they reached their peak in 2001 when the United States needed support from the CA countries located close to Afghanistan. In 2002, the Agreement on Strategic Partnership was signed making the relationship between the two countries especially close. In 2005, however, the relationship worsened after the Uzbek government used weapons against protestors in one of the Uzbek cities – Andijan, leading to casualties among its civilian people. This was followed by demands from the western countries, including the U.S., to carry out an open investigation of this case.

The Andijan case was a significant event for American critics of the country’s policy of support to Uzbekistan. Human rights activists as well as representatives of the Department of State expressed their dissatisfaction with the cooperation of the U.S. with the Uzbek regime, which, according to human rights groups, did not follow its promises
signed in the Agreement on Strategic Partnership. The Uzbek government refused international investigation, and in 2005 the Uzbek government asked the U.S. to close its base located in Uzbekistan.

Since 2007 the relationship between the two countries has been constantly improving. The reason for that is the instability in Pakistan and the necessity for the U.S. to have a safe way to Afghanistan. The negotiations regarding the Northern Distribution Network (the way to get Afghanistan through Russia, Kazakhstan, and Uzbekistan) and the support that the U.S. got from Uzbekistan were the main reasons for the improvement of bilateral relations.

Despite some tensions in security and political relations between the U.S. and Uzbekistan, these relations are relatively successful because the two countries share similar security concerns. The picture is not that encouraging in the economic realm. There are plenty of concerns that U.S. officials point to; one of the main concerns is the economic model chosen by Uzbekistan. It is perceived as slow and less market-friendly. Another concern of the U.S. regarding the Uzbek political system is lack of transparency and good governance institutions (U.S. House of Representatives, 2008).

Cooperation between the U.S. and Kazakhstan has been smoother. At the beginning, in the 1990s the U.S. assisted Kazakhstan in the removal of its nuclear weapons that the country inherited from the Soviet Union. Later on the focus shifted to energy resources. Political relations between the U.S. and Kazakhstan have undergone different periods, including several ups and downs in bilateral political relations. If in early 1990s Kazakhstan having Soviet nuclear weapons was a main priority for the U.S.
policy in CA, then, in 1994-1996, according to Legvold (2003), the focus shifted to Uzbekistan because Uzbekistan “was the most open to partnership with the United States” (Legvold, 2003, p. 96) making Kazakhstan “along with Uzbekistan … only one of two U.S. policy axes in the region” (p. 92). In 1999, the relationship between countries worsened as the U.S. expressed its concern regarding the level of democracy in Kazakhstan. Finally, after 2001 the role of Uzbekistan increased for the U.S. making Kazakhstan stand “in Uzbekistan’s shadow” (Legvold, 2003, p. 96).

The reason for such fluctuations in relations between the two countries was the changes in U.S. priorities in the region. At the beginning the U.S. was more anxious with the solution of Kazakhstan’s nuclear weapons problem and geopolitics. Being the largest country of CA and having rich mineral resources, Kazakhstan could play an important role in U.S. strategy aimed at constraining the influence of Russia and China in CA. This was exactly what Kazakhstan was looking for. Kazakhstan perceived in 1990s the security system in CA as a system that should be based on Kazakhstan’s leadership and the support of great powers (Abazov, 2005, p. 233). In the 2000s, however, the emphasis of the U.S. strategy in CA shifted to the war against terrorism. In this war Uzbekistan, which is located near Afghanistan and inherited relatively good military bases of the USSR, has been a much better partner for the U.S. than Kazakhstan. Also, it was important that Uzbekistan shared similar concerns with the U.S. regarding security as Uzbekistan was the target of several terrorist attacks. Unlike Uzbekistan, Kazakhstan’s security concerns are different and are related to getting more economic and pipeline infrastructure independence from Russia, decreasing its level of vulnerability from Russia
because of the presence of a large Russian diaspora in its population, and finding balance to the increasing Chinese influence in the region. At the same time it would be wrong to say that Kazakhstan does not see any threat in the radicalization of Islam. On the contrary, Kazakhstan considers Islamic militants as a real threat and participates in arrangements aimed at the establishment of a reliable security system in CA. Kazakhstan, for instance, provided help to Kyrgyz military forces in their fight against Islamic militants in 1999 (Abazov, 2005, p. 232). The difference is that Kazakhstan has never faced a direct military threat coming from Afghanistan while such a threat was real for Uzbekistan, Tajikistan and Kyrgyzstan.

Thus, in general the bilateral relations of the U.S. with both Kazakhstan and Uzbekistan have not been smooth. The exception is economic relations in the energy sector between the U.S. and Kazakhstan. Although CA countries have had “a greater interest in the United States as a patron than Russia or China” (Rumer, 2002, p. 63), the main point negatively affecting the relationship is the U.S. stance towards human rights and democracy. The criticisms of the level of democracy in CA countries expressed by the U.S. officials have usually leaded to the worsening of bilateral political relations.

2.4. Literature on the Transitional Models of CA Countries

There are also a considerable number of studies exploring the situation in post-Soviet Central Asia. One group of this literature is devoted to regional problems (Kissane, 2009). Describing regional problems, the experts are unanimous in the priority of security issues (Sperling et al., 2003). The majority of experts place economic development second (Matveeva, 2006; Mahnovsli et al., 2008) while a small number of
experts thinks that development of good governance is “a pre-requisite for long-term economic well-being” (U.S. House of Representatives, 2008, p. 11). Some experts also point out that the level of economic interdependence and similarity in values lead to the incorporation of CA into other (bigger) regions.

Another group of literature directs attention to the differences in economic and social models chosen by the countries of the region (Blackmon, 2009; Liczek & Wandel, 2009). Similar to the literature on bilateral relations, all countries of the region obtained attention. Due to Kazakhstan, Turkmenistan and Uzbekistan’s potential to influence regional patterns, the papers which focus on Kazakhstan, Turkmenistan and Uzbekistan’s models were studied in this review. Experts point to the big difference between the model chosen by Kazakhstan, on the one side, and the models chosen by Uzbekistan and Turkmenistan, on the other side. While Kazakhstan has chosen a mostly neo-liberal strategy aimed at openness and maximum involvement in the world economy, Uzbekistan’s and, especially, Turkmenistan’s strategies have been characterized by less involvement, an active interventionist state and more emphasis on social welfare.

Experts point out that there are some differences between the Uzbek and Turkmen models. The government of Turkmenistan has chosen a policy of closeness and neutrality in foreign politics and a “Kuwaiti model” (oil-driven economy) in economic policy (Akcali, 2005, p. 97). The Uzbek model is slightly reminiscent of a developmental state because the Uzbek state has promoted certain sectors of industry (automobile industry) and protected them with a system of high tariffs. In the Uzbek case, though
unlike Japan or other newly industrialized countries (NICs), the tariffs are much higher and there is a lack of incentives to switch to an export-oriented strategy.

Also, experts are not unanimous in the assessment of the Uzbek model. While one group of experts sees that there were objective reasons for the Uzbek government to choose its current economic model and that this model was relatively successful in the 1990s (Pomfret, 2007; Spechler, 2008), the other group assumes that the current Uzbek model is beneficial for its elite and therefore Uzbekistan is slow in liberalizing its economy (Lewis, 2008). The experts of the first group point to two main reasons for the Uzbek slowness in the reformation of its economy. The reasons are Uzbekistan’s position as a regional center promoted during the Soviet times, and the large size of its population (Cutler, 2007, p. 99; Pomfret, 2007). Being "the regional capital of Soviet Central Asia”, Uzbekistan, according to Pomfret (2007), had better soft and hard infrastructures and consequently had more options to choose and more time not to start reforms. Moreover, “the history of regional administration has contributed to a stronger sense of independence in policy-making” (Pomfret, 2007, p. 319). The fact that Uzbekistan is the largest country of CA in population made the government of Uzbekistan avoid “shock therapy” which could have led to social unrest. Once starting to carry out such policy, the government of Uzbekistan became doomed to maintain it further even if it has been extremely costly.

Although there are significant differences in economic models, experts point out that political regimes of all post-Soviet CA countries are in general similar. The features that all countries share are a high concentration of power in the hands of the president and
his inner circle, low level of transparency or lack of it, and a high level of corruption, to mention a few (Rumer, 2002). Kazakhstan, for instance, is criticized for its poor democratic score (U.S. House of Representatives, 2008, pp. 8-11). Nevertheless, Kazakhstan and Kyrgyzstan’s political regimes are perceived as more liberal and the former’s system is viewed as relatively stable. Unlike these two countries, Uzbekistan is described as highly unstable. Lewis (2008) describes Uzbekistan as a kleptocratic state where the economic system is set up to benefit a small group of people close to the president.

Thus, the literature of CA countries’ models of economic development indicates their differences. While the Kazakh model is generally perceived as successful and market-friendly, opposite opinions dominate the analysis of the Uzbek and Turkmen models. For instance, Uzbekistan’s strategy is usually labeled as non-reformist. Economic models of Kyrgyzstan and Tajikistan are assessed as more market-friendly; however, experts point out a high likelihood for them to convert into failed states. Despite economic differences, the political system of the countries is generally similar and lacks efficient democratic institutions.

2.5. Literature Devoted to Regional Cooperation

A considerable amount of research on CA consists of the studies of Central Asian cooperation (Allison, 2004; Bohr, 2004; MacFarlane, 2004; Olcott, 2001; Sperling et al., 2003). CA countries’ experience of regional cooperation is discouraging. There were several attempts to develop regional cooperation by the countries of the region; yet, they all were not successful. The first attempt goes back to 1994 when the Central Asia
Economic Cooperation Organization (CAEC) was created, but being inefficient, despite some tries to reinforce it, it eventually failed. A second attempt was made in 2007 when the President of Kazakhstan and the President of Kyrgyzstan agreed to form a bilateral Central Asian Union. This idea being supported by Tajikistan did not obtain any attention in Uzbekistan and, consequently, failed as well. Given that attempts to develop regional cooperation failed several times, experts have concluded that in CA at this moment, it is too early to speak about the possibility to develop regional cooperation.

According to experts, cooperation is unlikely to be promoted in CA because of the following bottlenecks. The first bottleneck is that CA is not established as an independent unit in either security or economic terms. Allison (2004), for instance, questions if “Central Asia even has the attributes of a region in terms of its security interactions” (p. 481) stating that:

In response to core external security concerns the Central Asia states have tended to bandwagon either Russia... or with the United States. Serious security challenges within Central Asia itself have hardly been addressed at all on an exclusively regional basis (that is, without the involvement of major external powers. (p. 467)

Another expert, Sperling (2003), states that CA’s “less sophisticated national economies are not integral parts of the international economy” (p. 18). Doubts regarding CA as an established region stem from the CA countries’ short history of independence. Despite the benefits of cooperation associated with their interconnectedness, the short period of independence resulted in their unwillingness to give up any part of their sovereignty rather than in creation of an efficient body promoting cooperation. The second bottleneck that experts point to, therefore, is a lack of a mechanism allowing the
taking of collective action. Without the ability to compromise and develop collective action, any rhetoric about cooperation is just empty words. Unfortunately, in Central Asia in particular and in Central Eurasia in general “many new states jealously guard their decade-old sovereignty” (Sperling, 2003, p. 18). Therefore, Olcott (2001) labels the notion of a Central Asian Union as a “myth” in light of the suspicions harbored by ethnic groups and ethnic leaders regarding one another. The explanation that experts found out as to why states are so unwilling to give up their sovereignty, as mentioned lies in their history and values. This is, hence, the third bottleneck of regionalism in CA. Matveeva (2006), for instance, points out that “the states of Central Asia are unlikely to grow together in a regional integration dynamic reminiscent of Eastern Europe, as the social fabric of the societies and the structure of incentives is very different” (p. 110).

Competition and suspicion definitely play negative roles in CA regionalism. Therefore, the first two bottlenecks reflect reality and they need to be overcome if CA regionalism is to be promoted. As to the third bottleneck which points to the different value system, it is presented weakly. Matveeva states that the value systems of CA and Eastern Europe are different. It is difficult not to agree with her, as value systems are different everywhere. Yet what is important is that if people of different areas share similar strategic values. Under the term strategic value is meant the values that make people, for instance of Spain and Norway, similar, such as their high value of democracy, rule of law and free market. These strategic values are identical in both CA and Eastern Europe. It is possible to say that the values of Eurasia are different from those of Europe. Sperling et al. (2003), for instance, point to the difference of Eurasian values in
compared to European values. Unlike Matveeva, Sperling et al. (2003) makes this conclusion on the basis of the analysis of the whole Eurasia, which is large and consists of such completely different cultures as Russia, China, Iran among others. Matveeva, on the other hand, makes her conclusion on the basis of the study of CA (which is in her case limited to the five post-Soviet CA countries) without providing any evidence supporting her words. She does not clarify either what she means under “regional integration dynamic” of Eastern Europe or the difference in the structure of incentives of the two regions.

Thus, political, economic and cultural factors are all serious impediments to regional cooperation in CA with the most important barrier being the political factor. Under the term political factor experts refer, however, to somewhat varying notions. MacFarlane (2004) assumes a misunderstanding and rivalries between the leaders of all regional countries as a main political obstacle (p. 460). Olcott (2001) sees that “majority of Central Asian leaders do not have any special sympathy of each other” (p. 8). Allison (2004) thinks that “Central Asian leaders have been hesitant and inconsistent in formulating regional agendas” (p. 463). Finally, Borisova (2004) sees some sort of competition between the leaders of two countries – Uzbekistan and Kazakhstan - as a factor negatively influencing cooperation (p. 166). With regard to the economic impediments to regional cooperation in CA, experts point out that the export productions of CA countries are quite similar or overlap and thus are in competition. This serves as an obstacle to the promotion of economic cooperation (Bohr, 2004, p. 496; Olcott, 2001, p. 32).
Culturally, Central Asian countries are at times as different as they are similar, and certainly all share different historical experiences, which continue to shape their unique cultural identities. For example, MacFarlane (2004) states that “a shared culture and shared values … may also promote cooperation; the lack of cultural community or, more intensely, the existence of significant cultural disparities can operate as a significant obstacle to collaboration” (p. 447). The experts are however not unanimous. There are opinions in favor and opposed to the suggestion that culture plays a dominant role. Borisova citing Kazakhstan President Nazarbaev’s speech, points to this aspect as one of the sources for development of regional integration aimed at uniting Turkish people (p. 165). Demchenko (2004) thinks that the increasing of number of ethnic Uzbeks in the population of Uzbekistan and the formation on this basis of an active Uzbek nationalist ideology might become a common doctrine for a whole region (p. 88). Olcott (2001) mentions that for “hundreds of years nomads have fought with settled people for water and land, and the past has been playing its role in today’s quarrels” (p. 8). Tanaka (2004) speaking about the differences that exist between the CA countries noted that:

Evidence demonstrates that it is not realistic to demand that these countries implement one-size-fits-all development programs uniformly. It is necessary to fine-tune the programs, taking into account the situations and conditions of individual countries. In this connection, different spectrums in the strength of Islamic identity (relatively strong in Uzbekistan and Tajikistan, while relatively weak in Kazakhstan and Kyrgyzstan) and racial/tribal identity should be carefully watched as one of the initial conditions. (p. 138)

2.6. Methods Applied in the Research on the U.S. Presence in CA

Most research done on CA and regionalism is based on political economy approaches. The conclusions are usually based on results achieved after measuring tax
reforms and monetary policy carried out in the countries; analyzing the business environment of each country or studying the involvement of the countries in intra-regional trade. The issue of intra-regional trade is especially popular among scholars. For instance, describing the tempo of regional cooperation, experts very often use ‘openness’ as a measurement of the involvement of the country in intraregional trade.

To study the development path of local countries, it is common to apply the comparative case study method as well as interviewing policymakers. The example of a comparative study is the research conducted by Blackmon (2009) where the comparison of the transitional models of Uzbekistan and Kazakhstan was made. Elite interview was applied by Petersen (1995) to get the perception of the security threats by the CA elite.

To sum up, the analysis of the literature indicates that in the 1990s the U.S. made few efforts aimed at the promotion of security and economic cooperation among the five post-Soviet CA countries. The mechanisms of promoting security and economic cooperation were the PfP and Centrasbat; also, mostly moral support was given to CAEC. The main goal pursued by the U.S. was, however, not to foster development of CA countries, but rather to limit Russian influence in the region. The U.S. policy in CA was mostly driven by inertia of the Cold War, according to which Russia was needed to be constrained in CA. In the 1990s, the U.S. as well as its European allies perceived CA as a region of secondary importance to their interests; therefore, the efforts taken in CA were almost minimal. As a result, almost nothing resulted from these efforts. The impact of these efforts to the CA countries, in general, and for each of them, in particular
was negative. It led to more conflict and, according to Lewis (2008), had negative effects on the CA countries’ economies.

In 2001, the situation dramatically changed. CA became a region of a special importance to U.S. security interests. The U.S. also became willing to work together with Russia and China in the region. Though, instead of making a second attempt to foster together with Russia and China cooperation among post-Soviet CA countries, the U.S. has chosen another strategy. This strategy is to promote the cooperation between the five post-Soviet CA countries and Afghanistan. The analysis of the literature shows that there are no studies examining how efficient this U.S. approach is. Also, the Central Asian Trade and Investment Framework Agreement (TIFA) which is the only document which was signed by the U.S. and all five post-Soviet CA countries and aims to promote cooperation between the five post-Soviet countries, has not obtained deserved attention.

Thus, although there is an array of literature studying the U.S. involvement in CA after 9/11, little is found that focuses on the regional presence of the United States as a factor in the development of Central Asia’s five countries. While security and measures taken to promote it have obtained a certain amount of attention (Mahnovski et al., 2007; Wishnick, 2002, 2009) as well as economic cooperation and its future (Allison, 2004; Bohr, 2004; Byrd & Raiser, 2006), the way in which the U.S. can affect and promote regionalism and through that economic and social stability in CA has lacked equal attention. Experts are however unanimous that “conflict potential in Central Asia … derives from the fragility of economic arrangements that, if disrupted, can lead to dire social consequences” (Matveeva, 2006, pp. 24-25) and that the U.S. “should consider the
region’s economic development as a long-term security concern itself” (Mahnovski et al., 2007, p. XVIII). However, there is relatively little research emphasizing that security and economic development in CA are only possible if regionalism is promoted in CA. This paper shall focus on this question and will present an opinion that promotion of regional cooperation in CA should become a main priority of the U.S.’s CA strategy if the U.S. wants to achieve its security goals in CA.
Chapter 3: Regional Profile of Post-Soviet Central Asia

Post-Soviet Central Asia (CA) is a geopolitically significant region. The relatively small countries of CA are surrounded by such great powers as China and Russia and are located near such centers of instability as Afghanistan and the Middle East. CA has strategic resources, such as oil and gas. According to Olcott (2010), "Turkmenistan has 4.3 percent of the world’s gas reserves, and Kazakhstan 3.2 percent of the world’s proven oil reserves" (p. 1). As a result, CA is a center of great powers’ competition.

In such conditions, the development of cooperation seems to be the best option for the five post-Soviet countries to cope adequately with difficulties and increase their influence on the decisions regarding the region. Despite the fact that the cooperation of the CA countries is profitable for them, the attempts made by these countries to develop cooperation have failed thus far. These attempts were not successful for both internal and external reasons. The external reason that negatively affected the development of cooperation was the unwillingness of the surrounding great powers to promote cooperation among the five CA countries. For them, it has been easier to achieve their goals by applying the tactic of divide and conquer. Therefore, they have done much to divide the regional countries and include them in the organizations led by these great powers. Internal factors, as explained below, also played a negative role for the development of the CA cooperation.

According to the theory of regionalism, developed markets as well as business groups interested in regional cooperation are necessary conditions for the development of regionalism. The development of regional cooperation leads to the creation of a common awareness based on the similarity of core values, feelings of mutual trust and friendly
interstate relations making possible peaceful solutions to international disputes. The EU is widely perceived as the most successful example of regional cooperation. Although there are still some difficulties facing the EU, the EU overcame the major obstacles and has developed a successful system of regionalism. In addition to the objective factors encouraging cooperation such as linkages between industrial sectors as well as profits from cooperation, the willingness and perseverance of European politicians to develop cooperation and the initial pressure from the U.S. were important forces behind the EU’s success.

CA in this regard represents a controversial picture. There are many commonalities that should encourage the development of regionalism; at the same time, there are significant barriers to regionalism. The factors which are in favor of cooperation are, first of all, geographical. The landlocked position of the countries of the region and their location very far away from international seaports makes regional cooperation desirable and mutually beneficial. The common history and cultural similarity are the other factors making regionalism relevant. In the past, the five post-Soviet CA countries were part of the Russian empire and then the USSR; in all of them the majority of the population is Muslim. At the same time, there are some significant differences that hinder the development of regionalism. There is a linguistic difference between the Turkic speaking nations of Kazakhstan, Kyrgyzstan, Uzbekistan and Turkmenistan and Persian speaking Tajikistan, as well as a division based on former nomadic cultures (Kazakhs, Kyrgyz and to a lesser extent Turkmens) and settled cultures (Tajiks and Uzbeks). The above mentioned differences are significant and they determine to some extent the model
of development of the CA countries; however, the most important factors hindering regionalism are limited trade and economic links with each other. Even during the Soviet times, the “intra-Central Asian links remained weak” while “links between the Central Asia republics and republics in other regions of the Soviet Union were strengthened” (Akiner, 1996, p. 9).

These patterns are still relevant. Although Kazakhstan plays a significant role in intraregional trade as its trade partners include CA countries such as Uzbekistan (ranks 9 in both export and import), the Kyrgyz Republic (twelfth partner in import and eleventh in export), and Tajikistan (twenty-ninth in import and tenth in export); these countries’ share in the total Kazakh trade is not significant. According to Kushkumbayev (2007), in 2005, “only 2-2.5% of Kazakhstan’s trade went to the four other core Central Asian countries of Kyrgyzstan ($2.51 billion in bilateral goods turnover in 2005), Tajikistan ($1.11 billion), Turkmenistan ($540 million), and Uzbekistan ($3.85 billion)” (pp. 278-279). Among the five post-Soviet CA countries, Tajikistan is the most involved in regional trade, while Turkmenistan is the least involved.

Although Kazakhstan and Uzbekistan are perceived to be strong, other countries of the region are not evaluated so positively. Tajikistan, for example, according to Tynan (2009), is almost a failed state. In such conditions of unequal development and the limited trade and investment links, it is quite difficult to promote regional cooperation. In addition to economic reasons, there are some political barriers in the way of the development of regionalism in CA.
There are three main factors making CA a weak region. First, there is a lack of experience in intraregional interstate relations arising from a lack of cooperative spirit. Second, there are different models of economic development, mostly neoliberal in Kazakhstan, Kyrgyzstan and Tajikistan, and quasi-developmental states in Turkmenistan and Uzbekistan with a strong emphasis on social stability. Third, there are significant differences in trade and custom’s regimes of the CA countries. In-depth analysis of these factors follows.

3.1. Lack of Experience of Intraregional Interstate Relations

The five post-Soviet Central Asia countries in their current names and borders were established by the Soviet Union in the 1920s when the policy of national delimitation was carried out. Prior to this, there was no ethnic division among local people although it was quite common to divide them into nomadic and settled people. Kazakhs and Kyrgyz were nomadic, while Tajiks and Uzbeks were settled. Turkmens were considered by the Soviet scholars as partly-nomadic and partly settled. Other divisions were based on region, place of birth, and religion. The numerous invasions accompanied by creation and decline of a considerable number of states in this area during its history have made the local people mixed in their appearances; it has also made them used to changes of political regimes. On the other hand, these invasions made a tradition especially important for people to keep, as it was perceived as a way of maintaining their uniqueness. Therefore, among ordinary people the following became common sense: while political regimes and everything happening at the top level may change and become different, it is always correct and smart to keep sticking to traditions,
which have successfully served as a sort of coping mechanism for their cultural survival over many generations.

The region became isolated in the seventeenth century due to the advance of seaborne navigation which greatly diminished the importance of the Great Silk Road connecting Europe with Asia which passed through the region. Trade, which was an important source of revenue for the local economies, decreased and led to losses and consequently the impoverishment of the local people. Impoverished and isolated local populations could not oppose governors who monopolized power. As a result, the isolated local countries developed highly despotic regimes with populations living in extreme poverty and suffering from repression.

In the nineteenth century, CA was reopened to the world community, as it became a center of competition between the two great powers – Russia and Great Britain. The Russian Empire was more successful and made CA a part of its dominion. Later, the Soviet Union integrated the region fully into the Eurasian system. Common energy, transport, and pipeline systems were created, and the linkages between the sectors of manufacturing industries were established. The Soviet Republics of CA became a part of a small CA sub-region which was a part of a larger Eurasian and Eastern European region. Many cases of regionalism that have been studied by scholars differ from the Central Asian case in this regard because unlike other states, the CA countries were part of one country.

The five CA countries, as legacies of the Soviet Union, have in their current formats no experience of functioning as independent states. While other countries were
continuously making efforts to promote regionalism in order to be more competitive in the world market and advance economically, the five Central Asian countries took every effort to diminish existing ties. In addition to an inherent desire for independence, the striving to break regional ties was driven by competition between Uzbekistan and Kazakhstan, and by suspicion of the smaller countries of the region such as Kyrgyzstan, Turkmenistan and Tajikistan towards Uzbekistan and Kazakhstan.

Regionalism under such conditions took on negative connotations and became perceived as a tool to increase leading countries’ opportunities. In the beginning, Uzbekistan, which was considered a potential leader of the region, decided to take the initiative to develop regional cooperation. In 1994, the Central Asian Economic Community (CAEC) was established. The idea was to work together on the development of a free trade area in CA. In 2002, CAEC was transformed into the Central Asian Cooperation Organization (CACO) because focus shifted from economic cooperation to cooperation in security. The formation of CACO did not indicate the development of economic cooperation; on the contrary, any economic goals declared in CAEC common documents had not been achieved. The reason is that member-countries did not want to give up any part of their sovereignty and move toward a common understanding. The CACO came to an end in 2005 when the decision to merge with the Eurasian Economic Community (EurAsEC) was made. Unlike CAEC and CACO, which were organizations consisting of only the five post-Soviet CA countries, EurAsEC is a Russian-led Customs Union. Therefore, it can be said that in 2005 the idea of the cooperation among the five post-Soviet CA countries was buried.
Later western experts reassessed Uzbekistan’s role in the region and Kazakhstan became a new favorite. In 2007, the Kazakh president declared the necessity to establish a Central Asian Union. This idea obtained support at the top level of Kyrgyzstan and Tajikistan; however, at the middle and bottom levels it was perceived negatively. So, although the Kyrgyz president supported the idea of the Kazakh president, it was quite common among ordinary Kyrgyz people to see it as a forced step taken due to the dependency of the Kyrgyz economy on Kazakh investment. In Uzbekistan, there was no official reaction to this initiative at all.

Thus, although historically the region and its people were perceived by the outside world as common and similar, there were divisions among local people and the most significant of them was the division between nomadic and settled cultures. This difference led to different perceptions of social behavior and state construction. These peculiarities turned out to be strong enough to affect not only state development of each country, but also regionalism in post-Soviet Central Asia. The short history of independence and suspicion between larger countries, on the one side, and among smaller countries toward large countries, on the other, have become obstacles to regional cooperation. Suspicion and lack of experience negotiating with each other led to many problematic issues negatively affecting interstate relations. The traditional and non-traditional security threats, such as water supply to mention one, are problems in the relations among the CA countries. Although these problems require common actions and compromises, there is still not collaboration. On the contrary, more suspicion and hostile actions have taken place, further deteriorating interstate relations.
3.2. Economic Regimes and Economic Capabilities of the Central Asian Countries

From the beginning, Uzbekistan was considered by experts as the most likely political and economic leader of the region. Such predictions were based on the assumptions that it possesses a strategic location: it is the only country of CA that has a border with all countries of the post-Soviet CA region; that there is abundance of mineral resources and among them gas, copper, uranium, to mention a few; and it is the most populous country of the region, although it has the third largest land mass in the territory (after Kazakhstan and Turkmenistan). In addition, it has a sizable educated and well-trained labor force. This is a country that in the 1990s spent on education more than all other post-Soviet countries, a country with a high percentage of youth in the population structure, which has a hardworking culture, making investments into the future. Moreover, Uzbekistan possesses a well-developed industrial sector: machinery (the primary producer for all CA), aerospace industry, metal processing industries and oil refineries. Unlike Uzbekistan, the second competing country of the region, Kazakhstan (which is the largest country of the region in terms of territory, but the second in population) was not predicted to become a regional leader because of its inherent vulnerability to Russian influence. This country has the longest border with Russia; moreover, ethnic Russians make up 30 percent of its population (CIA, 2010).

The experts’ prediction regarding the Uzbek economic leadership in the region turned out to be wrong. The Uzbek model of economic reforms has been favoring gradual reforms with a highly interventionist state protecting domestic industries. The
government of Uzbekistan invested highly in large industrial projects, such as development of an automobile industry and still heavily protects them. This focus on the development of modern industries has not been accompanied with a policy of export orientation. In addition, Uzbekistan has not liberalized its regulatory regime and delayed its currency convertibility for a long time. The government maintains large expenditure to cover the social benefits provided to its population. Unlike Uzbekistan, the Kazakh government chose a shock-therapy strategy. Kazakhstan could modernize its economy by attracting investments into its oil-extracting industry. The market regulations in Kazakhstan were liberalized and the banking sector was highly promoted. As a result, in 2002, Kazakhstan obtained a market economy status under the U.S. trade law which was given by the U.S. Department of Commerce. Also, the Kazakh government has been successful in balancing the country’s development in GDP growth with accompanied growth in income per capita. This balanced development became possible because of the policy of diversification aimed at the development of manufacturing along with mining.

Three other countries of the region, the Kyrgyz Republic, Tajikistan and Turkmenistan are smaller economies than Uzbekistan and Kazakhstan. The Kyrgyz Republic’s population is 5 million and the same in Turkmenistan; the size of the population in Tajikistan is 7 million.

Turkmenistan possesses abundant mineral resources – gas and oil - which increases its attractiveness to foreign investors, but the country was extremely closed under the Tukmenbashi rule. The current president of Turkmenistan has stated his
intention to open up the economy; nevertheless, private sector investment remains extremely limited.

The Kyrgyz Republic and Tajikistan are countries that have small markets and are both considered to be politically unstable. The government of the Kyrgyz Republic has always been business-friendly. This is the only country of CA which is a member of the World Trade Organization. At present, the Kyrgyz government has had plans to make the country a regional trade hub. Despite all efforts, the Kyrgyz Republic is still one of the less-developed countries of the region in economic terms. Tajikistan, which went through civil war during 1992-1997, is one of the poorest countries of the world. Many experts regard Tajikistan as almost failed (Tynan, 2009).

Macroeconomic indicators of all five countries show the pace of their economic development is mixed. On the one hand, the GDP is growing in all countries; however, in 2008 growth fell significantly in two countries: Kazakhstan, which was hit seriously by the global recession and Turkmenistan. Table 1 shows that there is also a slight decline in Tajikistan’s GDP. Despite the world economic recession, the economies of Uzbekistan and the Kyrgyz Republic continued to grow by 8 and 9 percent respectively. On the other hand, inflation is a problem. Table 2 indicates that although inflation rate is lower now than it was in the 1990s, it is still high.
Table 1. GDP Growth (percentage)

<table>
<thead>
<tr>
<th></th>
<th>Kazakhstan</th>
<th>Kyrgyz Republic</th>
<th>Tajikistan</th>
<th>Turkmenistan</th>
<th>Uzbekistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>-11</td>
<td>-8</td>
<td>-7</td>
<td>-5</td>
<td>0</td>
</tr>
<tr>
<td>1995</td>
<td>-8</td>
<td>-5</td>
<td>-12</td>
<td>-7</td>
<td>-1</td>
</tr>
<tr>
<td>1999</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>2004</td>
<td>10</td>
<td>7</td>
<td>11</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>2008</td>
<td>3</td>
<td>8</td>
<td>8</td>
<td>10</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: World Bank. WDI online.

Table 2. Inflation. GDP deflator (annual)

<table>
<thead>
<tr>
<th></th>
<th>Kazakhstan</th>
<th>Kyrgyz Republic</th>
<th>Tajikistan</th>
<th>Turkmenistan</th>
<th>Uzbekistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>96</td>
<td>135</td>
<td>100</td>
<td>103</td>
<td>91</td>
</tr>
<tr>
<td>1995</td>
<td>161</td>
<td>42</td>
<td>346</td>
<td>706</td>
<td>371</td>
</tr>
<tr>
<td>1999</td>
<td>13</td>
<td>38</td>
<td>27</td>
<td>23</td>
<td>44</td>
</tr>
<tr>
<td>2004</td>
<td>16</td>
<td>5</td>
<td>17</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>2008</td>
<td>20</td>
<td>7</td>
<td>28</td>
<td>58</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: World Bank. WDI online.

The picture with income per capita is also ambiguous. Although there is a rise of income in the CA countries, the actual income per capita is still low. In general, in the 1990s, there was a deep fall in income, and in the 2000s, there has been a rise. Table 3 shows that in 1991, Kazakhstan experienced the deepest decline in income. In the mid 1990s, Tajikistan went through a decline in income due to the civil war there. The largest rise happened in Turkmenistan where in 2004, income per capita rose by 16 percent. In recent years income is declining in Kazakhstan, Tajikistan and Turkmenistan while it is going up in the Kyrgyz Republic and Uzbekistan. Table 4 shows that in 2008, in Kazakhstan income per capita was $6140, in the Kyrgyz Republic it was $740, in Tajikistan it was $600, in Turkmenistan it was $2840 and in Uzbekistan it was $910.
Table 3. GDP per capita growth (in %)

<table>
<thead>
<tr>
<th></th>
<th>Kazakhstan</th>
<th>Kyrgyz Republic</th>
<th>Tajikistan</th>
<th>Turkmenistan</th>
<th>Uzbekistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>-12</td>
<td>-9</td>
<td>-9</td>
<td>-7</td>
<td>-3</td>
</tr>
<tr>
<td>1995</td>
<td>-7</td>
<td>-6</td>
<td>-14</td>
<td>-9</td>
<td>-3</td>
</tr>
<tr>
<td>1999</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>2004</td>
<td>9</td>
<td>6</td>
<td>9</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>2008</td>
<td>2</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: World Bank. WDI online.

Table 4. GNI per capita, Atlas Method (current US$)

<table>
<thead>
<tr>
<th></th>
<th>Kazakhstan</th>
<th>Kyrgyz Republic</th>
<th>Tajikistan</th>
<th>Turkmenistan</th>
<th>Uzbekistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>810</td>
<td>..</td>
</tr>
<tr>
<td>1995</td>
<td>..</td>
<td>1280</td>
<td>350</td>
<td>200</td>
<td>610</td>
</tr>
<tr>
<td>1999</td>
<td>..</td>
<td>1290</td>
<td>300</td>
<td>180</td>
<td>620</td>
</tr>
<tr>
<td>2004</td>
<td>..</td>
<td>2300</td>
<td>400</td>
<td>270</td>
<td>1450</td>
</tr>
<tr>
<td>2008</td>
<td>..</td>
<td>6140</td>
<td>740</td>
<td>600</td>
<td>2840</td>
</tr>
</tbody>
</table>

Source: World Bank. WDI online.

The composition of the CA countries’ GDP has been changing. In the 1990s, agriculture made up a significant part of their GDP; at present, the leading part is services. Although industries’ part is increasing it is happening mainly because of the rise of resource extracting industries. Manufacturing capabilities of the CA countries have not improved significantly.

The role of aid and investment varies from country to country. Table 5 shows that there is continuous rise of investments in Kazakhstan while in the Kyrgyz Republic and Tajikistan the role of investment is not that significant. The table 6 indicates that Kazakhstan, Turkmenistan and Uzbekistan have not been recipients of large amounts of
aid. Aid plays a significant role for the economies of the so-called local champions of aid, such as Kyrgyz Republic and Tajikistan.

Table 5. Foreign Direct Investment, Net Inflows (% of GDP)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>..</td>
<td>7</td>
<td>8</td>
<td>11</td>
<td>22</td>
<td>26</td>
<td>36</td>
<td>50</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>..</td>
<td>13</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>7</td>
<td>8</td>
<td>..</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>..</td>
<td>18</td>
<td>14</td>
<td>14</td>
<td>17</td>
<td>17</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>..</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
</tr>
</tbody>
</table>

Source: World Bank. WDI online.

Table 6. Aid Percentage of GNI

<table>
<thead>
<tr>
<th>Year</th>
<th>Kazakhstan</th>
<th>Kyrgyz Republic</th>
<th>Tajikistan</th>
<th>Turkmenistan</th>
<th>Uzbekistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>0</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>1995</td>
<td>0</td>
<td>18</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1999</td>
<td>1</td>
<td>24</td>
<td>12</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2004</td>
<td>1</td>
<td>12</td>
<td>12</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2008</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
<td>..</td>
</tr>
</tbody>
</table>

Source: World Bank. WDI online.

While the limited amount of aid can be explained by lack of lobbies in Washington encouraging the U.S. Congress to increase the aid distribution to the CA countries, the poor business and investment environment is one of the reasons for the limited amount of investments coming to the region. The table on FDI makes clear that the investments are coming mostly to Kazakhstan. The indicators of the WB on doing business in this country show that Kazakhstan is the second leading country of CA in regard to business environment. Although the first place is taken by the Kyrgyz Republic,
this country cannot compete with Kazakhstan for FDI as it does not have oil and gas as Kazakhstan does.

The first advantage of the Kazakh business environment is its fiscal system. Kazakhstan offers more tax incentives than Uzbekistan and Turkmenistan. The Kazakh Foreign Investment Law (2003) is business-friendly; it provides for tax holidays and customs exemptions for investments coming to priority sectors. To illustrate, imported equipment is exempted from duties if there is no equivalent production made by local companies or if there is such production but its quality is not good. Another example is the so-called production sharing agreements (PSA) that the Kazakh government signed with leading American and western oil companies. These agreements have allowed them not to pay local taxes. This policy is likely to be stopped soon by the Kazakh government because of economic difficulties and the desire to diversify the economy; however, it affected positively the pace of development in Kazakhstan because it made Kazakhstan attractive to foreign investments (Economist Intelligence Unit, 2010).

Although all countries of Central Asia are regarded as carrying out “prudent fiscal policies” and they “generally follow tight monetary policies” (OECD, 2008, p. 26), the stability of their currency differs to a large extent. The currency in Kazakhstan is relatively stable; however, in February 2009 the government devalued its currency. Nevertheless, in overall the Kazakh economy has enjoyed financial health and strong macroeconomic performance. The financial system of Turkmenistan is “heavily government-influenced, and the flow of financial resources is severely restricted” (The
Heritage Foundation, 2010). The Uzbek currency is unstable. According to the U.S. Department of State,

Although the government has committed itself in theory to the provisions of the International Monetary Fund's (IMF) Article VIII regarding currency convertibility for current account operations, in practice firms can wait from three to eight months for currency conversion. Convertibility restrictions and other government measures to control economic activity, (e.g., import and export restrictions, and intermittent border closings) have constrained economic growth and led international lending organizations to suspend or scale back credits. (U.S. Department of State, 2009)

In all post-Soviet countries, there is room to improve the business environment. Nevertheless, in this regard Kazakhstan is one of the countries that could develop a relatively more friendly business environment. For instance, in terms of openness to repatriation of profits which is extremely important for business coming to the region, Kazakhstan offers conditions to fully repatriate profits. In Uzbekistan the picture is worse. In Uzbekistan the main laws which regulate the rights of investors are "On Foreign Investments" (adopted in 1998) and “On Guarantees and Measures for Protection of Foreign Investors". According to these laws, any foreign company which decides to work in Uzbekistan will be treated the same as a local company. The law allows companies with 100% of foreign capital to operate in Uzbekistan, but all inward FDI at the amount of more than $20 million needs to be approved by the Uzbek Cabinet of Ministers. In addition, Uzbek law says that companies with foreign investments are obliged to open both hard currency and local currency accounts. The currency regulations are different for residents and non-residents. Residents are the companies which may have foreign direct investment but are fully registered in Uzbekistan, having more restrictions on transfer of currency abroad and being obliged to sell 50% of their hard
currency earnings in Uzbekistan. According to the U.S. Trade Representative, “profit repatriation remains extremely difficult for foreign-owned companies due the frequent government interference and restrictions on currency conversion” (U.S. Trade Representatives, 2006).

Kazakhstan has also made efforts to provide more guaranties to foreign investors. This is especially noteworthy in regard to such sensitive issues as settlement of investment disputes and the issue of expropriation. In Uzbekistan, according to the U.S. Department of State, there is high likelihood that a foreign company would lose in local courts because the courts favor local companies. Moreover, disputes are very difficult to resolve and there are cases when disputes involved “various forms of seizure of materials, harassment of employees, and unfair treatment of currency exchanges and other contractual conditions” (U.S. Department of State, 2003). Kazakhstan, which is negotiating its accession to the World Trade Organization (WTO), is introducing some changes to its laws to comply with the norms of the WTO. The cases of expropriation in Kazakhstan that I could find are “four active investment disputes between U.S. companies and the Government of Kazakhstan” (U.S. Department of State, 2003). Among them, two were about expropriation (one in the area of oil) while two others were about licensing and debt. Three were settled by negotiation with the Kazakh government while the one on expropriation was “submitted to international arbitration” (U.S. Department of State, 2003). The data on protection of investors’ rights suggests that Kazakhstan is an attractive destination for investors. The rank of Kazakhstan was 49 in
2008, in 2009 it became 53; it is the second country in CA (the first one is the Kyrgyz Republic).

One of the issues requiring special attention is the protection of intellectual property rights. According to the International Intellectual Property Alliance (IIPA), “the Uzbek copyright regime is, at present, among the weakest of all of the countries in the C.I.S. [Commonwealth of Independent States]” (IIPA, 2010, p. 172). In Tajikistan and Turkmenistan the situation with IPR is very similar. In Kazakhstan, it was some improvement but then the situation deteriorated (IIPA, p. 160).

While the CA countries have had a relatively good soft infrastructure (human capital, management skills, education centers, to mention a few), the hard infrastructure needs a considerable amount of investment and common, regional efforts. The current transport infrastructure was built up during Soviet times; it is based on railroad and roads which connect the CA countries with Russia. The deficiency of a transport network connecting the countries of the region to themselves makes intra-regional shipment costly and slow (ADB, 2006). According to the Asian Development Bank (ADB), “it is estimated that total logistics cost made up 16-19% of the total value of exports and imports” in the CA countries; however, “for export of primary commodities and imports of heavy machinery and equipment…transport cost are relatively low” (ADB, 2006, p. 30). The railroads and roads connecting the post-Soviet CA countries with China, Iran, and Afghanistan have been recently developed. For instance, Turkmenistan is implementing a large project on railroad construction in the western part of Turkmenistan which will connect Iran to Kazakhstan via rail through Turkmenistan. Also, Uzbekistan,
Kazakhstan, and Kyrgyzstan made significant improvements in infrastructure. For instance, in January 2010 the Uzbek government announced a tender for reconstruction of a strategic highway “Guzar – Buckara – Nukus - Beynau” connecting Kazakhstan in the north through Uzbekistan with Turkmenistan and Afghanistan in the south (UzDaily, 2010).

The trade regime in the region is highly regulated but it is stricter for imports than for exports. According to ADB experts, there are some differences among the regional countries: the Kyrgyz Republic’s trade regime is liberal, Kazakhstan’s and Tajikistan regimes are fairly liberal, and the Uzbek regime is restrictive (ADB, 2006, p. 25). Because of high tariffs, their frequent changes and closures of borders there are lots of cases of illegal trade.

To summarize, a strong region refers to economic, social and political interconnectedness as well as the sharing of a regional identity. In the case of CA, there is neither political, nor social cohesion. The history has to some extent affected the suspicion of the countries towards each other. There are two levels of suspicion in CA: the first concerns Kazakhstan and Uzbekistan and their competition for leadership; the second concerns the suspicions of the smaller countries towards the larger countries. In economic terms, the current patterns of economic development almost nullify the chances for development of regionalism in CA. The difference in Kazakhstan’s and Uzbekistan’s economic models is the factor that is most damaging to regional cooperation. While Kazakhstan could transit from a planned economy to a market economy and now is deepening its integration with the global economy, the Uzbek path is different. The
Uzbek strategy is gradual and less involved in world trade. This has led to some advantages, such as Uzbekistan not suffering from the global financial crisis, and, at the same time, it has given disadvantages, such as the closed economy, undeveloped business environment and, consequently, a limited amount of foreign direct investment.
Chapter 4: The U.S. Actions Aimed at Promotion of Regional Cooperation

This chapter examines the U.S. activities aimed at the promotion of regional cooperation among the five post-Soviet countries of Central Asia (CA). The U.S. has been so far the only great power that has made efforts to promote cooperation between the five countries of CA. The analysis of U.S. policy in the region is informed by the careful examination of a.) legal documents and testimonies, b.) statistics, and c.) interviews with experts. The U.S. carries out its policy in the region mainly through the State Department and the Department of Defense. Other institutions implementing the U.S. policy in the region are USAID, the US Trade Representative, and to a lesser extent the Department of Commerce. Therefore, these bodies’ documents are presented and analyzed in this thesis.

4.1. Security Cooperation

The hearings before the Committee on Foreign Affairs of the House of Representatives in 1993-1994 indicate that in the early 1990s the U.S. perceived CA as not that important to its strategic interests. The main priority was given to Russia and its development. Also, the issue of dismantling of nuclear weapons located in Ukraine, Belarus and Kazakhstan was on the U.S. agenda. The process of elimination of nuclear weapons of Ukraine, Belarus and Kazakhstan is part of the Nunn-Lugar Legislation. The aim of this legislation was to dismantle the weapons of mass destruction located in the post-Soviet republics and then transfer them to Russia to destroy there. To illustrate, the statistics given in the minutes of the hearing that took place in 1994 shows that Russia, Belarus, Ukraine and Kazakhstan obtained an additional aid provided to them ($731

Towards the end of the 1990s the U.S. attitude toward CA changed. Both sides, the U.S. and the CA countries, showed mutual interest in strengthening relations. Benjamin Gilmen, the Chairman of the Subcommittee on the Middle East and South Asia of the Committee on International Relations of the House of Representatives, said that “despite its remoteness from the United States, Central Asia is a very important region for US interests” (U.S. House of Representatives, 2001, p. 1). The CA governments indicated that they appreciate more U.S. involvement because the U.S. is an “additional element of stability” in CA (U.S. House of Representatives, 2001, p. 4). Although both sides shared mutual interests in many areas, such as investments in energy and trade, the most significant were security concerns.

To help the CA countries in this area, the U.S. implemented several programs, such as the Silk Road legislation and the Central Asian Security Initiative. The Silk Road legislation was introduced in 1997, passed in 1999 and was named “Silk Road Strategy Act of 1999” (H.R. 1152 [106th]: Silk Road Strategy Act of 1999). The “Silk Road Strategy Act of 1999” consists of nine sections. Section two shows the findings which explain why it is important for the U.S. and for the Central Eurasian countries to revive the Silk Road. According to the Act, “the ancient Silk Road,” which goes through Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, is an “important element of ensuring their sovereignty” and “the success of democratic and market reforms” (H.R. 1152 [106th]: Silk Road Strategy Act of 1999).
Further the Act says that the revival will bring benefits to world trade and to the Western countries because “the region of the South Caucasus and Central Asia could produce oil and gas in sufficient quantities to reduce the dependence of the United States on energy from the volatile Persian Gulf region” (H.R. 1152 [106th]: Silk Road Strategy Act of 1999). It concludes that it is mutually beneficial for both sides to develop deep cooperation because it “will foster stability in this region, which is vulnerable to political and economic pressures from the south, north, and east” (H.R. 1152 [106th]: Silk Road Strategy Act of 1999).

The “Silk Road Strategy Act of 1999” indicates several directions of activities for the U.S. to achieve this goal. In the area of security, it focuses on assistance to develop the capabilities of these countries to control their borders. To this end, the document emphasizes “the development of regional military cooperation … through programs such as the Central Asian Battalion and the Partnership for Peace of the NATO” (H.R. 1152 [106th]: Silk Road Strategy Act of 1999). In the area of economic assistance, it indicates the importance to support these countries in their transition to market economies and the accession to the WTO. The “Silk Road Strategy Act of 1999” also indicates the measures to promote the development of infrastructure, democratic reforms and institutions of civil society. The document creates conditionality for these countries to be eligible for the U.S. assistance. These countries must not be “engaged in a consistent pattern of gross violations of internationally recognized human rights,” not provide “support for acts of international terrorism,” not take part in transfer of “any weapon of mass destruction” and
show progress “toward resolving trade disputes” that involve U.S. interests (H.R. 1152 [106th]: Silk Road Strategy Act of 1999).

In 2000, the U.S. established the Central Asian Security Initiative which goal was to provide assistance in counter-terrorism activities to Kazakhstan, Kyrgyzstan and Uzbekistan. In 2001, the Initiative was expanded by including Tajikistan and Turkmenistan.

Despite the rising awareness of the importance of CA among the U.S. politicians, the actual policy lacked strong commitments. Congressman Pitts (R–PA) warned that a “stand back and watch approach” by the U.S. in CA might be not effective (U.S. House of Representatives, 2001, p. 9). Given that the allocation of aid to a country is to a large extent determined by the U.S. strategic interests in that country, it follows that the amount of aid allocated to CA remained small. In 2000, the U.S. allocated $50 million to security assistance programs in CA. The U.S. provided military aid mostly in the form of training and education to the CA countries through International Military Education and Training program (IMET) and Foreign Military Financing (FMF). The explanation for why the assistance was so small was the poor democratic performance of the CA countries. Simultaneously, the U.S. continued to carry out the policy of integration of the five post-Soviet CA countries into the European security structures through NATO’s Partnership for Peace (PfP).

PfP was signed by four CA countries: Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan in 1994, and Tajikistan signed the agreement in 2002. The idea of PfP is to promote cooperation between NATO and partner countries on the wide range of issues
specific to the needs of each partner country. In CA, at the regional level PfP was realized in the form of Central Asian Battalion - Centrasbat. Centrasbat was relatively successful in the first years, from 1994 until 1997. For instance, in 1997 there was the exercise of Central Asian battalion which was hosted by Kazakhstan and Uzbekistan.

According a Department of Defense press release:

The purpose of the exercise is to enhance regional cooperation and increase interoperability training among NATO and Partnership for Peace nations through the practice of combined peacekeeping and humanitarian assistance operations. The exercise will center on a role-playing scenario where the combined forces will monitor an imaginary border dispute between two fictitious nations.

(Department of Defense, 1997)

However, by 2000 Centrasbat had lost its initial attractiveness for the CA countries for several reasons. First, assistance was mostly provided in the form of training which was not considered by the CA countries to meet their security expectations. Second, Centrasbat required coordination by all member countries, but it was easier to achieve goals through bilateral agreements. Third, Vladimir Putin, who became the Russian president in 2000, made CA one of his foreign policy priorities. Unlike his predecessor, Putin became known among the CA politicians as a person who honored agreements, and by providing security agreements to CA countries, Putin made Centrasbat less important.

In 2006, several amendments were made to the Silk Road Strategy Act. The revised documents became known as the Silk Road strategy Act of 2006. First of all, Afghanistan was included to the region (section 2). Secondly, it was indicated that the U.S. has “long-term interests in the countries of Central Asia and the South Caucasus” (Silk Road strategy Act of 2006, p. 2). Thirdly, it was pointed out that Azerbaijan, Kazakhstan and Kyrgyzstan are the key U.S. partners in the region. Fourthly, the role of
Trade and Investment Framework Agreement (TIFA) for the development of interregional trade, “particularly with respect to Afghanistan” was emphasized (p. 8).

Thus, if in the 1990s CA was relatively unimportant to the U.S. policy-makers, after 9/11 and the U.S. military operation in Afghanistan the situation changed completely. First, the post-Soviet CA countries became extremely significant for the U.S. Secondly, the strategic approach to the region by U.S. policy-makers changed. In the 1990s, the U.S. tried to incorporate the post-Soviet CA in the European security structures, specifically NATO. After 9/11 the U.S. has sought to do both: to integrate CA into the European security structures and promote the strategy of wider CA. By the notion of wider CA the U.S. means the five post-Soviet CA countries and Afghanistan.

The post-Soviet CA countries became important for the U.S. because of their input in the war against terrorism. Daniel Fried, Assistant Secretary for European and Eurasian Affairs, in his speech before the Subcommittee on the Middle East and Central Asia of the House International Relations Committee pointed out that:

Three of the five countries in Central Asia border on Afghanistan, and all five have provided support to Operation Enduring Freedom in various forms – bases, over-flight rights, and re-fueling facilities. Our cooperation with these countries is underpinned by our common interest in fighting terrorism and in securing a stable and democratic future for Afghanistan. (U.S. House of Representatives, 2005)

Fried underlined that the U.S. has three main strategic interests in CA. These are “security; energy and regional economic cooperation; and freedom through reform” (U.S. House of Representatives, 2005). He also stated that the Bush Administration saw these three issues were interconnected as “political reform, economic reform and security all are mutually reinforcing” (U.S. House of Representatives, 2005). Admitting that the
tasks in CA are possible yet difficult to achieve, he added that success in CA is crucial for the U.S. interests because CA can contribute to “Afghanistan’s stability as well as to our own security” (U.S. House of Representatives, 2005).

The reason why the U.S. started to incorporate the idea of a Wider CA has been the goal to eliminate threats coming from Afghanistan to the post-Soviet CA. According to U.S. officials, Afghanistan has become a bridge connecting post-Soviet CA with South Asia (U.S. House of Representatives, 2006). It was stated that during a visit to Kazakhstan, Kyrgyzstan and Tajikistan, then Secretary of State Condoleezza Rice received the message that these three countries consider Afghanistan a part of CA (U.S. House of Representatives, 2006, p. 3). Therefore, it was concluded that "it is in the interests of the Central Asian states to build linkages to the south that complement the existing ties to the north, to the east and to the west” (U.S. House of Representatives, 2008, p. 14). An example of such linkages is the bridge over the Pyandzh River connecting Tajikistan and Afghanistan that was “designed by the U.S. Army Corps of Engineers, and it was funded by the United States government with a major contribution from Norway” (U.S. House of Representatives, 2008, p. 14). Simultaneously there have been ongoing training programs to bolster the military, police, customs, and border patrols of the various CA states.

The carrot that the U.S. has used to pursue its interests in CA and convince the CA countries to increase cooperation with Afghanistan has been to give both security guarantees and economic profits from selling electricity to Afghanistan and to a lesser extent assistance to CA countries. This assistance has been directed towards democracy
promotion, economic reforms and counter-terrorism actions. The assistance has also been provided “toward promoting regional security – through counter-proliferation, counter-terrorism and counter-narcotics cooperation” (The School of Russian and Asian Studies, 2005).

Although foreign assistance has always been an important tool of U.S. foreign policy, the U.S. agencies promoting foreign policy in CA face some restrictions in their actions. These restrictions are conditionality placed by the U.S. Congress on the aid provided to Kazakhstan and Uzbekistan. It is necessary to note that aid to all former Soviet republics was at the beginning attached to conditions. These conditions were tied to their pace of political and economic reforms. The republics of the CA region had received the smallest amount of assistance since the 1990s because of their poor performance on human rights issues (Tarnoff, 2007). Due to the CA countries’ importance to the U.S. operation in Afghanistan the assistance was increased in 2002; however, in 2004 the Congress placed conditions on the aid to Kazakhstan and Uzbekistan. The Department of Defense continued to provide assistance on security grounds because “most security-related aid has been funded through Department of Defense (DOD) appropriations” (Tarnoff, 2007). As to the Department of State, although there is a possibility to waive conditions on the security grounds (Tarnoff, 2007), it is difficult to do it and therefore, these conditions, according to the U.S. officials, while having overall positive influence, at the same time put the U.S. diplomacy “a bit out of step” as it makes it less flexible (U.S. House of Representatives, 2008, p. 26). The conditions imposed on Kazakhstan have since been eliminated.
The Obama Administration’s priorities have so far remained the same. According to Burns, Under Secretary for Political Affairs of the Department of State:

Building Afghanistan’s capacity to fight drugs and combat terrorism, while providing a secure environment for its people, is a top priority for the United States. We’re grateful to all the Central Asian states for contributing to Coalition efforts in Afghanistan. Their significant assistance ranges from supplying much needed electricity to Kabul, to providing food and medicine, to building schools and hospitals. We rely on all our Central Asian partners and Russia to move Coalition military supplies through the region into Afghanistan. There is great potential for the creation of a Northern Distribution Network to improve transportation infrastructure and stimulate trade routes connecting Central to South Asia, which will have a lasting, beneficial economic impact... A stable future for Afghanistan depends on the continued assistance of our Central Asian partners – just as a stable future for Central Asia depends upon success against violent extremists in Afghanistan. Another critical factor for increasing trade and investment is of course security – an area where the United States has found strong allies in Central Asia. (U.S. Embassy in Dushanbe, 2009)

Although Uzbekistan remains a priority country for the U.S. under the Obama Administration, there are many efforts aimed at the increasing ties with Tajikistan. During the visit to CA, in 2010, Richard Holbrooke, the U.S. Special Representative for Afghanistan and Pakistan said:

Uzbekistan has renewed its role as a platform for the delivery of non-military goods to its southern neighbor. In fact, Uzbekistan currently provides practical assistance in supplying Afghanistan with energy and food; it assists in the establishment of transportation and communications, and takes part in the socioeconomic rebuilding of Afghanistan. In addition, substantial volumes of humanitarian aid are delivered to Afghanistan through the territory of Uzbekistan. (Akhmadov, 2010)

At the same time Holbrooke said that the U.S has an interest in intensifying its relationship with Tajikistan. Behind this decision are “ethnic, geographic and strategic reasons.” Tajikistan can be useful for the U.S. to solve the so-called Afghan problem as it is located close to Afghanistan and Tajiks are culturally close to the Afghan people.
Ethnic Tajiks make up about twenty-seven per cent of the population of Afghanistan (CIA, 2010) while Uzbeks make up 9 percent (CIA, 2010). Moreover, Dari, the lingua franca of Afghanistan and native tongue of 50% of Afghans, and Tajik are mutually intelligible dialects of Farsi, even though Tajik utilizes the Cyrillic alphabet and Dari the Arabic alphabet. It therefore follows that, “it may well be that the U.S. will focus on cooperation with Tajikistan rather than Uzbekistan for further activities and moves in Afghanistan” (Akhmadov, 2010).

There are some significant changes in the assistance distribution to CA (figure 3 and figure 4, source: Department of State, 2008-2009). According to the Bureau of European and Eurasian Affairs, in 2008, most assistance was given to the area of peace and security (sixty-one percent) while in 2009, the regional assistance goals were mostly investing in people (eighty-one percent). In second place were assistance in economic growth, governing justly and democratically, and only after that peace and security.
FY 2008 Areas of Focus
P&S: Peace and Security
GJD: Governing Justly and Democratically
IIP: Investing in People
EG: Economic Growth
XCPS: Cross-Cutting Program Support

Figure 3: FY 2008 Areas of Focus

FY 2009 Areas of Focus
IIP: Investing in People
EG: Economic Growth
GJD: Governing Justly and Democratically
P&S: Peace and Security

Figure 4: FY 2009 Areas of Focus
Thus, if in the 1990s there were some attempts to establish a regional security system on the basis of the NATO’s PfP, at present, there are no efforts to develop a regional security system consisting of only the post-Soviet CA countries. The U.S now makes efforts aimed at the involvement of Russia and NATO in the provision of security to the region. The basis of such cooperation is similarity of interests. As to the relations on security issues with the CA countries, the U.S. has focused on building up bilateral relations.

4.2. Trade and Investment Framework Agreement (TIFA)

The global hegemonic role of the U.S. has determined its commitment to the promotion of trade and opening markets around the world. Once the former Soviet republics became independent, the U.S. started activities aimed at opening their markets, and the CA republics were not an exception. The U.S. has made bilateral and regional efforts at opening markets. At the bilateral level, the agreements on trade relations between the U.S. and the countries of the region as well as Bilateral Investment Treaties (BIT) were signed. Agreements on trade relations regulate treatment of goods and services in the countries signed the agreement; BITs are the agreements that provide assurances to U.S. investors as it gives them guarantees of fair treatment, protection against expropriation and fair dispute settlement. The U.S. signed the agreement on trade relations with each post-Soviet CA country. BITs were signed with three countries of the region: Kazakhstan, Kyrgyzstan and Uzbekistan. Although a BIT was also signed with Uzbekistan, it has not come into force yet.
In 1993, Kazakhstan and the U.S. signed an agreement on trade relations. Kazakhstan was the first among the post-Soviet countries with which the U.S. signed a BIT. It was signed in 1992 and entered into force in 1994. As a result of this agreement Kazakhstan obtained the status of the most-favored nation. The agreement was one of the results of the bargain between the U.S. and Kazakhstan. The U.S. promised Kazakhstan large investments in return for its decision to eliminate the nuclear weapons which this country inherited from the USSR. The U.S. government then pushed Chevron to increase its investments into the Kazakh economy. Chevron’s investments became a main force moving up reforms of the Kazakh economy as it led to the increase of confidence in the Kazakh market. To give Chevron and other companies protection of their rights, the U.S. signed treaties with the government of Kazakhstan and encouraged it to develop liberal regulations, and then enshrined those guarantees in a BIT. Later on, when it was revealed that Kazakhstan had huge reserves of mineral resources, the amount of investment increased; however, the initial support of the U.S. government for the establishment of liberal regulations and the development of the private sector in Kazakhstan was critical.

BITs were also signed with other CA countries. In 1993, a BIT was signed with Kyrgyzstan which entered into force in 1994. Its content was similar to the BIT signed with Kazakhstan. Although a BIT with Uzbekistan was signed in 1994, it has not come into force yet because of the slow pace of reforms in Uzbekistan. The legal document that regulates trade relations between the two countries is the agreement on trade relations (Trade Compliance Center). The first article of this agreement granted the most
favored nation status to them and nondiscriminatory treatment. The second article indicates the measures aimed at easing access to markets of two countries. Other articles point to opening commercial offices in each country (article 4), protection of intellectual rights (article 8) as well as dispute settlement (article 12).

In 1993, an agreement on trade relations between the U.S. and Turkmenistan was signed. The agreement consists of seventeen articles (Trade Compliance Center). Turkmenistan was also granted the status of the most-favored nation and its goods were exempted from U.S. tariffs. A similar agreement was signed with Tajikistan in 1993, which also gave Tajikistan the status of most favored nation.

At the regional level the U.S. signed a Trade and Investment Framework Agreements (TIFA) with the countries of the region. TIFAs are initiated by the U.S. to promote trade with its partners around the world. It is usually signed by the U.S. Trade Representative (USTR) and the respective ministry of a partner country. The U.S. uses different forms of TIFAs to foster cooperation. For instance, with the South African Customs Union the U.S. has the Trade, Investment, and Development Agreement (TIDCA) (Trade and Investment Framework Agreements).

The TIFA with CA was signed in 2004. It is noteworthy that the U.S. signed a TIFA not with each country individually, though it is common practice for the U.S., but one document which included all of them. Robert B. Zoellick, the U.S. Trade Representative at that time, who signed the document, said:

The TIFA will also provide a regular forum in which to address regional trade issues that hamper intra-regional trade and economic development and can act as impediments to investment. The TIFA will not only deepen our economic
relationship with the Central Asian countries but will also create stronger trade ties among the five countries in the region. (U.S. Trade Representative, 2004)

In 2005, D.Fried, the Assistant Secretary for European and Eurasian Affairs, in his speech before the Subcommittee on the Middle East and Central Asia of the House International Relations Committee pointed to the importance of the CA TIFA for development of intraregional trade and inflow of investments. He mentioned that the CA countries had to take similar steps. First of all, the CA countries should take measures “to create welcoming environments for foreign trade and investment” (The School of Russian and Asian Studies, 2005). Fried further underlined the importance of developing ties with Afghanistan “to build the roads and bridges essential to revitalizing regional and global trade” (The School of Russian and Asian Studies, 2005).

Although Fried mentioned the TIFA focusing on the five post-soviet CA countries, he underlined the support that the U.S. directs to the promotion of cooperation among Kazakhstan, Kyrgyzstan and Tajikistan in the framework of the Central Asian Infrastructure Integration Initiative, initiated by the U.S. Trade and Development Agency. This initiative was “designed to facilitate the development of needed infrastructure to foster regional cooperation and economic development though trade in Central Asia” (USTDA, 2005). The area of primary focus of the initiative is technical assistance in the promotion of hard infrastructure, including energy issues and communications. One of its targets is the involvement of Afghanistan into CA cooperation: “the USTDA-sponsored Initiative, valued at $1 million, will involve Tajikistan, Kyrgyzstan, Kazakhstan and Afghanistan” while “other countries may be invited to participate in the future” (USTDA, 2005).
The idea has been to develop cooperation under the leadership of Kazakhstan which was considered as “potential regional leader” and by the input coming from Kyrgyzstan which was called as an emerging reformer (The School of Russian and Asian Studies, 2005). Since 2005 the Bush Administration’s strategy in CA included advancing cooperation in the areas of economics and electric power between Kazakhstan, Kyrgyzstan, Tajikistan and Afghanistan. Given other political constraints during this time, relations with Uzbekistan and Turkmenistan were reprioritized during this period.

The Obama Administration’s goals and therefore the strategy in CA remained the same which has been to incorporate Afghanistan into the post-Soviet CA. According to William J. Burns, Under Secretary for Political Affairs of the Department of State:

> The United States has an important interest in stability, prosperity, security, and economic and political modernization in Central Asia, and seeks to work with the governments and peoples of the region toward those ends. We aim to do so with a focus on mutual interests, which means that we want to build on common ground wherever it exists, but won’t shy away from dealing plainly with our differences wherever it doesn’t. And we aim to do so in a spirit of mutual respect, which means that we won’t pretend to have a monopoly on wisdom, or seek to impose our system or to preach or patronize, but we will expect the same kind of respect in return and won’t hesitate to speak honestly, as friends, on issues like human rights or corruption. (U.S. Embassy in Dushanbe, 2009)

The TIFA has remained one of the most important tools of promotion of CA cooperation. In 2009, at the meeting at the U.S. Chamber of Commerce with representatives of the five post-Soviet CA republics and Afghanistan, Demetrious Marantis, the Deputy U.S. Trade Representative underlined the importance of TIFA and USAID programs for the development of regional cooperation, bringing investments and improving the conditions for trade.
At the same time, two important changes were introduced to the U.S. policy towards CA. One change was directly related to TIFA and one was indirectly related to the TIFA. According to Marantis, although annual TIFA meetings showed their importance, it became obvious that it would be more efficient to have meetings twice a year. Therefore, since 2009 TIFA has held both mid-year and annual meeting where the mid-year meeting is devoted to the discussion of how the goals put at the annual meeting are being accomplished. The second change introduced in 2009 is a very significant in nature. Marantis said:

The United States, together with all of you, recognized that a uniform approach in the region will not allow us to respond to the nuances and differences in goals and objectives in the region. Therefore, we are establishing bilateral channels for dialogue to complement the regional approach. Tomorrow we will hold our regional TIFA talks as in the past, but throughout the week we are meeting separately with each delegation to launch bilateral talks tailored to your unique goals, challenges, and ideas. (U.S. Trade Representative, 2009a)

Since that time the U.S. focus has not been the regional cooperation among the five post-Soviet CA countries, and the policy of carrying out of both bilateral and regional relations replaced the regional approach. At the same time, attention was also directed to the importance of the domestic economic reforms and further improvement of business environment in the CA countries as an important condition for investments to come. According to Marantis, TIFA and USAID programs are additional sources for CA countries in their way of further improvement of business conditions and facilitation of investments. The CA countries can become more attractive to foreign investors if they unite their markets. According to Marantis, “the more Central Asian economies work
together, the more U.S. and other international companies will be attracted by economies of scale in the region” (U.S. Trade Representative, 2009a).

Marantis indicated why it is important for CA to develop wise economic policy. He said that “good economic policy is also good foreign and security policy” (U.S. Trade Representative, 2009a). In this case, in his opinion, the TIFA can foster the development of CA further:

Central Asia's logistical support for U.S. and NATO forces contributes to building a stable Afghanistan. But we can do more. A new initiative we are undertaking through the TIFA is aimed at increasing opportunities for the countries in the region to supply goods and services to U.S. operations. This effort can create new openings for investment and job creation in the region and, in the process, contribute to attaining our security objectives. USTR is working with the Departments of Defense and Commerce, USAID, and the Trade and Development Agency (TDA) to achieve this goal. (U.S. Trade Representative, 2009a)

According to U.S. officials, TIFA is significant for the U.S. interests in CA; it “has tremendous potential, most of which remains unrealized” (U.S. Trade Representative, 2009b). To find ways to improve that, the conference "Silk Road Trade and Investment: New Pathways for U.S.-Central Asia Economic Ties" hosted by the U.S. Chamber of Commerce was held in 2009. The goal was to show the efforts that are required to make the supply chain more reliable by development of infrastructure and logistics in wider CA.

The documents of this conference and speeches of the U.S officials make sure that the initial focus of TIFA on the promotion of cooperation among the five post-Soviet CA countries shifted to a new one which is the development of closer ties among them and Afghanistan. Such pegging of Afghanistan to the CA countries is supposed to bring not only basic commodities such as electricity and food, to mention two, to Afghanistan, but
also provide security and economic prosperity in the whole region. The supply chain is a new initiative of “the Department of Defense and other U.S. agencies aimed at increasing opportunities for the (Central Asian countries) to supply goods and services to U.S. operations” (Barbara & Osterman, 2009). Its goal is “to leverage …[the] TIFA process to increase trade and investment opportunities for U.S. and local firms while supporting Defense Department efforts to supply U.S. and NATO forces in Afghanistan through Central Asia” (Barbara & Osterman, 2009). The supply chains can play a significant role in the promotion of cooperation and trade within the region; therefore, they are good opportunities for development of the CA companies.

Thus, the analysis of testimonies, policy and legal documents shows that there are two layers of U.S. policy in CA. The first layer is security, and the second layer is economic cooperation. At the security level, the U.S. carries out a policy of development of bilateral relations. Attempts to develop cooperation in security issues were made by the U.S. in the 1990s. These attempts were aimed at incorporation of the CA countries into the western security system through NATO PfP and Centrasbat. The actual failure of these initiatives, on the one hand, and efficacy of bilateral relations demonstrated in those years, on the other hand, led to the current situation in which the U.S. prefers bilateral relations with the post-Soviet CA countries over regional approaches.

The situation is different in the economic realm. The U.S. tried to promote cooperation among the five post-Soviet CA countries through the TIFA, which was framed as a regional agreement. At present, the focus of the U.S. has shifted. The U.S., together with other multilateral institutions, has made efforts to develop wider CA which
includes the development of economic cooperation among the countries of post-Soviet CA and Afghanistan.

The analysis of the documents revealed some inconsistency in the texts. The Silk Road Strategy Act (1999) pictures the region as consisting of eight countries, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. TIFA (2004) limits the region to the five countries, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The Silk Road Strategy Act of 2006 describes region as consisting of these countries and Afghanistan. In three cases history was used to justify the inclusion of these countries in one region.

4.3. Experts’ Opinions regarding U.S. Policy in CA

The literature review indicated that there are two opposite opinions regarding U.S. activities in CA and their impact on the situation. The first one is a positive evaluation, evident in the example of Kazakhstan, where the U.S. had an interest in eliminating nuclear weapons. Kazakhstan agreed to allow the U.S. to eliminate its nuclear stockpiles in exchange for help developing its economic sectors. This example is cited by some scholars as the positive impact that the U.S. has had on CA (Laumulin, 2010). The second opinion is a negative evaluation of U.S. activities and this opinion is represented by Lewis (2008) who claims that the U.S. negatively affects the development of CA countries because the U.S. is more concerned about strategic interests than human rights violations. According to Lewis, this conflict of interests results in distrustful attitudes toward the U.S.
The interviews with experts indicate the four main categories of issues that determine the effect of the U.S. activities in CA. These categories include the interests that the U.S. pursues in CA, the U.S. relationship with Russia and China in regard to CA, the nature of the post-Soviet CA countries, and how the U.S. pursues its goals in CA.

According to the experts, the first U.S. goal in post-Soviet Central Asia is security. Democracy, political, and economic stability are important priorities if they help to achieve security goals. Stephen Blank, an expert of the Strategic Studies Institute of the U.S. Army War College, pointed out a following list of the U.S. priorities in CA:

The first goal of the U.S. is security, the second goal is to prevent Russia and China from the incorporation of the countries of the region into a new block, the third goal is diversification of energy sources, the fourth goal is creating opportunities for American investors and finally the fifth goal is democracy (personal communication, December 24, 2009)

Blank also underlined that “to speak about the U.S. interest in the region it is necessary to include Afghanistan as the U.S. interest is to defeat the Taliban and to stabilize the situation there”.

According to the experts, the factors that affect U.S. actions in the region are internally and externally-driven. By the notion of the internally-driven factors, I mean U.S. domestic factors such as public opinion towards Afghanistan. The experts interviewed warn that U.S. involvement in the region is short-term.

The externally-driven factors are the interests of China and especially Russia in CA. According to the experts (John Andrew, Deputy Editor of the Economist Intelligence Unit for Eastern Europe; Stephen Blank, an expert of the Strategic Studies Institute of the U.S. Army War College; Adam Albion, the director of Central Eurasian Leadership
Academy; and Eric McGlinchey, Assistant Professor of Government and Politics of George Mason University) Russia and China have significant political, military and economic interests in CA. Their interests are long-term because of their close geographical location.

The experts pointed out that it is important for the U.S. to consider Russian interests in CA because of the links between Russia and the countries of the region. Experts pointed out the ambiguity of the Russian attitude toward the U.S. presence in CA. On the one hand, Russia wants to keep the countries of the region in its sphere of influence, and therefore does not feel comfortable with the U.S. presence in CA. On the other hand, Russia shares similar security concerns with the U.S. and, consequently, is in favor of the U.S. presence in Afghanistan. To illustrate, Andrew used the following wording to describe the Russian stance toward the U.S. presence in CA. He said that Russia has “obvious discomfort with any escalation of the US presence” (personal communication, December 14, 2009). Although it would be beneficial for the U.S. and Russia to work together in CA, it is difficult for the U.S. to overcome Russia’s suspicion toward U.S. actions in CA.

Nevertheless, the experts indicated that it is mutually beneficial for both the U.S. and Russia to cooperate in CA. According to the experts, the areas where two countries share similar concerns are security; therefore, cooperation on this issue is the area where the cooperation can start. According to Albion, “although Russia is causing a lot of problems and making cooperation difficult through various provocations, nevertheless Russia and the U.S. share similar security concerns and Russian expertise of Afghanistan
would be important for the U.S. to utilize” (personal communication, December 12, 2009). Also, experts indicated that China is also suspicious towards the U.S. actions in CA.

The experts referred to the following aspects of U.S. foreign policy in CA: bilateral vs. regional approach toward CA countries, aid, and investments. The experts agreed that the U.S. approach toward CA is predominantly bilateral; however, they gave different reasons for this choice emphasizing the importance of the bilateral approach. The first group of experts pointed out that a bilateral approach is more realistic in CA because of the CA countries’ nature. The second group believed such an approach would simply be more effective. To illustrate these positions, here are examples of these groups’ opinions. According to Blank:

The U.S. made little effort or no significant efforts to promote cooperation. It is neither the priority for the U.S., nor possible because the countries of the region are not democratic. No democracy means no cooperation. Ideally the U.S. should promote CA regionalism but it is beyond the U.S. capabilities to help CA people. (personal communication, December 24, 2009)

According to Turner:

The U.S. approach is mainly bilateral not regional. However, some bilateral projects can facilitate regional cooperation. In many issues bilateral approaches matter, and for some it is better to take a regional approach. Energy, water issues, trade and customs are the issues requiring regional approach. A regional approach is better as countries are dependent on each other. To make border control efficient it is necessary to promote regional cooperation. Also, for making the region more attractive for foreign investment it is necessary to make the conditions of doing business in region better and easier. (personal communication, December 7, 2009).

In the opinion of the experts, Russia and China have tried to promote cooperation in CA. The experts indicated that these attempts have not been not successful because of
the problems in bilateral relations among the CA countries. The experts pointed out that the main barriers to regionalism have arisen from the CA countries themselves. Andrew showed that the CA countries have not developed the system of solving their interstate problems and this hinders the cooperation among them. Blank pointed to the rivalry between Uzbekistan and Kazakhstan. Turner pointed to the differences in economic models of the CA countries. He divided the five post-Soviet CA countries into three groups:

1) countries with positive attitude towards private sector development and foreign investment: high level of freedom for private companies, such as Kazakhstan and Kyrgyzstan; 2) countries where the state exercises great control over the economy but these countries have high potential in terms of size of market and opportunities, such as Turkmenistan and Uzbekistan; 3) Tajikistan, which is a country that has relatively more freedom than Uzbekistan and Turkmenistan but less economic opportunities and is poorer. (personal communication, December 7, 2009)

Therefore, experts emphasized that the initiatives to develop regional cooperation need to come from the CA countries themselves. Turner said, “the U.S. should not promote regional cooperation; instead, it should be the initiative coming from local countries.”

Aid is the most controversial issue in post-Soviet CA. Although USAID provides assistance to the five post-Soviet countries, the majority of the experts I interviewed were critical regarding the efficiency of this help. To give a full picture of the aid distribution in CA, I will first present the information I obtained from the USAID web-site and then provide the opinions of the experts I interviewed.

USAID provides assistance to CA countries on a bilateral and regional basis. The information posted on the USAID site shows the following trends in its aid distribution to
CA countries on a bilateral basis. USAID programs in Kazakhstan target the macroeconomic level. The projects carried out by USAID aimed at improving the business climate through the reduction of the number of regulations and the improvement of fiscal management. Unlike other CA countries, the economic growth projects of USAID in Kazakhstan are co-funded by the government of Kazakhstan. In addition to the economic policy assistance, USAID implements project in Kazakhstan aimed at improving the health care system (projects on human development promotion, known as investing in people) and the development of democratic institutions. In Kyrgyzstan and Tajikistan, USAID implements projects similar to those it carries out in Kazakhstan. These projects help Kyrgyzstan and Tajikistan to liberalize its economy and improve fiscal management and the business environment. Given the high level of poverty in Kyrgyzstan and Tajikistan, USAID at the same time implements projects that target the development of microfinance institutions (economic growth area). Another priority of USAID in Kyrgyzstan and Tajikistan is to provide help in the facilitation of reforms in the electricity sector and in the creation of an electricity market in CA. Similarly, the investing in people and democracy promotion projects in Kyrgyzstan and Tajikistan are similar to those implemented in Kazakhstan. They target the health system and assist in the creation of democratic institutions in Kyrgyzstan and Tajikistan. Unlike Kazakhstan, however, USAID also implements projects in Kyrgyzstan and Tajikistan assisting in improvement of education systems. In Tajikistan, USAID also implements a food for peace program.

USAID programs in Uzbekistan cover the issues of economic growth, human development promotion and good governance. In the area of economic growth, USAID
programs aims at the development of microfinance institutions and the promotion of small enterprises in rural areas (USAID, “USAID programs in Uzbekistan in 2009”). In the area of the promotion of human development, emphasis is placed on the support of a health care system with special attention to activities at the community level. The support in the area of good governance goes through the National Democratic Institute and the Open Dialogue Project. In Turkmenistan, USAID projects aim to develop the private sector and bring investment into its energy sector. Similar to Uzbekistan, investments in people projects target the health care system and democracy promotion projects aimed to develop civic society and bring changes to the relationship between civic organizations and local government.

Thus, USAID programs in CA cover the issues of economic growth, human development promotion and help in promotion of good governance. USAID policy differs in regard to Kazakhstan, Kyrgyzstan and Tajikistan, on the one side, and Turkmenistan and Uzbekistan, on the other. In the former, USAID implements similar projects coordinated by its offices, while in Uzbekistan and Turkmenistan, due to their domestic policies, the assistance is limited to the micro level. Although the coordination of aid policy in Kazakhstan, Kyrgyzstan and Tajikistan is a real strength, the weakness is that the projects targeting the macro level in these countries, especially the ones that are supposed to lead to economic growth, are small and can lead to slight improvements, but do not change the situation drastically.

The responses regarding aid obtained during interviews showed that respondents consider aid as inefficient regarding CA. The reason for that is the non-democratic character of CA regimes and high corruption. According to Andrew:
In terms of aid, some of the countries are already in receipt of aid from multilateral financial institutions. A big increase in bilateral US aid would probably have to come tied with commitments to improve democratic standards. In view of recent trends, notably in Kyrgyzstan, to "roll back" democracy, I don't think these commitments would be forthcoming. (personal communication, December 14, 2009)

According to Albion:

There should be much more care in delivering less, and better targeted, economic aid to the region because so much of the aid that is coming to the region is not reaching people who need help, due to corruption. In some cases, two decades of Western aid and assistance to CA has had zero discernible effect in pushing governments to improve or reform. Therefore you could make the argument that the tactic that was applied against apartheid, the motto of which was ‘Stop investing in South Africa,’ should be applied to such regimes in CA. (personal communication, December 14, 2009)

Thus, the experts I interviewed pointed out that U.S. interest in CA is security-driven. The main goal of the U.S. is to achieve peace in Afghanistan. When operating in CA the U.S. takes into consideration the Russian and Chinese interests, the powers that have long-term interest in CA as well as the nature of the post-Soviet CA countries. According to these experts, the U.S. stance toward regionalism in CA is ambiguous. In their opinion, although regionalism would be positive for the CA development, to be successful, regional cooperation among the post-Soviet countries should be initiated by countries in the region, and the U.S. cannot initiate these processes. The five post-Soviet countries have played a significant role in U.S. and NATO efforts in Afghanistan. Therefore, the U.S. makes efforts to involve the post-Soviet CA countries in the reconstruction of Afghanistan.
Chapter 5: Discussion/Conclusion

The main purpose of this thesis has been to analyze the U.S. activities in Central Asia (CA) and their impact on regional economic and social stability. I have argued that the U.S. is the only power whose significant security interests favor the promotion of cooperation among the five post-Soviet CA countries. I have argued that the U.S. can encourage the CA countries to cooperate. The CA region is weak because its countries’ current boundaries have a relatively short history and they have not developed an efficient way to communicate with one another. The strong regional awareness that it is more efficient to work together than to compete against each other has not been established yet. Given CA countries interconnectedness, I have argued that it is important to create incentives, which will push CA countries towards regional cooperation. I have seen the role of the U.S. as a motivating force for other great powers to work together in the creation of an environment that is conducive to regional cooperation in CA. I have argued that the U.S. can lead the efforts in establishing such incentives, as it is in the interests of the U.S. to turn the peaceful and relatively liberal states of post-Soviet CA into a strong region. If this region were strong and prosperous, it would positively affect international relations in the wider CA, given that it would be rational to solve all problems peacefully and help states develop successfully.

Taking into account that security concerns are shared by the five post-Soviet CA countries and the great powers because destabilization in CA would negatively affect their security, I have argued that security cooperation can be a basis upon which the cooperation could start and extend further to other areas, such as the economic or political domain. Economic and social stability are equally important because they are
directly connected to security, as the economic success of these countries will prove their existence as states.

I have also argued that the U.S. focus on the promotion of cooperation between the post-Soviet CA countries and Afghanistan is misguided. Instead, the U.S. should emphasize regional cooperation among the five post-Soviet CA countries, and should continue making efforts to establish peace in Afghanistan on a separate track. Only when regional cooperation among post-Soviet countries is achieved and peace in Afghanistan is established could it be possible to promote cooperation. Before cooperation is promoted, peace should be established. Without the establishment of peace, attempts to incorporate Afghanistan into post-Soviet CA will only deteriorate the situation.

The analysis of literature as well as observations and interviews indicate three main aspects of the U.S. strategy toward post-Soviet CA. The first aspect is that it is accepted at a political level that CA is an important region and this is reflected in the National Strategy of the U.S. According to the National Strategy of the U.S. (2006), the five post-Soviet CA countries are an enduring priority for the U.S. The speeches of U.S. officials and documents indicate that CA is important for the U.S because the region is rich in energy resources and there are significant security and strategic interests of the U.S. in CA. The second aspect of the U.S. strategy is to support local countries in the development toward market economies and democracy. The third aspect is to assist in the promotion of regional cooperation. Although regional cooperation among the five post-Soviet countries is perceived as a desirable goal, it is admitted that this goal is difficult to achieve.
The last aspect of the U.S. strategy deserves special attention because the U.S. differs in this regard from other great powers. The U.S. has been most in favor of regionalism in CA among the great powers of the region such as Russia and China. It is understandable because regionalism and economic and social stability of CA are interconnected. Although security and economic and social stability are interconnected everywhere, in CA this connection is stronger because of two factors. The first factor is the geographical location among the great powers and the proximity to Afghanistan. CA countries, in contrast to other countries of the post-socialist bloc, are located in an area surrounded by competing outside countries willing to increase their influence over the region. Therefore, for CA countries, regionalism is the only way to develop successfully because regionalism increases these countries’ capabilities and their bargaining power with outside countries. Interconnectedness also plays a role in CA because no country can be threatened without the other countries being affected. The post-Soviet CA countries are located near Afghanistan in which state institutions, being weak, are unlikely to withstand the destabilizing forces of prolonged conflict. Destabilization of Afghanistan may spill over to post-Soviet CA.

The second factor making the connection between security and economic and social stability stronger is the socialist past of the five CA countries, which made their populations accustomed to relatively generous social welfare, less differentiation in distribution of wealth and relatively high levels of income per capita. Therefore, security and economic and social stability directly determine the survival of the CA countries; regionalism is the only way to promote both security and economic and social stability.
There has always been some interest in the development of regional cooperation in post-Soviet CA. There were attempts to promote regionalism made by both insider-countries, such as the post-Soviet CA countries and outsider-countries, such as the U.S., China, and Russia. The post-Soviet CA countries made at least two attempts to develop regional cooperation. The first attempt was made in 1990 before the time when the CA countries gained independence. In 1990, the leaders of the CA states called for an increase in ties among Central Asian Soviet Republics; and in 1991, at the meeting of the leaders of the five Central Asian republics, the decision was made to establish a Central Asian Advisory Council that would help countries to successfully develop and carry out a coordinated policy aimed at the reformation of political and social life. Although these attempts continued after the countries became independent, they did not lead to successful cooperation. The Central Asia Union, which was created in 1994, and later changed its name to Central Asian Cooperation Organization, were not a success. The agreements on eternal friendship between Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan signed in 1996-1998 did not lead to the establishment of trustworthy relationships. The idea to reestablish the Central Asia Union expressed by the president of Kazakhstan and supported by the presidents of Kyrgyzstan and Tajikistan in 2007 also did not become reality.

The surrounding great powers also attempted to develop cooperation in CA. However, their goal was to incorporate the countries of the region in a security system led by this particular power. Russian efforts have been directed towards the involvement of the CA countries in the pro-Russian Collective Security Treaty Organization (CSTO) and
the Eurasian Economic Community (EurAsEC). China, together with Russia, has
developed the Shanghai Cooperation Organization (SCO) and promoted regional
cooperation within this framework. Thus, although attempts to develop regional
cooperation were taken, regionalism was not promoted because of the conflicting
interests of the great powers and competition among the local countries.

In this regard, the U.S. stance toward regional cooperation differs. The U.S. is the
only country that has always been in favor of the promotion of cooperation among the
five post-Soviet CA countries and the only country that made efforts to promote it. The
U.S. made two attempts in this direction. The first attempt was made in the 1990s; it was
an attempt to develop security cooperation on the basis of NATO’s PfP and Centrasbat.
The second attempt was made in 2004 when the U.S. signed TIFA with the five post-
Soviet CA countries. The U.S. goal was to promote economic cooperation within the
framework of TIFA. Although this was the goal, it was not supported by sufficient
resources. In the face of obstacles, the U.S. only offered a wavering commitment to assist
in the promotion of regionalism. Moreover, difficult relationships among the post-Soviet
CA countries have not allowed for real progress in this direction. It is not surprising,
therefore, that these efforts resulted in no substantial outcomes in this regard.

Since that time, there have been no serious attempts to establish a mechanism for
regional cooperation in post-Soviet CA. Moreover, the U.S., facing security concerns in
Afghanistan, has chosen a strategy of developing bilateral relations with the post-Soviet
CA countries and promoting cooperation within wider CA. By wider CA, the U.S. means
the development of cooperation among the five post-Soviet countries and Afghanistan.
Although it is strategically correct to develop cooperation among the post-Soviet countries and Afghanistan, I see two reasons why it is too early to emphasize it. The first reason is that to develop such cooperation it is necessary to first achieve security. Security in Afghanistan has not yet been achieved; therefore, for the U.S. it would not be correct to emphasize the cooperation in this area.

The second reason is that these two players, post-Soviet CA and Afghanistan, are not ready to promote regional cooperation. These two players, one which is weak and another which is almost a failed state, are more likely to sink together rather than succeed; it is necessary that one player is strong enough to bear the burden of development of cooperation. The examination of post-Soviet CA’s and Afghanistan’s economic data ensures that post-Soviet CA has the potential to become strong enough to develop cooperation further. Therefore, I think it would be correct to emphasize the promotion of cooperation among the five post-Soviet CA countries and then to focus on the development of cooperation with Afghanistan.

Such emphasis on the development of regional cooperation in post-Soviet CA is in the U.S. strategic interest. Furthermore, it is in the U.S. security interest to have a strong post-Soviet CA. According to the Washington Post:

When the presidents of two Central Asian countries meet to discuss matters of mutual concern, the outcome of their talks may seem irrelevant to American politicians. Indeed, why should talks that took place earlier this month in the Uzbek capital, Tashkent, have any effect on Washington? They do. Why? Because what is in play may be the future of just how much assistance ends up going to Afghanistan from Central Asian countries (and others) to help the American war effort. That is something the U.S. badly needs. (Salhani, 2010)
Post-Soviet CA can become strong if the cooperation among the five countries of the region is developed. At present there are some signs showing that Uzbekistan and Kazakhstan, two major regional economies and two competing local countries are willing to move toward each other. One of the examples is the agreement made in 2010 between Kazakhstan and Uzbekistan to act together regarding “hydropower development in Central Asia” (Lillis, 2010). Therefore, I think that it is good timing to make efforts to promote cooperation among post-Soviet CA countries, as there is a presence of both internal and external factors favoring regional cooperation. This is the first time such factors are present together in post-Soviet CA. In the past, it was either the activities of the CA countries aimed at development of cooperation, or the U.S. actions aimed at promotion of regionalism in CA, which appeared separately.

The analysis of the U.S. Central Asian policy also indicates that there is lack of real understanding of the situation in CA. The reason for that is either limited expertise regarding CA or lack of a strategy directing the global role of the U.S. in a post 9/11 world.

The findings of this research show that there have been constant moves within American Central Asian strategy since 1991. These moves can be interpreted as ongoing changes and adaptation of the U.S. policy, but they definitely indicate that there is no strategic vision for CA in U.S. foreign policy. The initial goal of the U.S. in CA was to incorporate the region into a western system and to prevent it from becoming incorporated by its neighbors. Then, the focus shifted to the idea of establishment of the Eurasian security system. The driving force behind this idea was the interest in the oil and
gas of the Caspian region. Since 2001, the new emphasis of the U.S. strategy has been to establish a Wider CA.

The last initiative to create a wider CA is plausibly an attempt to create a new region. Theoretically, regions are “political and social projects,” they are “created and re-created” through activities aimed at the creation of a region (Hettne & Soderbaum, 2002, p. 38-39). Although scholars suggest such actions can be intentional and non-intentional (Hettne & Soderbaum, 2002), in a case of post-Soviet CA, such actions have been intentional. In the past, the USSR created the post-Soviet CA, which was distinct from its southern and eastern neighbors. At present, such efforts are being taken by the U.S. to create or recreate a new region, which will include the post-Soviet CA and South Asian countries.

The Soviet state used the energy resources of CA, but at the same time, provided the region with security, subsidized it and spent a considerable amount of funds on the development of human capital. Unlike the Soviet state, the U.S. has tried to achieve its current goal to establish the Wider CA region by carrying out a policy of less spending and more gains. In comparison with other post-socialist countries, post-Soviet CA has received the least amount of aid and there are no significant American investments in the region, except for in Kazakhstan, where several American oil companies perform their operations. Such a strategy is inefficient. One of the examples supporting this is the uprising of 2010 in Kyrgyzstan, which jeopardized the future of the U.S. air base in this country. Therefore, I think it is time to develop a new strategy, which would focus on the
creation of an environment favorable to regionalism in post-Soviet CA leading to regional social and economic stability.

The findings of this research show that the U.S. should work together with Russia and China on the creation of such an environment. The statistics on trade and investment as well as interviews with experts demonstrate that Russia is still an important player in CA’s international relations. Therefore, it is significant for the U.S. to emphasize the cooperation with Russia in the creation of an environment favorable to regionalism.

Although there are some misunderstandings between Uzbekistan and Kazakhstan, two CA regional players, regionalism is likely to be developed in CA if the U.S., Russia and China make efforts together and create incentives for CA countries to cooperate. Previous international experience supports the effectiveness of this approach. Regionalism worked in Europe when the fiercest enemies, such as France and Germany, negotiated and became a powerhouse for EU integration. Cooperation is slowly but surely happening between China, Japan and South Korea, which have had suspicions towards each other. In CA, cooperation is also possible but it is necessary to provide some incentives. The same incentives, which were provided to other parts of the world where the U.S. had important national interests, should be provided to CA countries. Due to the decreasing capabilities of the U.S. in a time of global crisis, it has been necessary to involve their allies, such as the EU, as well as Russia and China.

The post-Soviet CA countries are geopolitically significant. Moreover, their political systems are similar to western systems. The five post-Soviet countries of CA have had relatively open political systems, educated people, high HDI and do not have
anti-western attitudes. Therefore, it would be more useful for the western countries to assist local countries in the same way as they assisted European countries after World War II.

The task in CA is definitely more difficult than it was in Western Europe in those years. Geography and history of these countries differ. The five post-Soviet countries went through the Soviet period with one dominant ideology and a planned economy. Local people were oppressed by the elites in the times before the USSR. Presently, they need support and incentives. Regional cooperation can bring about these changes. Therefore, it would be important for U.S. policymakers working in the region to emphasize cooperation.

Regionalism in CA is impossible without Uzbek participation. Although some papers recommend bypassing the countries which are unwilling to cooperate (Byrd & Raiser, 2006; Matveeva, 2006), in the case of CA and Uzbekistan it is simply impossible. Uzbekistan is important because of its central geographic position among the other four post-Soviet Central Asian countries as well as because of the size of its population, industrial development and cultural heritage. Uzbekistan can be a bridge connecting all countries of the region or, if Uzbekistan is unwilling to cooperate with others, can be a barrier to cooperation. Uzbekistan is the most-populated country in the region (27,606,007 in 2009, according to CIA Factbook), and therefore it has a large market. Labor forces are traditionally well-educated because Tashkent, the capital of Uzbekistan in particular, and Uzbekistan in general since the Soviet times, has been a cultural, educational and industrial center of CA. Finally, Uzbekistan is a home to many famous
cultural-historical traditions of the region’s ancestors. Taking all these factors together, Uzbekistan plays a significant role in whether CA emerges as a united region or not; it is also a central player “in the prospects for regional development and long-term economic growth” (Mahnovski et al., 2007, p. XIV). The Uzbek economic, social and political transition will determine whether “the division of Central Asia into a relatively wealthy Kazakhstan and a poor, fractious, southern flank” goes further or if the region will develop into a collaborative organization (Mahnovski et al., 2007, p. XIV).

Uzbekistan is significant for the promotion of cooperation in CA and should be important for the U.S. Central Asian strategy. With regard to the promotion of regional cooperation, Uzbekistan cannot be compared with Kazakshtan, whose major economic interests are outside of CA. Uzbekistan possesses important leverage for the development of communications and transportation infrastructure, fostering what will eventually be regional patterns in CA. Regarding the importance for the U.S., Uzbekistan is the only country in CA which since independence has carried out independent foreign policy. The U.S. image is still attractive among ordinary Uzbeks.

While Uzbekistan is extremely important, the U.S. Central Asian strategy towards this country tends to extremes. The strategy is either an indication of total support or complete criticism of Uzbek policy. Such strategy does not bring desirable results for U.S. goals but rather affects them negatively. Given its geopolitical importance, Uzbekistan can easily find friends among other great powers who compete with the U.S. Although this friendship is somewhat artificial, it is probably tactically correct for Uzbekistan, although not strategically. It may be eventually dangerous for both sides: the
U.S. and the secular government of Uzbekistan. It is dangerous for the U.S. because the country can lose a very significant ally in the region.

To conclude, U.S. interests in CA are similar to those of the CA countries themselves. This is security, which is only possible by achievement of economic prosperity and democratic development. Otherwise, poverty and tyranny will be fertile soil for producing dissatisfied people ready to fight anyone. Given the conditions in CA, the only way to achieve prosperity and betterment is the development of regionalism. This should be priority number one in the U.S. CA strategy. Regionalism is largely based on Uzbekistan’s active involvement and likely leadership in it. Therefore, the second priority of the U.S.’s CA strategy should be the encouragement of Uzbekistan to cooperate with other CA countries. The U.S. should encourage this by providing incentives similar to those provided to Western Europe in the past and Eastern Europe in the more recent past. These should be real incentives, such as investments, changes in regulations in world trade, sharing new technology, and educational exchanges. It should be in the form of coordinated assistance to the region as a whole and in the form of moral support. To provide incentives and fair and equal treatment for the CA nations would be responsible behavior which will result in mutual security and prosperity.
References


challenge of Eurasian security governance (pp. 3-22). Manchester and New York: Manchester University Press.


Trade Compliance Center. Uzbekistan. Trade Relations Agreement. Retrieved from http://tcc.export.gov/Trade_Agreements/All_Trade_Agreements/exp_005414.asp


---

1 In this research, by the term CA I mean the five post-Soviet countries: Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.

2 The four other goals are “promoting transformational development; strengthening fragile states; providing humanitarian relief; mitigating global and transnational ills” (USAID, 2005, p. 5)

3 Central Asian Battalion (Centrasbat) was established in 1996 by the regional organization Central Asian Economic Community (CAEC). It consisted of the military units of three CA countries: Kazakhstan, Kyrgyzstan and Uzbekistan. In 1998 Tajikistan joined both the CAEC and Centrasbat. Centrasbat was aimed to conduct military exercises with the goal of improving communication and coordination between peacekeepers of CA countries and other participants of these military exercises. While popular at the beginning, by 2000, Centrasbat lost its initial popularity.