CHAPTER-VI
CONCLUSION

The concepts of region, regionalism and regionalization occupy central place in the Political Science and International Relations literature. There is a very thin line of demarcation between these concepts. Though these differences are subtle but very significant for the students and scholars of Politics and International Relations.

In International relations literature, region has been defined in both narrow as well as broad sense. In narrow sense a region is defined as a geographical reality, usually a cluster of states sharing a common space on the globe. However, in a broad sense it is more than that. It is an inclusive concept that includes state based as well as non-state based regions. From this perspective, the commonwealth states, or the Islamic countries also constitute a region.

Regionalism implies a policy whereby states and non-state actors cooperate and coordinate strategy within a given region. Regionalization is understood as an active process of change towards increased cooperation, integration, convergence, coherence and identity. Therefore, if regionalism is a policy or project, regionalization is both project and process. Central Asian States constitute a region in both the narrow as well as broad sense of the term. These states do possess all the contours of a region and, therefore, have been a regionally viable entity through the ages.

Bordering China, India, Russia, Europe and the Middle East, Central Asia has been a geographical and political hub during the ancient period. The region has had numerous names and identities. To the ancient Greeks it was Transoxiana, the region between the Amu Darya and Syr Darya rivers. In later centuries, it became Turkestan, 'the land inhabited by Turks'. In the 19th Century, the western world dubbed it the 'back of beyond', and it became the setting for kipling's 'Great Game theory'.

The city of Bukhara, located in present day Uzbekistan, was for many centuries an important Centre of religious and scientific learning and training with a large number of madrassas or religious schools throughout the city. It was the home of Al Bokhari (810-870), the Islamic scholar and philosopher who wrote the Hadith, the interpretation of the sayings of the prophet. From 877 to 999, with their capital in
Bukhara, the Persian Samanids placed Central Asia in the centre of the art, culture, learning and trade.¹

Throughout the medieval period, from the invasion of Genghis Khan in the early 13th Century to the ascension of Timur, Central Asia had remained a regionally viable unit. In the 16th Century, a regional tribe called the Uzbeks defeated the Timurid dynasty and overthrew Babur, Tamerlane’s heir and ultimately formed three separate Khanates of Khiva, Bukhara and Kokand.

During the Soviet period, Central Asia was firmly and fully integrated into the Soviet political and economic sphere. The region’s long association with the Soviet Union further enabled them to develop into a well-knit region. This takes one to understand the process of regional cooperation in Central Asia in terms of various theories of international relations on regional cooperation.

None of the international relations theory alone is adequate to explain the process of regional cooperation in Central Asia. This is primarily due to the fact that these states exhibit significant convergences as well as divergences in terms of their natural resource endowments, security concerns and their trade and foreign policy orientations. Thus certain aspects of regional cooperation in Central Asia can be explained and understood from the realist/neo-realist perspective. However, other aspects of regional cooperation can also be understood within the functionalist/neo-functionalist framework.

Traditionally, neo-realists have tended to de-emphasise both cooperative efforts among states and the importance of international institutions.² They have however specified some conditions under which international cooperation becomes possible. In the face of a common preponderant threat small states in a region collaborate with each other leading to the emergence of military alliances. This theory can be applied to study the regional cooperation in Central Asia in matters of defence and security. According to the neo-realist argument, since states are unitary and rational actors the rational action would be to work together to counterbalance the common threat. This research shows that there is little such threat perception among the Central Asian states vis-à-vis Russia, as it remains the guarantor of peace and security in Central Asia by advocating CIS as the main framework of regional

cooperation. Nevertheless westward orientation of the Central Asian States and their joining the NATO’s Partnership for Peace (PIP) Programme lends credence to the neo-realist arguments.

Functionalist theory which strives to explain cooperation among states developed in the 1940s for understanding the behaviour of the states in international arena. Their basic premise is that growing economic interdependence, the diffusion of new technology and ideas, and awareness of common transnational problems diminish the importance of borders and create transnational actors and a demand for international cooperation. The postulate of functionalism declared that successful cooperation in a concrete field or project might stimulate further, even stronger integration processes.

This theory seems to be more applicable to Central Asian states in order to explain the process of economic cooperation and cooperation in sharing river waters, energy and transportation. These states share a variety of problems, some of which, such as environmental degradation in the Caspian and Aral Seas or water resource management, demand an intraregional response. Transport and economic modernization can only be ensured through multilateral cooperation. Security concerns of the Central Asian States are also linked together, and this could be approached through regional institutions. However, these states also exhibit significant divergences and much of the interdependence in Central Asia is more potential than real, since historically these states were more closely integrated with Moscow than with each other. Consequently, conflicting national interests tend to push these states on the path of realism.

This observation points to one of the most fundamental challenges that Central Asian States are facing today. Previously these states were fully integrated into the Soviet economy and were assigned a particular place by the Soviet planners, and were heavily dependent upon subsidies from the Soviet Union. It was a direct result of the Moscow’s affirmative action policy. Although these ties have been broken with the collapse of the Soviet Union, their legacy still remains. Russia is still the largest export market, and accounts for more than 50 per cent of the trade of each Central Asian state. Moreover, as mentioned above, Central Asia is dependent

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5 Reports of Economist Intelligence Unit and Eurasian File, Published by Turkish International Cooperation Agency.

219
upon Russia for its security, as Russian troops guard CIS borders and agreements with Russia are the cornerstone of each state’s security policy.

It is not being argued that the overdependence of Central Asian states on Russia retards the prospects of regional cooperation. On the contrary it acts as a bulwark against regional instability and disintegration. This is evident from coming together of Russia and China to join hands with three Central Asian states of Kazakhstan, Kyrgyzstan and Tajikistan (later joined by Uzbekistan) to constitute Shanghai 5 on 26 April 1996 and its subsequent culmination into Shanghai Cooperation Organization (SCO) in June 2001. Therefore, Russia remains concerned with peace and stability in its backyard.

The Central Asian States have not been oblivious to the potential of integration and cooperation. As early as January 1993, the five Republics got together to form the Central Asia Commonwealth. Much lip-service has been paid ever since to cooperative initiatives on a bilateral and multilateral basis. Various regional institutions have been set up. They include the original CIS and the CIS Collective Security Pact, the Eurasian Economic Community (EEC, or EURASEC), the Central Asian Cooperation organization (CACO), the ECO and the Shanghai Cooperation Organization (SCO).

Integration in Practice

The basis on which a Central Asian Union could emerge is indicated in this passage by President Karimov: “As far as integration on the level of the Central Asian countries is concerned, it has its own specific features. This integration has always been and remains to be public in its essence. During all its history the nations of this region shoulder to shoulder struggled against the domination of foreign conquerors. Representatives of these nations had always been guided by the ideas of independence and creation of independent states. These nations have been living on a vast territory called Turkistan during centuries”.

First of all, it is necessary to note that integration of the nations of Central Asia is not a dream or a project for the future, it is a reality which needs only organizational, legal and political forms.6

The collapse of former Soviet Union brought to the forefront the idea of creating a Central Asian regional union. Almost immediately, it was pointed out that

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the five states that were being brought together were anything but homogeneous. It was also noted that the construction of five separate Republics in the course of national territorial delimitation, and the identification of five separate groups of people, meant that "national" identities could no longer be denied. Interestingly, however, while identities and histories were separated, in economic terms Kazakhstan, Uzbekistan, Tajikistan, and Kyrgyzstan combined into a single economic region and a number of specialized organs were put in place to achieve economic integration. More importantly, infrastructural investments were made in the region as a whole which meant that the region inherited an integrated infrastructure on achieving independence. This imposed a certain level of continuity.

Another element that ensures continuity is the emphasis that the problem of development must first be addressed on a regional level before being taken up on a global level. The linkages that had been established in vital spheres would thus necessarily be maintained in order to ensure that the period of transition is smooth. As President Karimov pointed out, "The Republic’s economy emerged and developed within the constraints of the former Union. A single transport and power system bound it to other regions by a tightly knit economic network...."

This necessarily induced a certain interest in establishing regional economic links and a common economic forum among the Central Asian states. Unfortunately in most cases the economic requirements of the Central Asian states overlap. For instance, oil and gas are the principal items for Kazakhstan, Turkmenistan and also Uzbekistan while cotton is a common item for Uzbekistan, Turkmenistan and Tajikistan. As a result there is very little enthusiasm for integration on an economic level, due to the fact that an element of competition rather than complimentarily exists.

In fact it should be noted that steps towards the creation of a single Central Asian economic space was underway even prior to the disintegration of the Soviet Union, when prospects for integration were discussed in the 1990 during a conference in Almaty. In the subsequent years a number of measures were undertaken and agreements were signed to coordinate economic reforms and create

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multilateral institutions.¹⁰ In addition even today a differentiation is recognized between the countries of the former Soviet Union and those outside it. For instance there is a difference between taxation of imports and exports to the ruble zone and that outside. Most exports of key commodities outside the former Soviet Union countries are strictly controlled through export registration and licensing requirements and monopoly on trading rights for certain product lines held by state foreign trade organizations.¹¹ However, this limited export base proved problematic. Uzbekistan, for instance, has huge reserves of natural gas. The inability to export it to hard currency markets due to unavailability of transport lines may lead to limitation of economic gains. Economic union thus proved difficult to be put into practice. Similarly, it was noted that cultural bonds could hardly become the basis of regional union.

Yet a number of measures towards integration were undertaken and a number of agreements were signed. In 1991, an agreement to from an Inter-Republican Council of Central Asian Republics and Kazakhstan was signed. This initiative could not be realized, due to the disintegration of the Soviet Union and the formation of the Commonwealth of Independent States. In order to accelerate the integration process in Central Asia and fulfill previously achieved agreements, the Presidents of Kazakhstan, Kyrgyzstan and Uzbekistan signed the Treaty on the Formation of Unified Economic Space in 1994. The document laid a firm foundation for economic cooperation based on principles of friendship and neighbourly relations, equal rights and non-interference in domestic affairs, consistent implementation of mutual agreements and generally recognized norms of international law.

On 8 July 1994 in Almaty, the leaders of three countries signed a number of basic documents including the ‘Appeal to the Peoples’ of the three republics, the Memorandum on Migration Agreement, the Agreement on Military and Technological Cooperation, the Agreement on the Informational Support of International Treaties and Agreements, the Agreement on the Foundation of the Central Asian bank for Cooperation and Development, and other documents

providing for vital interests of the three states. At the meeting, the International Council and its administrative body, the Executive Committee, were founded. In 1995, the Executive Committee held five leadership meetings, and three meetings of the Prime Ministers’ Council was convened. As a result of these meetings, important steps towards further economic integration were adopted.

The Executive Committee prepares and adopts multilateral and bilateral agreements on trade, fuel, energy supply, and the shared costs of electricity produced at the Naryn power station. The Committee issued a number of documents facilitating the creation of unified economic space such as the free trade agreement between Kazakhstan and Kyrgyzstan and the protocol approving Kazakhstan’s participation in the customs’ union of Belarus, Kazakhstan and Russia. A committee composed of representatives of each country’s health ministry began implementing the mutual agreements on pharmaceutical production and health protection.

The Central Asian Regional Cooperation Conference held in Kyrgyzstan in June 1995 formulated cooperative solutions to the areas’ political, social, environmental, demographic and economic problems. The Conference resulted in the Issyk-Kul Regional Cooperation Declaration. Kazakhstan, Kyrgyzstan and Uzbekistan have developed the Economic Integration 2000 Programme, which was adopted at the Bishkek meeting of the Council of Prime Ministers. In addition a Kazakhstan-Uzbekistan Science and Technology programme consisting of 107 projects in 16 fields has been developed. The International Council and the Prime Ministers of the member countries have chosen priority projects to be financed by the Central Asian Bank for Cooperation and Development. These include electric and gas meter production by the Saiman and Zhanar corporations and electric engine production by Kyrgyzstan Electric Plants. As a whole the integration programme includes important industries related to fuel and energy production, iron and steel, chemicals, machinery, geological prospecting, light manufacturing, communications, constructions materials and agriculture.

Similarly, political rhetoric reflected a commonness that had resulted out of centuries of common existence. Speaking at the inauguration of the Kazakh Day in Uzbekistan, President Karimov noted, “We are well aware that in the past our states were not divided. We hope that in the future also it will not be so”.

Another level on which integration has been attempted is through the integration of the Central Asian economy with extra-regional states. The Economic Cooperation Organisation has considered the Central Asian region as a sub-system and in 1992 Azerbaijan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan, Kazakhstan and Afghanistan were incorporated as members. The ECO was organized as a forum for the discussion of regional disputes and peaceful cooperation between the original members (Iran, Pakistan, Turkey) and the newly independent member countries. The ECO’s current plans of action underline the need for mobilizing the regions’ natural and human resource base on a market oriented economy. While there has been a progress in mutual trade among the ECO members it has been constrained by the limited nature of the agreement on preferential tariffs, the lack of transportation networks in the region as also competition among the member states on a number of issues.\(^\text{13}\) It has also been observed that the basic minimum level of economic, cultural and political common ground that is required for the successful working of a regional organization does not exist among the states.\(^\text{14}\)

Yet, despite this, recent reports note that “integration exists on paper” and that neither Collective Security Arrangements nor economic integration mechanism have been successful.\(^\text{15}\) Most writings also note that imperatives for regionalization in order to deal with the myriad problems that the states face today cannot, equally, be denied.\(^\text{16}\)

As Boris Runner has argued, the Central Asian states lack objective preconditions for regional unity in so far as they have neither a shared interest in a single market, as in the European Union, nor large investment resources from one of the member states, as in the North American Free Trade Agreement.\(^\text{17}\)

The structural context in which sub-regional initiatives are taking place in Central Asia is more akin to that of Africa, than of Europe, North America or South-East Asia. As in Africa, intraregional trade intensity in Central Asia is relatively low

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and external trade dependence is high, exports consisting mainly of agricultural and mineral products, informal trade are of great significance and there are large distortions in the market system.\(^{18}\)

There is a limit to the scope for the expansion of trade within the narrowly defined Central Asian region. All five countries export primarily a limited range of commodities with substantial overlapping amongst them. Kyrgyzstan exports mainly gold and electricity; Tajikistan electricity, silver, cotton and aluminum; Turkmenistan cotton and natural gas; Uzbekistan cotton and gold; and Kazakhstan mainly oil and metal products. The countries' economies are more competing than complementary, with the exception of certain specific resource complementaries (i.e. oil and coal in Kazakhstan, natural gas and cotton in Turkmenistan and Uzbekistan and hydropower resources in Kyrgyzstan and Tajikistan).\(^{19}\) Even in the sphere of energy, the Central Asian states have focused on import-substitution strategies at the expense of regional trade.\(^{20}\)

Poor land, rail and air connections within the Central Asian region, combined with the large number of dispersed settlements, have been a major constraint on intraregional trade. Yet geographical and other natural limitations are by no means the only impediments to regional cooperation. Protectionist trade policies have exacerbated an already heavy dependence on commodities as the main exports, making the region vulnerable to commodity price shocks. In addition to their dependence on a particular commodity or group of commodities for export, the Central Asian economies are to a large degree dependent on a small group of producers. In Tajikistan, for example, a single plant, the Tursunzade aluminum factory, accounts for nearly half of the country's foreign revenues. As one economist has pointed out, the Central Asian presidents have acquired 'monopolistic control over key imports and enterprises, a lucrative perk quite at variance with the notion of regional free trade and transparent capital movement.'\(^{21}\)

On 11 October 2000 the Presidents of Kazakhstan, Kyrgyzstan, Tajikistan, Belarus and Armenia met at the Kyrgyz capital Bishkek to sign an agreement on


\(^{21}\) Ibid., p.45.
Collective Security and Military Forces to combat aggression and carry out anti-terrorist operations. The absence of Uzbekistan from the Agreement however reduces its effectiveness. Similarly, on 10 October 2000, the Presidents of Kazakhstan, Russia, Belarus, Tajikistan and Kyrgyzstan met in the new Kazakh capital, Astana and signed an agreement to set up a new economic body called Eurasian Economic Union. The Eurasian Union aims to harmonize the tax and customs law of the member states, a goal that the customs union had failed to achieve. In fact Kazakhstan had introduced a 200 per cent tariff on imports from Kyrgyzstan.22

Similarly, given the economic structures of the states and the fact that they do not sufficiently complement each other, the creation of a single economic territory becomes questionable. A number of questions remain unanswered in terms of trade policy. Immediate establishment of a free trade area or a common market looks like overly ambitious steps at this juncture. In this context, the Central Asian summit held in Bishkek in June 1999 was a step in the right direction. It recommended the adoption of effective measures for creating a free trade zone which would function as a mechanism for the stage by stage formation of a single economic space in the region. The summit emphasized the need to create conditions for effective multilateral trade and economic cooperation by means of preliminary agreements on measures for regulating bilateral and multilateral relations.

The recently formed Central Asian Battalion composed of forces from Kazakhstan, Kyrgyzstan and Uzbekistan for increasing and coordinating local peace-keeping endeavours is another example in this direction. Similarly the Eurasian Transport Corridor (Transeca) has increased trade between Kazakhstan and Uzbekistan. There have also been moves to set up regimes for controlling organized crime, drug trafficking, terrorism and illegal migration and supporting environmental protection. A series of Central Asian summits have been held on water management and the Aral Sea crisis leading to an agreement by which each state pledged 0.3 per cent of its GNP to an environmental fund support in the resolution. The very fact that the four states have reached an agreement with Moscow for the creation of a common market indicates a new stage in Eurasian union. However, complexities remain in the process of integration and cooperation.

From the perspective of Central Asian regional integration and cooperation, the regional organizations mentioned above so far have had a limited impact for a number of reasons.

First of all, the membership of these organizations is generally not complete. Turkmenistan, for example, only belongs to the CIS and ECO, and generally has not been an active participant even in these organizations. Secondly, the mandates and objectives of the organizations are generally unclear and overlapping and change over time. Thirdly, the organizations have only limited financial resources and weak organizational capacities which lack mediation or enforcement authority for the agreements reached. Fourthly, they have not been systematically supported by the international community as a vehicle for channeling financial and technical support for regional cooperation and integration. Finally, the complexities involved in the process of regional integration is based demonstrated by the case of water-energy nexus within the region as needs for irrigation often do not correspond to needs for maximum utilization for energy use. In summer when demand for irrigation is high, water is sought to be stored in the reservoirs for winter when demands for energy is at a maximum.

While the Central Asian governments have paid some attention to the regional dimensions of economic recovery and political stability, it is not yet clear whether they, their neighbours and the international community fully appreciate the need for intensive cooperation. Russia and China seem to be inclined to achieve the goal of regional cooperation in Central Asia. It is not yet clear that these states are willing to dedicate the kind of attention, resources and political commitment to the regional organizations that would make them into effective instruments. Recently, there have been some signs that some of the regional organizations are picking up steam. First, the SCO expanded its mandate from purely security issues to economic development and cooperation. A secretariat based in Beijing and strong Chinese leadership, which has already brokered a major financial aid package for the region, might inject new energy into the economic cooperation agenda. Second, in 2004, President Karimov of Uzbekistan proposed through the Central Asia Cooperation Organization (CACO) the creation of a Central Asian Common Market. Specific time frame proposals for a long-term introduction are said to be under preparation. In Kazakhstan, in the spring of 2005, President Nazarbayev called for a unified Central Asia.
For the future, the process of cooperation and integration will involve grappling with some important challenges. First, it will have to be different from the centralised economic integration of the Soviet Union. Second, it will have to avoid the mistake of seeking to create regional trade blocs behind high protective barriers. Third, to the extent integration initiatives are promoted by Russia or China, they will run into suspicions that they are merely a pretext, respectively, for the rebuilding of a modern version of the Tsarist/Soviet empire or for a dominating position of China in the region. Setting aside these suspicions, China and Russia will have to play a major economic role in helping to reintegrate the region, just like the big western European countries have done in the case of European Union. Only then, in coming decades, the Central Asian states could develop into a well knit Eurasian region.