



# Central Asia's Security: Issues and Implications for U.S. Interests

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## Summary

The Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) face common security challenges from crime, corruption, terrorism, and faltering commitments to economic and democratic reforms. However, cooperation among them remains halting, so security in the region is likely in the near term to vary by country. Kyrgyzstan's and Tajikistan's futures are most clouded by ethnic and territorial tensions, and corruption in Kazakhstan and Turkmenistan could spoil benefits from the development of their ample energy resources. Authoritarianism and poverty in Uzbekistan could contribute to a succession crisis. On the other hand, Kyrgyzstan's beleaguered civil society might eventually help the relatively small nation safeguard its independence. Kazakhstan and Uzbekistan might become regional powers able to champion policy solutions to common Central Asian problems and to resist undue influence from more powerful outside powers, because of their large territories and populations and energy and other resources.

Internal political developments in several bordering or close-by states may have a large impact on Central Asian security. These developments include a more authoritarian and globalist Russia, an economically growing China, instability in Iran and the South Caucasus region, and re-surfing drug production and Islamic extremism in Afghanistan.

After the September 11, 2001, terrorist attacks on the United States, the former Bush Administration established bases and other military access in the region to support U.S.-led coalition operations in Afghanistan. The Obama Administration has highlighted U.S. interests in such continued access as well as the long-term security and stability of the region. U.S. interests in Central Asia include combating terrorism, drug production, and trafficking; assisting the development of oil and other resources; and fostering democratization, human rights, free markets, and trade. The United States also seeks to thwart dangers posed to its security by the illicit transfer of strategic missile, nuclear, biological, and chemical weapons technologies, materials, and expertise to terrorist states or groups, and to address threats posed to regional independence by Iran. Some critics counter that the United States has historically had few interests in this region, and advocate only limited U.S. contacts undertaken with Turkey and other friends and allies to ensure U.S. goals. They also urge these friends and allies to enhance their energy security by taking the lead in the development of diverse export routes for Central Asia's energy resources.

Most in Congress have supported U.S. assistance to bolster independence and reforms in Central Asia. The 106<sup>th</sup> Congress authorized a "Silk Road" initiative for greater policy attention and aid for democratization, market reforms, humanitarian needs, conflict resolution, transport infrastructure (including energy pipelines), and border controls. The 108<sup>th</sup> and subsequent Congresses have imposed conditions on foreign assistance to Kazakhstan and Uzbekistan, based on their human rights records. Congress has continued to debate the balance between U.S. security interests in the region and interests in democratization and the protection of human rights.

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## Introduction

The Central Asian region—bordering regional powers Russia, China, and Iran—is an age-old east-west and north-south trade and transport crossroads.<sup>1</sup> After many of the former Soviet Union's republics had declared their independence by late 1991, the five republics of Central Asia followed suit. Since this beginning of independence, surprising to most of the region's population, the Central Asian countries have taken some uneven steps in building defense and other security structures and ties. In some respects, the states have viewed their exposure to outside influences as a mixed blessing. While welcoming new trade, aid, and other ties, the leaders of Central Asia have been less receptive to calls to democratize and respect human rights.

This report discusses the internal and external security concerns of the Central Asian states. Security concerns faced by the states include mixes of social disorder, crime, corruption, terrorism, ethnic and civil conflict, border tensions, water and transport disputes, the proliferation of weapons of mass destruction (WMD), and trafficking in illegal narcotics and persons. The Central Asian states have tried with varying success to bolster their security forces and regional cooperation to deal with these threats. The United States has provided assistance for these efforts and boosted such aid and involvement after the terrorist attacks on the United States on September 11, 2001, but questions remain about what should be the appropriate level and scope of U.S. interest and presence in the region.

## Central Asia's External Security Context

Central Asia's states have slowly consolidated and extended their relations with neighboring and other countries and international organizations that seek to play influential roles in Central Asia or otherwise affect regional security. These include the bordering or close-by countries of Russia, Afghanistan, China, Iran, Turkey, and the South Caucasus states (see below, **Appendix**), and others such as the United States, Germany, France, India, Israel, Pakistan, Saudi Arabia, South Korea, and Ukraine. In terms of ties with close-by states, Turkmenistan may be concerned more about bordering Iran and Afghanistan than with non-bordering China, while Kazakhstan may be concerned more about bordering Russia than with non-bordering Afghanistan. While soliciting and managing ties with these states, the Central Asian countries also seek assistance through regional and international organizations, including the World Bank, International Monetary Fund (IMF), Economic Community Organization (ECO), Organization of the Islamic Conference (OIC), the European Union (EU), the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organization (SCO), and NATO.

Outside powers, while sometimes competing among themselves for influence in Central Asia, also have some common interests. After September 11, 2001, Russia, China, and the United States cooperated somewhat in combating terrorism in the region. This cooperation has appeared to ebb since then, but as the security situation in Afghanistan becomes more complicated,

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<sup>1</sup> Central Asia consists of the former Soviet republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. For overviews, see CRS Report 97-1058, *Kazakhstan: Recent Developments and U.S. Interests*, by Jim Nichol; CRS Report 97-690, *Kyrgyzstan: Recent Developments and U.S. Interests*, by Jim Nichol; CRS Report 98-594, *Tajikistan: Recent Developments and U.S. Interests*, by Jim Nichol; CRS Report 97-1055, *Turkmenistan: Recent Developments and U.S. Interests*, by Jim Nichol; and CRS Report RS21238, *Uzbekistan: Recent Developments and U.S. Interests*, by Jim Nichol.

cooperation may improve. Cooperation is also needed to combat drug, arms, and human trafficking, manage water resources, develop and deliver energy, and tackle infectious diseases. Iran and Russia have collaborated since the latter 1990s to hinder the United States and Turkey from further involvement in developing Caspian Sea oil and natural gas resources. Some observers warn that increasing collaboration or similarity of interests among Russia, Iran, and China in countering the West and in attempting to increase their influence could heighten threats to the sovereignty and independence of the Central Asian states. Others discount such threats, stressing the ultimately diverging goals of the three states.

## **Security Problems and Progress**

The problems of authoritarian regimes, crime, corruption, terrorism, and ethnic and civil tensions jeopardize the security and independence of all the new states of Central Asia, though to varying degrees. Kazakhstan has faced the potential of separatism in northern Kazakhstan where ethnic Russians are dominant, although this threat has appeared to ebb in recent years with the emigration of hundreds of thousands of ethnic Russians. Tajikistan faces threats from economic mismanagement and the possibility of separatism, particularly by its northern Soghd (formerly Leninabad) region. In Kyrgyzstan, northern and southern regional interests vie for influence over central political and economic decision-making. Turkmenistan faces clan and provincial tensions and widespread poverty that could contribute to instability. Uzbekistan faces escalating civil discontent and violence from those whom President Islam Karimov labels as Islamic extremists, from a large ethnic Tajik population, and from an impoverished citizenry. Ethnic Uzbeks and Kyrgyz clashed in 1990 in the Fergana Valley. This fertile valley is divided between Kyrgyzstan, Tajikistan, and Uzbekistan, and contains about one-fifth of Central Asia's population. All the states are harmed by drug and human trafficking and associated corruption and health problems.

Despite these problems, Turkmenistan's oil and gas wealth could contribute to its long-term stability. Also, its location at a locus of Silk Road trade routes potentially could increase its economic security. Uzbekistan's large population and many resources, including oil, natural gas, and gold, could provide a basis for its stable development and security. Kyrgyzstan's beleaguered civil society might eventually succeed in reducing authoritarianism and boosting entrepreneurial activity and good governance, which eventually might permit the country to increase its budgetary expenditures for defense and security.

It would seem that affinities among the current regional elites would facilitate cooperative ties. Many of the officials in the states learned a common language (Russian) and were Communist Party members. Religion (Islam) and ethnicity (Turkic or Persian) are other seeming grounds for links among most in the region. In actuality, however, regional cooperation has been halting.

The vast majority of the people in the Central Asian states suffered steep declines in their quality of life in the first few years after the dissolution of the Soviet Union. The gap widened between the rich and poor, accentuating social tensions and potential instability. Social services such as health and education, inadequate during the Soviet period, declined further. In the new century, however, negative trends in poverty and health have been reversed in much of Central Asia,

according to one World Bank report, although the quality of life remains far below that of Western countries.<sup>2</sup>

Economic difficulties associated with the world financial crisis that began in 2008 could exacerbate social tensions, separatism, and extremism, although large percentages of the states' populations remain employed in the agricultural sector where economic gyrations have been somewhat buffered. This sector has a surfeit of manpower, however, and cannot readily absorb new workers as the populations continue to increase. In the past, substantial out-migration by many workers to Russia and the return of remittances to relatives in Central Asia somewhat eased poverty and tension and buttressed national GDPs. However, Russia's economic problems have caused these remittances to fall off and have forced many of these guest workers to return to their countries of origin.<sup>3</sup>

## **Islamic Extremism and Terrorism**

Calls for government to be based on Sharia (Islamic law) and the Koran are supported by small but increasing minorities in most of Central Asia. Most of Central Asia's Muslims appear to support the concept of secular government, but the influence of fundamentalist Salafist and extremist Islamic groups is growing.<sup>4</sup> Tajikistan's civil conflict, where the issue of Islam in political life contributed to strife, has been pointed to by Central Asian leaders to justify crackdowns. They also point to Russia's conflict with its breakaway Chechnya region and other areas in Russia's North Caucasus as evidence of the threat. In many cases, government crackdowns ostensibly aimed against Islamic extremism have masked clan, political, and religious repression. In some regions of Central Asia, such as Uzbekistan's portion of the Fergana Valley, some Uzbeks kept Islamic practices alive throughout the repressive Soviet period, and some now oppose the secular-oriented Uzbek government. Islamic extremist threats to the regimes may well increase as economic distress fails to dissipate or widens as a result of the global economic crisis. Heavy unemployment and poverty rates among youth in the Fergana Valley are widely cited by observers as making youth more vulnerable to recruitment into religious extremist organizations.<sup>5</sup>

Although much of the attraction of Islamic extremism in Central Asia is generated by factors such as poverty and discontent, it is facilitated by groups in Afghanistan, Pakistan, Saudi Arabia, and elsewhere that provide funding, education, training, and manpower to the region. Some of these ties were at least partially disrupted by the U.S.-led coalition actions in Afghanistan and the U.S. call for worldwide cooperation in combating terrorism.<sup>6</sup>

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<sup>2</sup> Asad Alam, Mamta Murthi, Ruslan Yemtsov, Edmundo Murrugarra, Nora Dudwick, Ellen Hamilton, and Erwin Tiongson, *Growth, Poverty, and Inequality: Eastern Europe and the Former Soviet Union*, The World Bank, 2005.

<sup>3</sup> Michael Mihalka, "Counter-Insurgency, Counter-Terrorism, State-Building and Security Cooperation in Central Asia," *China and Eurasia Forum Quarterly*, Vol. 4, No. 2, 2006. pp. 131-151.

<sup>4</sup> Most Central Asian Muslims traditionally have belonged to the Sunni branch and the Hanafi school of interpretation. Islamic Sufiism has been significant, as have pre-Islamic customs such as ancestor veneration and visits to shrines.

<sup>5</sup> Ahmad Rashid, *Jihad: The Rise of Militant Islam in Central Asia*, Yale: Yale University Press, 2002; T. Jeremy Gunn, *Sociology of Religion*, Fall 2003, pp. 389-410; Pinar Akcali, *Central Asian Survey*, June 1998, pp. 267-284; Aziz Niyazi, *Religion, State & Society*, March 1998, pp. 39-50.

<sup>6</sup> Zeyno Baran, S. Frederick Starr, Svante E. Cornell, *Islamic Radicalism in Central Asia and the Caucasus: Implications for the EU*, Central Asia-Caucasus Institute, 2006.



The Central Asian states impose several controls over religious freedom. All except Tajikistan forbid religious parties such as the Islamic Renewal Party (Tajikistan's civil war settlement included the IRP's legalization), and maintain Soviet-era religious oversight bodies, official Muftiates, and approved clergy. The governments censor religious literature and sermons. According to some analysts, the close government religious control may leave a spiritual gulf that underground radical Islamic groups seek to fill.

Officials in Uzbekistan believe that the country is increasingly vulnerable to Islamic extremism, and they have been at the forefront in Central Asia in combating this threat. Reportedly, thousands of alleged Islamic extremists have been imprisoned and many mosques have been closed. Restrictions were tightened when the legislature in 1998 passed a law on "freedom of worship" banning all unregistered faiths, censoring religious writings, and making it a crime to teach religion without a license. The Uzbek legislature also approved amendments to the criminal code increasing punishments for setting up, leading, or participating in religious extremist, separatist, fundamentalist, or other illegal groups. Public expressions of religiosity are discouraged. Women who wear the hijab and young men who wear beards are faced with government harassment and intimidation. As recommended by the U.S. Commission on International Religious Freedom (USCIRF), then-Secretary Rice in November 2006 designated Uzbekistan a "country of particular concern" (CPC), where severe religious and human rights violations could lead to U.S. sanctions. Since 2000, USCIRF also has recommended that Turkmenistan be designated as a CPC.<sup>7</sup>

Uzbekistan and other Central Asian states have arrested many members of Hizb ut-Tahrir (HT; Liberation Party, a politically oriented Islamic movement calling for the establishment of Sharia rule), sentencing them to lengthy prison terms or even death for pamphleteering, but HT reportedly continues to gain adherents. Uzbekistan argues that HT not only advocates terrorism and the killing of apostates but is carrying out such acts.<sup>8</sup> Kyrgyz authorities emphasize the anti-American and anti-Semitic nature of several HT statements and agree with the Uzbek government on designating the group as an illegal terrorist organization, but some prominent observers in Kyrgyzstan argue that the group is largely pacific and should not be harassed.<sup>9</sup>

## **Terrorist Activities**

Terrorist actions aimed at overthrowing regimes have been of growing concern in all the Central Asian states. Some analysts caution that many activities the regimes label as terrorist—such as hijacking, kidnapping, robbery, assault, and murder—are often carried out by individuals or groups for economic benefit or for revenge, rather than for political purposes. Also, so-called counter-terrorism may mask repressive actions against religious or political opponents of the regime.

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<sup>7</sup> U.S. Department of State. *International Religious Freedom Report 2006*, September 15, 2006. U.S. Commission on International Religious Freedom. *Annual Report*, May 2, 2005; *Annual Report*, May 3, 2006; *Annual Report*, May 1, 2007; *Annual Report*, May 1, 2008; *Annual Report*, May 1, 2009. USCIRF first urged that Uzbekistan be designated a CPC in its 2005 report.

<sup>8</sup> Cheryl Bernard has argued that HT writings borrow heavily from Marxism-Leninism and rely much less on Islamic principles. HT publications have stated that the movement "has adopted the amount [of Islam] which it needs as a political party," that the Islamic world is the last hope for establishing communism, and that terrorist acts against Western interests are appropriate. *Hizb ut Tahrir—Bolsheviks in the Mosque*, RAND Corporation, nd.

<sup>9</sup> HT literature has demanded the withdrawal of U.S.-led coalition forces and the closure of the coalition's Manas airbase in Kyrgyzstan. *CEDR*, March 13, 2003, Doc. No. CEP -104; *CEDR*, January 7, 2003, Doc. No. CEP-91.



Terrorist activities of the Islamic Movement of Uzbekistan (IMU) and similar groups in the region were at least temporarily disrupted by U.S.-led coalition actions in Afghanistan, where several of the groups were based or harbored.<sup>10</sup> Many observers, however, warn that terrorist cells have re-formed and are expanding in Central Asia and that surviving elements of the IMU and other terrorist groups are infiltrating from Afghanistan, Pakistan, and elsewhere.<sup>11</sup> Ominously, the IMU and its splinter group, the Islamic Jihad Union (IJU; see below), have become even more closely allied with international terrorist groups, particularly Al Qaeda. Moreover, the IMU and IJU have expanded their activities beyond Central and South Asia to other areas of the globe.

### **Attacks in Uzbekistan**

Several explosions outside government buildings in Tashkent on February 16, 1999, were variously reported to have killed 13-28 and wounded 100-351 individuals. Uzbek officials detained hundreds or thousands of suspects, including political oppositionists and HT members. The first trial of 22 suspects in June 1999 resulted in six receiving the death sentence. Karimov in April 1999 alleged that Mohammad Solikh (former Uzbek presidential candidate and head of the banned Erk Party) was the mastermind of the plot, and had received support from the Taliban and Uzbek Islamic extremist Tohir Yuldash. The 22 suspects were described in court proceedings as receiving training in Afghanistan (by the Taliban), Tajikistan, Pakistan, and Russia (by Al Qaeda terrorist Khattab in Chechnya), and as led by Solikh and Yuldash and his ally Jama Namanganiy, the latter two the heads of the IMU. Testimony alleged that Solikh had made common cause with Yuldash and Namanganiy in mid-1997, and that Solikh, Yuldash, Namanganiy, and others had agreed that Solikh would be president and Yuldash defense minister after Karimov was overthrown and a caliphate established. According to an Uzbek media report in early July 1999, the coup plot included a planned attack on Uzbekistan by Namanganiy and other Tajik rebels transiting through Tajikistan and Kyrgyzstan (*see below*).

Another secret trial in August 1999 of six suspects in the bombings (brothers of Solikh or members of his Erk Party) resulted in sentences ranging from 8 to 15 years. In November 2000, the Uzbek Supreme Court convicted twelve persons of terrorism, nine of whom were tried in absentia. The absent Yuldash and Namanganiy were given death sentences, and the absent Solikh 15.5 years in prison. U.S. officials criticized the apparent lack of due process during the trial. Solikh has rejected accusations of involvement in the bombings or membership in the IMU. Yuldash too has eschewed responsibility for the bombings, but warned that more might occur if Karimov does not step down.

On March 28 through April 1, 2004, a series of bombings and armed attacks were launched in Uzbekistan, reportedly killing 47. President Karimov asserted on March 29 that the violence was aimed against his government, in order to “cause panic among our people, to make them lose their trust in the policies being carried out.” An obscure Islamic Jihad Group of Uzbekistan (IJG;

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<sup>10</sup> Also, Russia's military operations in its breakaway Chechnya region after 1999 may have helped disrupt Al Qaeda plans for Central Asia. The terrorist group was operating terrorist training camps in Chechnya in the late 1990s that it planned to use in part as launching pads for establishing new cells and camps throughout Central Asia. *Defense Intelligence [Agency] Report Details al Qaeda's Plans for Russia, Chechnya & WMD*, Judicial Watch, Press Office, November 16, 2004. The declassified Intelligence Information Report is dated October 1998.

<sup>11</sup> *CEDR*, March 6, 2003, Doc. No. 217. In testimony in October 2003, then-Assistant Secretary of State Elizabeth Jones stated that “there is a resurgence of the ability of the IMU to operate” in Central Asia and that it “represents a serious threat to the region and therefore to our interests.” U.S. Congress. House International Relations Committee. Subcommittee on the Middle East and Central Asia, *Hearing*, October 29, 2003.

*Jama'at al-Jihad al-Islami*, reportedly an alias of the IMU or a breakaway part of the IMU) claimed responsibility for the violence.<sup>12</sup> After the attacks, media censorship intensified. The first national trial of fifteen suspects accused of attempting to overthrow the government ended in late August 2004. They all confessed their guilt and received sentences of 11-16 years in prison. Some of the defendants testified that they belonged to the IJG and were trained by Arabs and others at camps in Kazakhstan and Pakistan. They testified that IMU member Najmiddin Jalolov (one of those convicted in absentia in 2000) was the leader of the IJG and linked him to Taliban head Mohammad Omar, Uighur extremist Abu Mohammad, and Osama bin Laden. Over 100 individuals reportedly were convicted in various trials.

Suicide bombings occurred in Tashkent, Uzbekistan, on July 30, 2004, at the U.S. and Israeli embassies and the Uzbek Prosecutor-General's Office. Three Uzbek guards reportedly were killed and about a dozen people were injured. All U.S. and Israeli diplomatic personnel were safe. The next day, then-Secretary of State Colin Powell condemned the "terrorist attacks." The IMU and the IJG claimed responsibility and stated that the bombings were aimed against the Uzbek and other "apostate" governments (see also CRS Report RS21818, *The 2004 Attacks in Uzbekistan: Context and Implications for U.S. Interests*, by Jim Nichol).

Dozens or perhaps hundreds of civilians were killed or wounded on May 13, 2005, after Uzbek troops fired on demonstrators in the eastern town of Andijon. The protestors had gathered to demand the end of a trial of 23 prominent local businessmen charged with belonging to an Islamic terrorist group. The night before, a group stormed a prison where those on trial were held and released hundreds of inmates. There is a great deal of controversy about whether this group contained foreign-trained terrorists or was composed mainly of the friends and families of the accused. Many freed inmates then joined others in storming government buildings. President Islam Karimov flew to the city to direct operations and reportedly had restored order by late on May 13. The United States and others in the international community have called for an international inquiry, which the Uzbek government has rejected (see also CRS Report RS22161, *Unrest in Andijon, Uzbekistan: Context and Implications*, by Jim Nichol).

On May 25-26, 2009, a police checkpoint was attacked on the Kyrgyz-Uzbek border, attacks took place in the border town of Khanabad, and four bombings occurred in Andijon in the commercial district, including at least one by suicide bombers. Several deaths and injuries were alleged, although reporting was suppressed. Uzbek officials blamed the IMU, although the IJU allegedly claimed responsibility. President Karimov flew to Andijon on May 31. In late August 2009, shooting took place in Tashkent that resulted in the deaths of three alleged IMU members and the apprehension of other group members. The Uzbek government alleged that the group had been involved in the 1999 explosions and in recent assassinations in Tashkent. In early December 2009, the Andijon regional court reportedly convicted 22 individuals on charges of involvement in the May 2009 events, and sentenced them to prison terms ranging from five to 18 years.

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<sup>12</sup> The IJG changed its name to the Islamic Jihad Union (IJU) in 2005. According to Uzbek reporter Aleksey Volosevich, the group "was headed by Najmiddin Jalolov, born in Andijon in 1972, and his deputy, Mansur Sohail, whose nickname is Abu Huzaifa. Both of them are ethnic Uzbeks. They fell out with Tohir Yuldash unhappy with the absence of active combat actions on the territory of Uzbekistan.... Jalolov managed to get the backing of Al Qaeda regional leaders, after promising them to set up something like a Central Asian structural body of the organization." *CEDR*, October 20, 2009, Doc. No. CEP-950261.

## **Attacks in Kyrgyzstan**

In recent years there have been sporadic suicide bombings and other attacks seemingly aimed against the government. One took place at the Oberon market in Bishkek in December 2002, one at a currency exchange outlet in Osh in southern Kyrgyzstan in May 2003, and one in Bishkek that targeted policemen in November 2004. The explosion at the Oberon market killed seven Kyrgyz citizens and injured over 20 people. One person was killed in Osh. Five people, including three Uzbeks, a Uighur citizen of China, and a Kyrgyz, were charged in July 2003 with involvement in the first two bombings. Kyrgyz security officials claimed that they were IMU members trained in Chechnya (by Al Qaeda's Khattab) and Afghanistan and that they had also planned to bomb the U.S. Embassy in Bishkek but were foiled by tight security around the embassy.<sup>13</sup> In contrast to these terrorist incidents, the former Bush Administration regarded the March 2005 ouster of Akayev as a popular uprising.

## **Incursions into Kyrgyzstan and Uzbekistan**

Several hundred Islamic extremists and others who fled repression in Uzbekistan and settled in Tajikistan (some of whom were being forced out at Uzbekistan's behest), and rogue groups from Tajikistan that refused to disarm as part of the Tajik peace settlement, entered Kyrgyzstan in July-August 1999. Namanganiy headed the largest guerrilla group. The guerrillas seized hostages, including four Japanese geologists, and occupied several Kyrgyz villages, stating that they would cease hostilities if Kyrgyzstan provided harborage and would release hostages if Uzbekistan released jailed extremists. The guerrillas were rumored to be seeking to create an Islamic state in south Kyrgyzstan as a springboard for a jihad in Uzbekistan. In mid-October 1999, Kyrgyzstan's defense minister announced success in forcing virtually all the guerrillas into Tajikistan (some critics argued that the onset of winter weather played an important part in the guerrilla retreat). Uzbek aircraft targeted several alleged guerrilla hideouts in Tajikistan and Kyrgyzstan, eliciting protests from these states of violating airspace. Uzbek President Islam Karimov heavily criticized Kyrgyzstan's then-President Askar Akayev for supposed laxity in suppressing the guerrillas. The Tajik government, which had mercurial relations with Uzbekistan, incensed it by allowing the guerrillas to enter Afghanistan rather than wiping them out.

According to many observers, the incursion indicated both links among terrorists in Afghanistan, Kyrgyzstan, Uzbekistan, and Russia (Chechnya and Dagestan) and the weakness of Kyrgyzstan's security forces in combating threats to its independence. Observers were split on whether this terrorism was related more to Islamic extremism, or to efforts to control narcotics resources and routes.

Dozens of IMU and other insurgents again invaded Kyrgyzstan and Uzbekistan in August 2000, in Kyrgyzstan taking foreigners hostage and leading to thousands of Kyrgyz fleeing the area. Uzbekistan provided air and some other support, but Kyrgyz forces were largely responsible for defeating the insurgents by late October 2000. In Uzbekistan, the insurgents launched attacks near Tashkent and in the southeast that were defeated by Uzbek troops.

Limited engagements by Kyrgyz border troops with alleged insurgents or drug traffickers were reported in late July 2001. According to some reports, the IMU did not engage in major attacks in

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<sup>13</sup> *CEDR*, February 16, 2004, Doc. No. CEP-237; June 23, 2003, Doc. No. CEP-178; and May 14, 2003, Doc. No. CEP-443.

2001 because of its increasing attention to bin Laden's agenda, particularly after September 11, 2001, when IMU forces fought alongside bin Laden and the Taliban against the U.S.-led coalition. The activities of the IMU appeared to have been dealt a blow by the U.S.-led coalition.

### **Civil War in Tajikistan**

Tajikistan was among the Central Asian republics least prepared and inclined toward independence when the Soviet Union broke up. In September 1992, a loose coalition of nationalist, Islamic, and democratic parties and movements—largely consisting of members of Pamiri and Garmi regional elites who had long been excluded from political power—tried to take over. Kulyabi and Khojenti regional elites, assisted by Uzbekistan and Russia, launched a successful counteroffensive that by the end of 1992 had resulted in 20,000-40,000 casualties and up to 800,000 refugees or displaced persons, about 80,000 of whom fled to Afghanistan. In 1993, the CIS authorized “peacekeeping” in Tajikistan. These forces consisted of Russia's 201<sup>st</sup> Rifle Division, based in Tajikistan, and token Kazakh, Kyrgyz, and Uzbek troops (the Kyrgyz and Uzbek troops pulled out in 1998-1999).

Terrorist actions were carried out by both sides, and international terrorist groups provided some support to the Tajik opposition. Reportedly, these groups included the IMU, Iran's Revolutionary Guards, and Al Qaeda.<sup>14</sup> As the civil war wound down in the late 1990s, most of these forces left Tajikistan.

After the Tajik government and opposition agreed to a cease-fire in September 1994, the UNSC established a small U.N. Mission of Observers in Tajikistan (UNMOT) in December 1994 with a mandate to monitor the cease-fire, later expanded to investigate cease-fire violations, monitor the demobilization of Tajik opposition fighters, assist ex-combatants to integrate into society, and offer advice for holding elections. In December 1996, the two sides agreed to set up a National Reconciliation Commission (NRC), an executive body composed equally of government and opposition members. On June 27, 1997, Tajik President Emomaliy Rakhman and opposition leader Seyed Abdullo Nuri signed the *comprehensive peace agreement*, under which Rakhman remained president but 30% of ministerial posts were allotted to the opposition. Benchmarks of the peace process were largely met, including the return of refugees, demilitarization of rebel forces, legalization of rebel parties, and the holding of elections. In March 2000, the NRC disbanded, and UNMOT pulled out in May 2000. The CIS declared its peacekeeping mandate fulfilled in June 2000, but Russian troops remain under a 25-year basing agreement. Stability in Tajikistan remains fragile.

### **Actions of the IMU and IJU in Pakistan and Afghanistan**

According to some estimates, there are some 4,000 IMU fighters in Afghanistan. Pakistan reported in November 2006 that it had arrested IJU members who had placed rockets near presidential offices, the legislature, and the headquarters of military intelligence in Islamabad. Reportedly, the IJU was targeting the government because of its support for the United States.<sup>15</sup> Pakistani media reported in March-April 2007 that dozens of IMU members had been killed in

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<sup>14</sup> Osama bin Laden in mid-1991 began dispatching mujahidin to assist in overthrowing the then-communist regime in Tajikistan. National Commission on Terrorist Attacks Upon the United States. *Final Report*, July 23, 2004, pp. 58, 64.

<sup>15</sup> BBC Monitoring South Asia, November 4, 2006.

northern Pakistan when local tribes turned against them, possibly reducing their strength or forcing them to move into Afghanistan and Central Asia. More alleged IMU and IJU members were reported killed by Pakistani forces during fighting in North Waziristan in October 2007. Indicating a widening of the IMU's focus, Tohir Yuldash called in January 2008 for creating a Shariah state in Pakistan.

Among other incidents:

- In January 2008, an IJU website seemed to indicate that Abu Laith al-Libi—an al Qaeda official who had been killed by the United States in Pakistan—had been one of the leaders of the IJU.<sup>16</sup>
- In March 2008, an IJU website claimed that one of its members—the German-born Cunyt Ciftci (alias Saad Abu Fourkan)—had assisted Taliban forces in Afghanistan by carrying out a suicide bombing that killed two Afghan and two U.S. troops and wounded several others.<sup>17</sup> According to the IJU website and other sources, IJU is playing a more significant role in fighting in Afghanistan.
- In June 2008, an IJU video claimed that one Uzbek IJU member had taken part in the 1999 attack in Kyrgyzstan, and later had fought in Afghanistan against the Northern Alliance and then against U.S. and NATO forces. Another Uzbek member had been trained in Chechnya by Khattab in 1998 and also had fought against U.S. and NATO forces in Afghanistan.<sup>18</sup>
- In July and September 2009, ISAF and the Afghan military reportedly carried out operations in the northern Konduz province against IMU terrorists who supposedly had moved into the province after being forced out of Pakistan.
- Tohir Yuldash allegedly was killed in Pakistan by a U.S. predator missile on September 26, 2009. A Russian Tatar, Abdur Rakhman, allegedly became the new leader of the IMU.
- On October 11, 2009, 10 terrorists attacked the army headquarters in Rawalpindi, resulting in 20 deaths. The government alleges that three of the attackers belonged to the IMU.
- In late October 2009, Pakistani armed forces reportedly were attacking an IMU base in the town of Kaniguram in South Waziristan.
- In February 2010, Pakistani media reported that a U.S. predator missile killed several terrorists in North Waziristan, including four Uzbek citizens. The terrorists were said to be linked to Al Qaeda.
- In February 2010, alleged IMU terrorists attacked a police station in Bannu, North West Frontier Province, Pakistan, killing 15 police and civilians.

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<sup>16</sup> Guido Steinberg, *A Turkish al-Qaeda: The Islamic Jihad Union and the Internationalization of Uzbek Jihadism*, Center for Contemporary Conflict, 2008; U.S. Senate. Select Committee on Intelligence. *Prepared Testimony of Director of National Intelligence Michael McConnell: The Annual Threat Assessment*, February 5, 2008.

<sup>17</sup> Guido Steinberg, *A Turkish al-Qaeda*; *UPI*, March 17, 2008.

<sup>18</sup> *CEDR*, August 4, 2008, Doc. No. CEP-318001.



Some officials in Central Asia have warned that the crackdown on the IMU and IJU in Pakistan and Afghanistan may be forcing some of the terrorists to return to Central Asia. Other officials have stated that a large-scale influx has not yet occurred.

### **Actions of the IMU and IJU in Germany and Elsewhere**

Officials in Germany arrested four individuals on September 5, 2007, on charges of planning explosions at the U.S. airbase at Ramstein, at U.S. and Uzbek diplomatic offices, and other targets in Germany. The IJU claimed responsibility and stated that it was targeting U.S. and Uzbek interests because of these countries' "brutal policies towards Muslims," and targeting Germany because it has a small military base in Termez, Uzbekistan, which is used to support NATO operations in Afghanistan. Reportedly, the suspects had received their orders from Gofir Salimov (not apprehended), who is wanted in Uzbekistan in connection with the 2004 bombings. The suspects were part of a larger IJU branch in Germany. In U.S. congressional testimony on September 10, 2007, the then-Director of the National Counterterrorism Center, John Redd, and the then-Director of National Intelligence, Mike McConnell, stated that U.S. communications intercepts shared with Germany had facilitated foiling the plot. In July 2009, German media reported that the suspects had confessed that they were trained at an IJU terrorist training camp in Afghanistan. The leader of the IJU was identified as Najmiddin Jalolov (mentioned above), a.k.a. "commander Ahmad." In testimony in September 2009, two of the defendants admitted that while in Afghanistan in 2006, they had launched attacks against two U.S. military camps.<sup>19</sup>

Among other incidents:

- In May 2008, French, German, and Dutch authorities reported that they had detained 10 individuals for suspicion of running a network to funnel money to the IMU in Uzbekistan.
- In late September 2008, German authorities reported the arrest of two suspected members of IJU and issued wanted posters for two other suspected members. The four allegedly had received terrorist training in Pakistani IJU camps. German authorities also arrested two people allegedly attempting to leave the country to undergo terrorism training in Pakistan by the IJU (they later were released on the grounds of inconclusive evidence).<sup>20</sup>
- A video released by the IJU in late October 2008 stated that as long as Germany supports NATO operations in Afghanistan, and uses a base in Uzbekistan to support these operations, it is subject to IJU attacks.
- A video was released by the IJU in January 2009 that threatened German "occupation" troops in Afghanistan.
- Turkish authorities arrested over three dozen alleged IJU members in April 2009.

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<sup>19</sup> Guido Steinberg has argued that several dozen recruits of various ethnic groups have travelled from Germany to Pakistan for training in IMU and IJU camps. Open Source Center. *Europe: Daily Report*, August 10, 2009, Doc. No. EUP-72003.

<sup>20</sup> Simon Sturdee, "German Commandos Arrest Two Terror Suspects on Aircraft," *Agence France Presse*, September 26, 2008; Craig Whitlock, "Germany Pulls Two Suspected Terrorism Trainees from Plane," *Washington Post*, September 27, 2008, p. A14.

- German media reported in June 2009 that a video released by the IJU provided more evidence that the terrorist organization was linked to al Qaeda.<sup>21</sup>

## **Border Tensions**

Borders among the five Central Asian states for the most part were delineated by 1936, based partly on where linguistic and ethnic groups had settled, but mainly on the exigencies of Soviet control over the region. The resulting borders are ill-defined in mountainous areas and extremely convoluted in the fertile Fergana Valley, parts of which belong to Kyrgyzstan, Tajikistan, and Uzbekistan. Over a dozen tiny enclaves add to the complicated situation, as does Soviet-era decisions to build roads and railways with scant regard to intra-regional borders. Some in Central Asia have demanded that borders be redrawn to incorporate areas inhabited by co-ethnics, or otherwise dispute the location of borders.

Caspian Sea borders have not been fully agreed upon, mainly because of Iranian intransigence, but Turkmenistan and Azerbaijan also have not resolved their mutual claims to undersea oil and gas resources. In August 2009, Turkmenistan called for the issue of the disputed offshore resources to be adjudicated, presumably by the International Court of Justice. In November 2009, Senior Advisor to the US State Department in Eurasian Energy Affairs, Daniel Stein, reportedly offered U.S. good offices to mediate the dispute, but stated that even if such a settlement is not soon reached, the United States believed that trans-Caspian pipelines still could be built. Iran's foreign minister Manoucher Mottaki reportedly denounced the U.S. offer, asserting that the littoral states will be the sole arbiters of the borders.<sup>22</sup> Russia and Kazakhstan have agreed on delineation and shared exploitation of seabed oil resources.

China has largely settled border delineation with Kazakhstan, Kyrgyzstan, and Tajikistan, reportedly involving "splitting the difference" on many of the disputed territories, which are usually in unpopulated areas. Popular passions were aroused in Kyrgyzstan after a 1999 China-Kyrgyzstan border agreement ceded about 9,000 hectares of mountainous Kyrgyz terrain. Kyrgyz legislators in 2001 opened a hearing and even threatened to try to impeach then-President Akayev. He arrested the leader of the impeachment effort, leading to violent demonstrations in 2002 calling for his ouster and the reversal of the "traitorous" border agreement. Dissident legislators appealed the border agreement to the Constitutional Court, which ruled in 2003 that it was legal. In June 2006, Kyrgyz President Kurmanbek Bakiyev visited China and assuaged Chinese concerns by signing a joint declaration with Chairman Hu Jintao which re-affirmed that "the parties will abide strictly by all the agreements and documents signed between the two countries on the border issue." In July 2009, the Kyrgyz Border Service reportedly rebutted claims by some Kyrgyz legislators and others that some territory was being ceded to China and confirmed that all border demarcation issues with China had been resolved.<sup>23</sup>

The problem of delineating their 4,200 mile border has been an important source of concern to Russia and Kazakhstan. During most of the 1990s, neither Russia nor Kazakhstan wished to push border delineation, Russia because of concerns that it would be conceding that Kazakhstan's heavily ethnic Russian northern regions are part of Kazakhstan, and Kazakhstan because of

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<sup>21</sup> Open Source Center. *Europe: Daily Report* (hereafter *EDR*), June 5, 2009, Doc. No. EUP-85023.

<sup>22</sup> Open Source Center. *Iran: Daily Report*, November 25, 2009, Doc. No. IAP-434001.

<sup>23</sup> *CEDR*, February 28, 2003, Doc. No. CEP-284; March 9, 2003, Doc. No. CEP-27; October 26, 2006, Doc. No. CEP-950306; *ITAR-TASS*, July 14, 2009.



concerns that delineation might inflame separatism. In 1998, Russia established border patrols along its border with Kazakhstan for security reasons, and determined to delineate the border. By late 2004, most of the Russian-Kazakh border had in principle been delimited, but the sides are still involved in the placement of border signs and border posts.<sup>24</sup> To head off separatist proclivities in the north, Kazakhstan reorganized administrative borders in northern regions to dilute the influence of ethnic Russians, established a strongly centralized government to limit local rule, and moved its capital northward. These and other moves apparently contributed to political resignation among many ethnic Russians, and many emigrated to Russia.

Tajikistan and Kyrgyzstan have agreed on the delimitation of about one-half of their 579 mile shared border and pledged in September 2007 to peacefully settle contentious disputes involving borders in the Fergana Valley. These disputes have resulted in some deaths and injuries. Tensions have increased because of demographic shifts along the border. Some Kyrgyz allege that Tajiks have moved into lands in Kyrgyzstan that have been vacated by Kyrgyz, who have moved to cities or become migrant workers. Conversely, some Tajiks allege that Kyrgyz have moved into their lands.<sup>25</sup> In January 2010, Tajik Foreign Minister Hamrokhon Zarifi stated that the delineation of borders with Kyrgyzstan and Uzbekistan was “very complicated since quite often the borderline crosses towns, cities, streets and even separate houses,” but that Russia recently had provided archival information that might facilitate the settlement of border disputes.<sup>26</sup>

Uzbekistan has had contentious border talks with all the other Central Asian states. According to Kyrgyz Prime Minister Daniyar Usenov, about 40% of Kyrgyzstan’s 680-mile border with Uzbekistan remains to be demarcated.<sup>27</sup> Legislators and others in Kyrgyzstan in 2001 vehemently protested a border delineation agreement with Uzbekistan reached by the two prime ministers that ceded a swath of the Kyrgyz Batken region, ostensibly to improve Uzbek access to its Sokh enclave in Kyrgyzstan. Faced with this protest, the Kyrgyz government sent a demarche to Uzbekistan repudiating any intention to cede territory. Similarly, in late 2004 Kyrgyz legislators demanded that Uzbekistan’s Shohimardon enclave in Kyrgyzstan (ceded in the 1930s) be returned.<sup>28</sup> These and other contentious issues resulted in the cessation of border talks between Uzbekistan and Kyrgyzstan for five years until they resumed in December 2009.

Uzbekistan’s unilateral efforts to delineate and fortify its borders with Kazakhstan in the late 1990s led to tensions. In September 2002, however, the Kazakh and Uzbek presidents announced that delineation of their 1,400 mile border was complete, and some people in previously disputed border villages began to relocate if they felt that the new borders cut them off from their “homeland.” However, many people continued to ignore the new border or were uncertain of its location, leading to several shootings of Kazakh citizens by Uzbek border troops. In one case, transit between the villages of Arnasay and Kostakyr in South Kazakhstan and the rest of Kazakhstan was cut off when an area of the sole roadway from the towns was ceded to

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<sup>24</sup> *ITAR-TASS*, August 7, 2008.

<sup>25</sup> *CEDR*, September 18, 2007, Doc. No. CEP-950239; December 24, 2008, Doc. No. CEP-950130; August 11, 2009, Doc. No. CEP-950103; “Kyrgyzstan: Ambiguous Kyrgyz-Tajik Border Increases Risk Of Conflict,” *Eurasia Insight*, February 2, 2009.

<sup>26</sup> *CEDR*, January 19, 2010, Doc. No. CEP950107; *ITAR-TASS*, January 18, 2010.

<sup>27</sup> *CEDR*, February 17, 2007, Doc. No. CEP-950088; September 8, 2007, Doc. No. CEP-950162; December 13, 2007, Doc. No. CEP-950238; January 12, 2008, Doc. No. CEP-950025; May 14, 2008, Doc. No. CEP-950537; January 24, 2009, Doc. No. CEP-950013; December 29, 2009, Doc. No. CEP-950177.

<sup>28</sup> *CEDR*, November 6, 2004, Doc. No. CEP-130.

Uzbekistan. Residents complained that Uzbek border guards were constantly arresting them for violating the border, while Kazakh officials called for the residents to relocate.<sup>29</sup>

The Uzbek and Tajik presidents signed an accord in October 2002 delimiting most of their 720-mile joint border. Contention has continued over about 15-20% of the border. In October 2006, the head of the Tajik border guard service complained that demarcation was being hindered by Uzbekistan's peremptory placement of border markers, barbed wire and fences.<sup>30</sup> Some Tajiks have raised concerns that Uzbekistan wants to redraw borders in order to take possession of the Farhod reservoir on the Syr Darya River.<sup>31</sup>

Besides border claims, other problems revolve around whether borders are open or closed. Open borders within the Central Asian states after the breakup of the Soviet Union were widely viewed as fostering trafficking in drugs and contraband and free migration, so border controls increasingly have been tightened in all the states.

Uzbekistan mined areas of its borders with Kyrgyzstan and Tajikistan in 1999, intending to protect it against terrorist incursions, but in fact leading to many civilian Kyrgyz and Tajik casualties. Kyrgyzstan has demanded that Uzbekistan clear mines it has sown along the borders, including some allegedly sown on Kyrgyz territory, but Uzbekistan has asserted that it will maintain the minefields to combat terrorism. (Kyrgyzstan too has raised tensions by sowing mines and blowing up mountain passes along its borders with Tajikistan.) Border tensions between Uzbekistan and Turkmenistan also flared in late 2002, after Turkmenistan accused Uzbek officials of complicity in the coup attempt. Uzbekistan's economic problems led it in mid-2002 to impose heavy duties on imports and at the beginning of 2003 to close its borders to "suitcase trading" (small-scale, unregulated trading), heightening tensions with bordering states. Sharp disagreements remain between Uzbekistan and Tajikistan on mine clearing, Uzbek restrictions on Tajik transportation, clashes between Uzbek and Tajik border guards, and the Uzbek visa regime with Tajikistan. In July 2009, Tajikistan began building a short railway spur to link the capital more directly with the Qurghonteppa region to the south, to circumvent a longer route through Uzbekistan that involved complicated customs requirements.<sup>32</sup>

After terrorists carried out several attacks in Uzbekistan in May 2009, Uzbekistan alleged that they had entered the country from Kyrgyzstan, and built more concrete walls, trenches, and ditches along the border. The Kyrgyz Border Service stated in June 2009 that Uzbekistan was violating bilateral accords that stipulated that such border fortifications should not be built "until the delineation and demarcation of the Kyrgyzstan-Uzbekistan state borders is completed." Uzbek officials reportedly alleged that they were forced to make unilateral decisions about the location of borders while emplacing fortifications because Kyrgyzstan had refused to meet to demarcate borders. One trench reportedly was moved to accommodate Kyrgyz concerns.<sup>33</sup>

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<sup>29</sup> *CEDR*, January 15, 2010, Doc. No. CEP-950078.

<sup>30</sup> *CEDR*, October 20, 2006, Doc. No. CEP-950282. In the case of contention between the residents of the Batken region in southern Kyrgyzstan and the bordering Soghd region in northern Tajikistan, the U.N. Development Program has implemented initiatives to create mutual trust and the sharing of trans-border resources such as water. *CEDR*, March 20, 2007, Doc. No. CEP-950134; October 26, 2006, Doc. No. CEP-950045.

<sup>31</sup> Victoria Naumova, "Tajikistan, Uzbekistan to Hold Next Border Delineation Negotiations in Late April," *Asia-Plus*, April 18, 2009; *CEDR*, April 9, 2009, Doc. No. CEP-950027; July 24, 2009, Doc. No. CEP-950177.

<sup>32</sup> *CEDR*, January 24, 2007, Doc. No. CEP-950088.

<sup>33</sup> *CEDR*, October 20, 2009, Doc. No. CEP-950261; September 4, 2009, Doc. No. CEP-950154.

Iran's intransigence in settling on Caspian Sea borders has contributed to the build-up of naval forces and the failure to build trans-Caspian oil and gas pipelines. In August 2002, Russia conducted the largest naval maneuvers in its history in the northern Caspian. Kazakhstan announced its intent to form a navy in early 2003, leading to protests from the Russian Foreign Ministry, but Kazakh military officials emphasized their determination to proceed with plans to protect their offshore oil fields and maritime borders. There reportedly were about 3,000 naval personnel in late 2008. Turkmenistan's dispute with Azerbaijan over sea borders and the ownership of offshore oilfields also has stymied the development of trans-Caspian pipelines.

## **Crime and Corruption**

Organized crime networks have expanded in all the Central Asian states, and have established ties with crime groups worldwide that are involved in drug, arms, and human trafficking. All the states serve as origin, transit, or destination states for human trafficking. Crime groups collude with local border and other officials to transport people to the Middle East or other destinations for forced labor or prostitution.<sup>34</sup>

Corruption is a serious threat to democratization and economic growth in all the states. The increasing amount of foreign currency entering the states as the result of foreign oil and natural gas investments, the low pay of most government bureaucrats, and inadequate laws and norms are conducive to the growth of corruption. Perhaps most significantly, the weakness of the rule of law permits the Soviet-era political patronage and spoils system to continue.

According to the World Bank:

- in Kazakhstan, corruption showed relatively little change over the period from 1996-2008. The country was at the 16<sup>th</sup> percentile in 2008 (that is, 178 of 212 countries had better records in combating corruption);
- in Kyrgyzstan, corruption increased over the time period 1996-2007, but declined slightly in 2008. The country was at the 13<sup>th</sup> percentile in 2008;
- in Tajikistan, corruption declined slightly over the time period 1996-2007, but increased in 2008. The country was at the 14<sup>th</sup> percentile in 2008;
- in Turkmenistan, corruption showed relatively little change over the time period 1996-2008. The country was at the 5<sup>th</sup> percentile in 2008;
- in Uzbekistan, corruption showed relatively little change over the time period 1996-2008. The country was at the 11<sup>th</sup> percentile in 2008.<sup>35</sup>

Corrupt officials in Turkmenistan and Kazakhstan have been able to siphon off massive revenues from oil and gas exports, according to some observers. The Turkmen president controls a "presidential fund," that receives 50% of gas revenues and is ostensibly used for economic

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<sup>34</sup> U.S. Department of State. *Trafficking in Persons Report*, June 12, 2007. In the 2006 and 2007 reports, Uzbekistan was placed in "tier three," among those countries that do not comply with minimum standards for the elimination of trafficking and are not making significant efforts to do so. Tier three countries may be subject to U.S. aid restrictions.

<sup>35</sup> The World Bank. *Governance Matters 2009: Country Data Reports*, online at [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). See also Transparency International, *Corruption Perceptions Index*, online at <http://www.transparency.org/>.

development, though budgetary transparency is lacking on how the fund is used.<sup>36</sup> Perhaps the most sensational allegations of corruption have involved signing bonuses and other payments in the 1990s by U.S. energy companies operating in Kazakhstan (or by their proxies) that allegedly were funneled into Swiss bank accounts linked to Kazakh officials, allegedly including Nazarbayev. U.S. officials concurred with a Swiss decision to freeze the funds and open investigations in 1999-2000. The *New York Times* reported that Nazarbayev unsuccessfully raised the issue of unfreezing some of these accounts during his visit with then-President Bush in December 2001.<sup>37</sup> Kazakhstan set up a National Fund in 2001 under the National Bank for receipt of oil revenues that reportedly operates under strict international accounting standards.

## **Economic and Defense Security**

The Central Asian states have worked to bolster their economic and defense capabilities by seeking assistance from individual Western donors such as the United States, by trying to cooperate with each other, and by joining myriad international organizations. Regional cooperation has faced challenges from differential economic development and hence divergent interests among the states, and from more nationalistic postures. Cooperation also is undermined by what the states view as Uzbekistan's overbearing impulses. Regional cooperation problems are potentially magnified by the formation of extra-regional cooperation groups such as the CIS Collective Security Treaty Organization (CSTO), NATO's Partnership for Peace (PFP), and the Shanghai Cooperation Organization (SCO). Each group reflects the diverging interests of Russia, the United States, and China, although the fact that each group stresses anti-terrorism would seem to provide motivation for cooperation.

All of the Central Asian states have been faced with creating adequate military and border forces and have had vexing problems with military financing and training. At first dependent on the contract service of Russian troops and officers in their nascent militaries, the states now rely little on such manpower, but continue to depend heavily on training and equipment ties with Russia. After September 11, 2001, the states benefitted from boosted U.S. military training and equipment aid.

The capabilities of the military, border, and other security forces are limited, compared to those of neighboring states such as Russia, China, or Iran. Military forces range in manpower from about 16,300 in Tajikistan (excluding Russians) to 87,000 in Uzbekistan (see **Table A-1**). The states have variously solicited training and technical assistance from the United States, Turkey, China, and other countries, have forged security ties with the Commonwealth of Independent States (CIS) and NATO's PFP, and cooperated in regional bodies such as SCO.

The global economic downturn that began in 2008 contributed to halting or even reversing the growth of per capita income in the Central Asian states in 2008-2009, the first such lack of

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<sup>36</sup> The non-governmental organization Global Witness alleged in 2006 that the late Turkmen President Niyazov personally controlled a vast portion of this gas wealth. The NGO raised concerns that organized crime groups were involved in these exports and urged the European Union to limit trade ties with Turkmenistan. Global Witness. *It's a Gas: Funny Business in the Turkmen-Ukraine Gas Trade*, April 2006.

<sup>37</sup> *New York Times*, December 11, 2002, p. A16; *Interfax-Kazakhstan*, February 5, 2003; *Washington Post*, June 10, 2002, p. A12; *Financial Times* (London), April 16, 2002, p. 12; *Agence France Presse*, September 24, 2001; *PR Newswire*, January 10, 2001; *Washington Post*, September 25, 2000, p. A1; Peter Maass, "The Fuel Fixers," *The New York Times*, December 23, 2007; "Prosecutors Drop Some Charges Against Oil Dealer Giffen," *Platts Commodity News*, December 10, 2008..

growth in several years. Reductions in remittances from migrant workers and rising food and fuel costs account for some of the decline. Regional currencies depreciated against the dollar, contributing to plummeting imports, and fluctuating world commodity prices contributed to declining exports. The banking sectors were severely stressed by a jump in non-performing loans, and banks cut back private sector lending. These economic stresses threaten government spending on health, education, and other social programs. Kazakhstan and Uzbekistan have been able to tap sovereign wealth funds to support these programs and to partly ameliorate rising budget deficits.<sup>38</sup> Kyrgyzstan has been able to somewhat cushion the economic blow by means of budgetary support from Russia and the IMF, a large grain harvest, and its ample trade with China, much of which is re-exported by Kyrgyzstan to other Central Asian states.

Economic cooperation among the Central Asian states began to develop by the mid-1990s, leading to several initiatives, but results have been scant. Cooperation was stymied by Uzbekistan's price controls and restrictions on currency convertibility, tariffs levied by the states on Kyrgyzstan because of its membership in the World Trade Organization, and border restrictions that stifled trade.<sup>39</sup> A customs union formed between Kazakhstan and Uzbekistan in January 1994 (Kyrgyzstan and Tajikistan joined later) achieved some modest early success as a regional forum. It was renamed the Central Asian Economic Community (CAEC) in July 1998. Criticizing its scant achievements, Karimov in early 2001 proposed that it become a forum for "wide-ranging" policy discussions, and it was renamed the Central Asian Cooperation Organization in late 2001 (CACO). CACO suffered a serious blow in September 2003 when Kazakhstan joined Belarus, Russia, and Ukraine in proclaiming the building of a "common economic space." In October 2004, CACO abandoned its focus on creating a regional identity separate from Russia by admitting Russia as a member. Finally, in October 2005, CACO announced that its membership would be "integrated" into the Eurasian Economic Community (EEC; a Russia-led economic cooperation group then consisting of Russia, Belarus, Kazakhstan, and Tajikistan). In recent years, EEC members Russia, Belarus, and Kazakhstan have concentrated on common customs tariffs, which are to come into effect in mid-2010. Uzbekistan notified that EEC in October 2008 that it was suspending membership in the EEC.<sup>40</sup>

Among other regional economic cooperation initiatives, the Asian Development Bank in 1997 helped launch the Central Asia Regional Economic Cooperation program (CAREC; members are China, Afghanistan, Azerbaijan, Mongolia, and all the Central Asian states except Turkmenistan) to improve living standards and reduce poverty in its member states through regional economic collaboration. Also participating in CAREC are the European Bank for Reconstruction and Development (EBRD), the International Monetary Fund (IMF), the Islamic Development Bank, the United Nations Development Program (UNDP), and the World Bank. These institutions provided about \$2.0 billion in loans and grants to CAREC countries (excluding China) in 2008

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<sup>38</sup> CAREC. Presentation by David Owen, International Monetary Fund, *Impact of the Global Financial Crisis on CAREC Countries*, October 16, 2009; The World Bank. *The Crisis Hits Home: Stress-Testing Households in Europe and Central Asia*, 2010. Uzbekistan has claimed that its economy continued to grow in 2009, but some observers have questioned this claim.

<sup>39</sup> Analyst Martin Spechler has argued that the Central Asian region lacks the impetus to cooperation provided by a perceived outside threat. *Problems of Post-Communism*, November/December 2002, p. 46.

<sup>40</sup> Farkhad Tolipov, *Central Asia - Caucasus Analyst*, December 1, 2004; *CEDR*, November 2, 2005, Doc. No. CEP-379002; November 9, 2005, Doc. No. CEP-27030.



and \$3.9 billion in 2009. The priority areas for grants and loans are transport, energy, and trade development.<sup>41</sup>

### **The Collective Security Treaty Organization (CSTO)**

In 1992, Armenia, Russia, and most of the Central Asian states signed a Collective Security Treaty that stated that the members would mutually defend against security threats and would not join other security alliances. At an April 2003 summit, Armenia, Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan signed a charter to create a Collective Security Treaty Organization (CSTO) with a permanent secretariat for operational military planning and budget coordination (Uzbekistan joined in 2006).<sup>42</sup> It was stated that this secretariat would permit a quicker response to threats to internal or external security. On internal security, Russian Gen. Nikolay Bordyuzha, the secretary general of CSTO, has pledged that the organization would not intervene in political conflicts, but only by consensus “to resolve military, local and border conflicts, as well as to prevent ... terror acts of armed groups and to stop drug trafficking.... In addition, they will be used to fulfill special tasks such as protection of pipelines,” or disaster relief.<sup>43</sup> On external security, Russia’s national security strategy, approved by President Medvedev in May 2009, has proclaimed the CSTO as “the main instrument designed to counter ... challenges and threats of a military-political and military-strategic nature” emanating from outside the member-states.<sup>44</sup>

Many observers have viewed the CSTO as a mainly Russian initiative to increase security influence over member-states and to counter U.S. and other outside influence.<sup>45</sup> Its possible usefulness appeared sorely tested by the “tulip revolution” in Kyrgyzstan in March 2005. Although Bordyuzha allegedly urged intervention, Kyrgyzstan’s then-President Askar Akayev vetoed his offers and fled the country. It also was not used during the unrest in Andijon in Uzbekistan in May 2005 or during the August 2008 Russia-Georgia conflict.

In early 2009, the CSTO announced that an air-assault Collective Operational Reaction Force (CORF) would be set up. However, Uzbekistan raised concerns about the vague character of the force and balked at contributing troops. President Medvedev stated that the force was needed to deal with rising tensions along CSTO borders and boasted that the force would “be as good as that of NATO.”<sup>46</sup> The main participants in CORF are Russia and Kazakhstan.

In early 2010, Bordyuzha announced that there were actually two CSTO rapid reaction forces. The first, the new CORF, is composed of over 20,000 special operation troops and is focused on defending Eurasian borders and undertaking international missions (see below), while an older (founded in 2001) and largely moribund Collective Rapid Deployment Force of 4,000 troops is being revitalized to respond to threats to Central Asia emanating from Afghanistan. According to

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<sup>41</sup> CAREC. *Report of Senior Officials to the 8th Ministerial Conference on Central Asia Regional Economic Cooperation, Ulaanbaatar, Mongolia*, October 16, 2009.

<sup>42</sup> Open Source Center. *Central Eurasia: Daily Report* (hereafter *CEDR*), April 29, 2003, Doc. No. CEP-96; April 29, 2003, Doc. No. CEP-132.

<sup>43</sup> *ITAR-TASS*, March 2, 2009.

<sup>44</sup> *CEDR*, May 13, 2009, Doc. No. CEP-557001. The Russian military doctrine similarly highlights the role of the CSTO in deterring and preventing conflict. The Kremlin. President of Russia. *The Military Doctrine of the Russian Federation*, February 5, 2010.

<sup>45</sup> Ibragim Alibekov and Sergei Blagov, *Eurasia Insight*, April 29, 2003.

<sup>46</sup> *ITAR-TASS*, February 4, 2009.

one Russian report, another objective of the latter force is the protection of energy resources and transit routes in Central Asia that benefit Russia.<sup>47</sup>

Although most members of the CSTO have bilateral ties to NATO under the Partnership for Peace program, the CSTO long has called for NATO to cooperate with it as an organization on counter-narcotics, anti-terrorism, and other issues. However, the real purpose of such cooperative overtures is to receive recognition by NATO of a Russian sphere of influence in Soviet successor states, according to many observers. Bordyuzha claimed that he sent a letter to NATO in 2004 proposing cooperation, but NATO reportedly did not respond. Attempts by the CSTO to encourage NATO to establish formal ties were set back in mid-2009 when Russia urged Partnership for Peace members Armenia and Kazakhstan to boycott NATO's Partnership for Peace military exercises in Georgia. In October 2009, Foreign Minister Lavrov urged Secretary Clinton to support NATO cooperation with the CSTO as an element of the "reset" of U.S.-Russia relations.<sup>48</sup>

The CSTO also has attempted to play a role in global security analogous to that of NATO. Since it became an observer organization at the U.N. General Assembly in December 2004, the CSTO has urged the specialized U.N. agencies such as UNODC and the Terrorism Committee and its Executive Directorate to cooperate more with it. The CSTO also has proclaimed that it has created a "peacekeeping force" that the U.N. may use. In March 2010, the U.N. General Assembly approved a resolution drawn up by Russia that called for greater U.N. cooperation with the CSTO in "regional cooperation in such areas as strengthening regional security and stability, peacekeeping, counterterrorism, and combating illicit trafficking in drugs and weapons, combating transnational organized crime, human trafficking, the fight against natural and man-made catastrophes."<sup>49</sup>

President Medvedev stated in early 2009 that the CSTO would combat terrorism and offer other support benefiting ISAF operations in Afghanistan, so that the Manas airbase in Kyrgyzstan—which supported U.S. and NATO troop transport to and from Afghanistan—could be closed.<sup>50</sup> Kyrgyzstan, however, decided to continue to permit U.S. troop transport by a renamed "Manas Transit Center." Although offering some assistance to ISAF, Lavrov and Bordyuzha have stressed that the CSTO will not send troops to support ISAF operations in Afghanistan.

## **The Shanghai Cooperation Organization (SCO)**

In 1996, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan, signed the "Shanghai Treaty" with China pledging the sanctity and substantial demilitarization of mutual borders, and in 1997 they signed a follow-on treaty demilitarizing the 4,000 mile former Soviet-Chinese border. In 2001, Uzbekistan joined the group, re-named the Shanghai Cooperation Organization (SCO). The states signed a Shanghai Convention on joint fighting against what President Jiang Zemin termed "the forces of separatism, terrorism and extremism." China has used the SCO to pressure the Central Asian states to deter their ethnic Uighur minorities from supporting separatism in China's Xinjiang province, and to get them to extradite Uighurs fleeing China. In addition to security

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<sup>47</sup> CEDR, February 25, 2010, Doc. No. CEP-950282.

<sup>48</sup> CEDR, October 15, 2009, Doc. No. CEP-379001.

<sup>49</sup> United Nations General Assembly, 64<sup>th</sup> Session, Plenary Meeting, *Cooperation between the United Nations and the Collective Security Treaty Organization*, A/RES/64/256, March 2, 2010.

<sup>50</sup> CEDR, February 3, 2009, Doc. No. CEP-950352 and Doc. No. CEP-25001. *ITAR-TASS*, February 3, 2009.



cooperation, China stressed the “huge economic and trade potential” of regional cooperation.<sup>51</sup> Both Russia and China have encouraged the regional states to regard their security ties to the United States as redundant to their ties with the SCO. In an interview explaining why Uzbekistan joined, President Karimov seemed to indicate that the primary motive was to protect Uzbekistan’s interests against any possible moves by the SCO. He appeared to stress the possible military aid the SCO might provide to beef up the Uzbek armed forces and help it combat terrorism, and to dismiss the capability of the SCO engaging in effective joint action. He also indicated that Uzbekistan wished to forge closer relations with China.<sup>52</sup>

Although Karimov had criticized the SCO as ineffective, in August 2003 he insisted that Uzbekistan host the SCO Regional Anti-Terrorism Structure (RATS). Appearing to return to his earlier assessment, in April 2004 he criticized the SCO for failing to aid Uzbekistan during the March-April 2004 attacks and concluded that Uzbekistan should “rely on its own power.” Some observers argued that these vacillations reflected a policy of playing off the major powers to maximize aid. This policy appeared to pay dividends at the June 2004 SCO summit, when China reportedly proffered up to \$1.25 billion in grants and loans to Karimov and Russia up to \$2.5 billion in investment.

Indicating Uzbekistan’s closer ties after the 2005 events in Andijon (see below) with both Russia and China, Karimov traveled to Shanghai in June 2006 to attend the SCO summit and endorsed a communique criticizing U.S. foreign policy. In a speech just before leaving for the summit, Karimov urged “joint action” by the SCO members to combat terrorism (seemingly contradicting his 2001 speech; see above), rather than mere diplomatic statements.<sup>53</sup> In September 2006, the first deputy head of Russia’s Federal Security Service (FSB) became the leader of RATS, perhaps indicating Russia’s growing role in the SCO. According to some reports, however, the Uzbek security service closely oversees the work of RATS, reflecting Karimov’s distrust of Russia despite the closer Russian-Uzbek security ties since the events in Andijon. In August 2007, an SCO military exercise took place in Xinjiang and southern Russia, the first that included representatives of all member countries (although Russian and Chinese forces predominated).

For the Central Asian states, the SCO is seen as balancing Russian and Chinese influence, since the regional states also belong to the economic and security organizations that are part of the Russia-led CIS.<sup>54</sup> At the same time, according to some observers, regional leaders have preferred the economic and security cooperation offered by the SCO over what they view as U.S. advocacy of democratic “color revolutions.”<sup>55</sup> It may also be the case that Central Asian leaders value the SCO’s economic prospects more than its security prospects, given the history of the group. The regional leaders may have devalued SCO as a security organization after September 11, 2001, when U.S. and Western military activities in Afghanistan demonstrated the lack of effectiveness of the SCO in combating terrorism. SCO members did not respond collectively to U.S. requests for assistance but mainly as individual states. Further challenges to the prestige of the SCO as a

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<sup>51</sup> Open Source Center. *China: Daily Report*, September 10, 2002, Doc. No. CPP-131.

<sup>52</sup> *The Times of Central Asia*, June 17, 2001.

<sup>53</sup> *CEDR*, June 18, 2006, Doc. No. CEP-950084.

<sup>54</sup> *CEDR*, August 22, 2007, Doc. No. CEP-25001; *CDR*, August 18, 2007, Doc. No. CPP-94003; Artyom Matusov, “Energy Cooperation in the SCO: Club or Gathering?” *China and Eurasia Forum Quarterly*, Vol. 5, No. 3 (2007) pp. 83-99.

<sup>55</sup> Konstantin Syroezhkin, “China in Central Asia: from Trade to Strategic Partnership,” *Central Asia and the Caucasus*, No. 3 (2007), pp. 40-51.

collective security organization occurred in 2005, when it failed to respond to the coup in Kyrgyzstan or to civil unrest in Uzbekistan.<sup>56</sup>

## **Water Resources**

Growing demand for limited water resources may threaten the stability of the region and hinder economic development (although more efficient water use would be ameliorative). The main sources of water for Uzbekistan, Turkmenistan, and part of Kazakhstan are the Amu Darya and Syr Darya Rivers that flow from Kyrgyzstan and Tajikistan. During the Soviet period, dozens of dams and reservoirs and thousands of irrigation canals and pumping stations were built region-wide to maximize cotton production. After the Soviet breakup, the Central Asian states wrangled over operating and maintaining the inter-dependent facilities they inherited. Since Kyrgyzstan and Tajikistan were poor in oil and gas but possessed ample water resources, they reached an agreement with Uzbekistan in 1998 to exchange oil and gas for water. However, the agreement foundered, in part because no oversight body was created, and relations between the upstream and downstream states have suffered. Profligate wasting of water because of ill-designed and deteriorating irrigation canals, lack of water meters, and efforts to boost cotton production drained the Amu and Syr Darya Rivers so that ever-smaller amounts of water reached the Aral Sea bordering Uzbekistan and Kazakhstan. Also, Kyrgyzstan endeavored to maximize its hydro-electricity generation, which contributed to downstream water shortages in the summer and floods in the winter. Population growth in downstream countries is a looming problem. The shrinking of the Aral Sea has exacerbated region-wide environmental problems. Kazakhstan has built a dam between the northern and southern parts of the Aral Sea, which has resulted in rising water levels in the northern part and the partial recovery of the local ecosystem. The dam has stopped water inflow into the previously much larger Southern Aral Sea, however, and it may dry up within a few more years.<sup>57</sup>

The lack of regional cooperation is illustrated by Tajikistan's ongoing efforts to complete the construction of the Rogun hydro-electric power dam on the Vakhsh River (an upstream tributary of the Amu Darya River). Uzbekistan alleges that the dam will limit water flows to its territory. Perhaps in retaliation for Tajikistan's efforts to finish the dam, Uzbekistan in late December 2008 cut off the transmission of electricity from Turkmenistan across its territory, contributing to a power crisis in Tajikistan. The Tajik government protested against a statement by Russian President Medvedev on January 23, 2009, that all the Central Asian states should agree before dams are built on trans-border rivers, viewing the statement as support for Uzbekistan and against Tajikistan's dam building. In late 2009, Uzbekistan accused Tajikistan of stealing electricity and withdrew from the Unified (electrical) Energy System of Central Asia, an accusation that Tajikistan denied. Tajikistan stated that the withdrawal mooted regional agreements to exchange electricity for water, and announced that it would be forced to release more water in the winter for power generation, which would mean that there would be less water in the summer for downstream countries.

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<sup>56</sup> According to analyst Dru Gladney, security cooperation beyond pro forma exercises has mostly involved "the occasional repatriation of suspected Uighur separatists." U.S.-China Economic & Security Review Commission. Hearing on China's Role in the World: Is China a Responsible Stakeholder? Panel IV: China's Involvement in the SCO. *China's 'Uighur Problem' and the SCO*, August 3, 2006.

<sup>57</sup> "Dying Sea Makes Comeback," *Voice of America*, Press Release, May 31, 2007; Rick Docksai, "Reviving the Aral Sea," *The Futurist*, March-April 2010, pp. 11-12; Kai Wegerich, "Hydro-Hegemony in the Amu Darya Basin," *Water Policy*, Vol. 10, No. 2, 2008, pp 71-88; Kai Wegerich, "The New Great Game: Water Allocation in Post-Soviet Central Asia," *Georgetown Journal of International Affairs*, Summer/Fall 2009, pp. 117-123.

Uzbekistan similarly opposes Turkmenistan's planned diversion of water from the Amu Darya to create a new 150 billion cubic meter lake (currently under construction), which could threaten Uzbek cotton production. In 2003, Uzbekistan seized a part of the Karshinskiy Canal in Turkmenistan, the only source of water for Uzbekistan's Kashkardarya oblast, after bilateral water-sharing talks broke down.

The need for even wider discussion of water resources is illustrated by China's efforts to divert waters of the Ili and Irtysh Rivers to its Xinjiang region, reducing such resources for the downstream countries of Kazakhstan and Russia.<sup>58</sup> Kazakhstan's concerns led to the creation of a China-Kazakhstan commission for trans-border rivers in 1999, but China deflected discussion of water-sharing and only agreed to the exchange of information on pollution. A European Parliament hearing in mid-2008 warned that China's water diversion could reduce water flows by these rivers to Kazakhstan by up to 40% by 2050, and could result in damage to Lake Balkhash in western Kazakhstan.<sup>59</sup> Wider discussion of water sharing also must include Afghanistan, which in the future might divert a larger share of water from the Amu Darya River for economic development.

## **Energy and Transport**

The Caspian region is emerging as a notable source of oil and gas for world markets, although many experts emphasize that regional exports will constitute only a small fraction of world supplies. According to the U.S. Department of Energy (DOE), the region's proven natural gas reserves are estimated at 232 trillion cubic feet (tcf), comparable to Saudi Arabia.<sup>60</sup> The region's proven oil reserves are estimated to be between 17-49 billion barrels, comparable to Qatar on the low end and Libya on the high end. Kazakhstan possesses the region's largest proven oil reserves at 9-40 billion barrels, according to DOE, and also possesses 100tcf of natural gas. Kazakhstan's oil exports are about 1.2 million barrels per day (bpd).<sup>61</sup> Some U.S. energy firms and other private foreign investors have become discouraged in recent years by harsher Kazakh government terms, taxes, and fines that some allege reflect corruption within the ruling elite. Despite these concerns, some foreign direct investment has continued.<sup>62</sup> Turkmenistan possesses about 100tcf and Uzbekistan about 65tcf of proven gas reserves, according to DOE.<sup>63</sup>

Russia's temporary cutoffs of gas to Ukraine in January 2006 and January 2009 and a brief slowdown of oil shipments to Belarus in January 2010 (Belarus and Ukraine are transit states for oil and gas pipelines to other European states) have highlighted Europe's energy insecurity. The United States has supported EU efforts to reduce its overall reliance on Russian oil and gas by

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<sup>58</sup> CEDR, February 27, 2007, Doc. No. CEP-462002; October 29, 2004, Doc. No. CEP-338.

<sup>59</sup> European Parliament. Hearing of the Working Group 'C' on Desertification: Socio-economic, Agricultural, and Forestry Impacts and Their Political Consequences, May 15, 2008.

<sup>60</sup> Including the countries of Azerbaijan, Iran, Kazakhstan, Russia, Turkmenistan, and Uzbekistan.

<sup>61</sup> U.S. Department of Energy. Energy Information Administration. *Kazakhstan Country Analysis Brief*, February 2008.

<sup>62</sup> The Economist Intelligence Unit (EIU) warned in late 2009 that Kazakhstan has prosecuted myriad foreign investors for evading taxes and customs duties, for environmental pollution, and for other reasons, and can "demand changes in the terms of contracts with private investors [such as Kashagan and Karachaganak oilfield investors] on the grounds of national security." Nonetheless, the EIU argued that "most foreign investors are maintaining or increasing their involvement in the country, despite unattractive aspects of the business environment—albeit with delays or reservations in some cases." "Kazakhstan Economy: Investors Beware, the Rules Are Changing," November 13, 2009.

<sup>63</sup> U.S. Department of Energy. Energy Information Administration. *Central Asia Country Analysis Brief*, February 2008.

increasing the number of possible alternative suppliers. Part of this policy has involved encouraging Central Asian countries to transport their energy exports to Europe through pipelines that cross the Caspian Sea, thereby bypassing Russian (and Iranian) territory, although these amounts are expected at most to satisfy only a small fraction of EU needs.<sup>64</sup>

The Central Asian states long were pressured by Russia to yield large portions of their energy wealth to Russia at prices below world norms, in part because Russia controlled most existing export pipelines.<sup>65</sup> Russia attempted to strengthen this control over export routes for Central Asian energy in May 2007 when visiting former President Putin reached agreement in Kazakhstan on supplying more Kazakh oil to Russia. Putin also reached agreement with the presidents of Turkmenistan and Kazakhstan on the construction of a new pipeline to transport Turkmen and Kazakh gas to Russia. The first agreement appeared to compete with U.S. and Turkish efforts to foster more oil exports through the BTC. The latter agreement appeared to compete with U.S. and EU efforts to foster building a trans-Caspian gas pipeline to link to the SCP to Turkey. The latter also appeared to compete with U.S. and EU efforts to foster building a pipeline from Turkey through Greece, Bulgaria, Romania, and Hungary to Austria (the so-called Nabucco pipeline).

Seeming to indicate a direct challenge to these plans by Russia and the West, China signed an agreement in August 2007 with Kazakhstan on completing the last section of an oil pipeline from the Caspian seacoast to China, and signed an agreement with Turkmenistan on building a gas pipeline to China (see also below).<sup>66</sup> In March 2008, the heads of the national gas companies of Kazakhstan, Uzbekistan and Turkmenistan announced that their countries would raise the gas export price to the European level in future years. They signed a memorandum of understanding on the price with Russia's Gazprom state-controlled gas firm, which controls most export pipelines. According to analyst Martha Olcott, "the increased bargaining power of the Central Asian states owes more to the entry of China into the market than to the opening of [the BTC pipeline and the SCP]. Russia's offer to pay higher purchase prices for Central Asian gas in 2008 and 2009 came only after China signed a long-term purchase agreement for Turkmen gas at a base price that was higher than what Moscow was offering."<sup>67</sup>

Tajikistan, Turkmenistan, Uzbekistan, and Iran export electricity to Afghanistan. Major foci of the U.S. Trade and Development Agency's (TDA's) Central Asian Infrastructure Integration Initiative (launched in 2005) and USAID's Regional Energy Market Assistance Program (launched in 2006) include encouraging energy, transportation, and communications projects, including the development of electrical power infrastructure and power sharing between Central Asia, Afghanistan, and eventually Pakistan and India.<sup>68</sup> In 2006, the Asian Development Bank (ADB)

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<sup>64</sup> For details, see CRS Report RL33636, *The European Union's Energy Security Challenges*, by Paul Belkin. See also International Crisis Group. *Central Asia's Energy Risks*, May 24, 2007.

<sup>65</sup> According to a plan published by Russia's Institute of Energy Strategy covering the period 2007-2030, "Russian control over a large share of Central Asian gas needs to be maintained." See Minpromenergo (Ministry of Industry and Energy), Institut energeticheskoi strategii, *Kontseptsiya energeticheskoi strategii Rossii na period do 2030g.*, 2007. As reported by Philip Hanson, "How Sustainable Is Russia's Energy Power?" *Russian Analytical Digest*, No. 38 (2008).

<sup>66</sup> An oil and gas conference involving Kazakh, Chinese, and Russian energy ministries and firms has met annually since 2004 to "exchange views" on possible regional cooperation. *ITAR-TASS*, December 5, 2007.

<sup>67</sup> Martha Olcott, "A New Direction for U.S. Policy in the Caspian Region."

<sup>68</sup> U.S. Trade and Development Agency. *Press Release: USTDA Launches Central Asian Infrastructure Integration Initiative*, October 14, 2005; Joshua Kucera, "Washington Seeks to Steer Central Asian States Toward South Asian Allies," *Eurasia Insight*, April 28, 2006; Joshua Kucera, "USAID Official Outlines Plan to Build Central-South Asian (continued...)"

approved \$3 million for feasibility and project design studies of the potential for Afghanistan and Pakistan to import electricity from Kyrgyzstan and Tajikistan. In August 2008, an inter-governmental agreement was signed by the four countries to build a 500-kilovolt electric power transmission line. The first phase is the construction of a 170-mile line from hydropower plants on the River Vakhsh in Tajikistan to the Afghan border town of Sher Khan Bandar. The project cost when all phases are completed is estimated to be \$935 million to be provided by the World Bank, the Islamic Development Bank, and the International Finance Corporation. About two-thirds of the electricity would be provided to Pakistan and one-third to Afghanistan. Due diligence work including environmental impacts is expected to be completed in 2010 and the power line is planned to be completed by 2013. The ADB withdrew from the project in 2009, however, because of concerns about the lack of cooperation among the Central Asian countries on water-sharing, among other issues. The ADB still is funding smaller electricity projects. Among these, the ADB financed a 220-kilovolt transmission line from Uzbekistan to Kabul, Afghanistan, that was completed in May 2009.

Dissension among the Central Asian states on electric power transmission and hydro-electric projects has increased. During 2009, Kazakhstan and Uzbekistan accused Tajikistan of illicitly siphoning electricity from the Soviet-era Central Asian Unified Energy System grid (until recently, members included these three states and Kyrgyzstan). Kazakhstan twice cut off energy flows to the regional grid in 2009 in retaliation, but has not yet decided to withdraw completely from the grid. Tajik officials have denied the Uzbek charges and accused Uzbekistan of illicitly siphoning electricity. Uzbekistan cut itself off from the regional grid on December 1, 2009. The cutoff severed the supply of electricity to Kyrgyzstan's southern regions (since the lines cross Uzbekistan) and to some parts of Tajikistan, and prevented Tajikistan from importing electricity from Turkmenistan to address winter weather. One Tajik analyst called for the country to retaliate against Uzbekistan by reducing cooperation in water-sharing. Another analyst warned that another Tajik winter without adequate power supplies could further erode popular trust in the Rahmon government. Tajikistan's construction of the Roghun hydro-electric power dam on a tributary of the Amu Darya River also has clouded its relations with Uzbekistan. The latter claims that the dam will limit water flows downstream to its territory, while Tajikistan is spurred to complete the power plant by Uzbekistan's energy policies.

**Kazakhstan.** The main oil export route from Kazakhstan has been a 930-mile pipeline completed in 2001—owned by the Caspian Pipeline Consortium (CPC), in which Russian shareholders have a controlling interest—that carries 265 million barrels per year of oil from Kazakhstan to Russia's Black Sea port of Novorossiysk. Lengthy Russian resistance to increasing the pumping capacity of the pipeline and demands for higher transit and other fees, along with the necessity of offloading the oil into tankers at Novorossiysk to transit the clogged Turkish Straits, spurred President Nazarbayev to sign a treaty with visiting Azerbaijani President Ilkham Aliyev in June 2006 to barge Kazakh oil across the Caspian Sea to Baku to the BTC pipeline. Kazakhstan began shipping about 70,000 bpd of oil through the BTC pipeline at the end of October 2008. Another accord resulted from a visit by President Nazarbayev to Azerbaijan in September 2009 that provides that up to 500,000 bpd of oil will be barged across the Caspian to enter the BTC or the Baku-Supsa pipeline. When the volumes exceed 500,000 bpd, a trans-Caspian pipeline may be built.

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(...continued)

Electricity Links," *Eurasia Insight*, May 4, 2006.



Apparently to counter Kazakh's export plans via Azerbaijan, then-President Putin's May 2007 agreement with Nazarbayev (see above) envisaged boosting the capacity of the CPC pipeline. Despite this Russian pledge to increase the capacity of the CPC, Kazakhstan has proceeded to upgrade its Caspian Sea port facilities and in May 2008, the Kazakh legislature ratified the 2006 treaty. Kazakhstan also barges some oil to Baku to ship by rail to Georgia's Black Sea oil terminal at Batumi, of which Kazakhstan became the sole owner in early 2008. Kazakhstan began barging oil from Batumi to the Romanian port of Constantza in late 2008 for processing at two refineries it purchased. Some Kazakh oil arriving in Baku also could be transported through small pipelines to Georgia's Black Sea port of Supsa or to Russia's Black Sea port of Novorossiisk, although in the latter case Kazakhstan might be faced with high transit charges by Russia.<sup>69</sup> In December 2009, the CPC finalized expansion plans for the pipeline, to approximately double its capacity by 2014.

In addition to these oil export routes to Europe not controlled by Russia, Kazakhstan and China have completed an oil pipeline from Atasu in central Kazakhstan to the Xinjiang region of China (a distance of about 597 miles). Kazakhstan began delivering oil through the pipeline in mid-2006. As of the end of 2008, the pipeline reportedly had delivered about 92 million barrels (well below initial capacity of 146.6 million barrels per year). At Atasu, it links to another pipeline from the town of Kumkol, also in central Kazakhstan. On Kazakhstan's Caspian Sea border, China has finished construction of an oil pipeline from the port city of Atyrau eastward to the town of Kerkiyak. The last section of the route from the Caspian Sea to China, a link between the towns of Kerkiyak and Kumkol, was completed in October 2009. Now that all sections of the pipeline have been completed, it is expected to carry 200,000 bpd to China.

In November 2007, Russia and Kazakhstan signed an agreement permitting Russia to export 10.6 million barrels of oil per year from Atasu through the pipeline to China. According to Chinese sources, Russia exported about 5.5 million barrels of oil through this pipeline in 2008. This is the first Russian oil to be transported by pipeline to China.

At the end of October 2008, China and Kazakhstan signed a framework agreement on constructing a gas pipeline from western Kazakhstan (near the Caspian Sea) to China that is planned initially to supply 176.6 bcf to southern Kazakhstan and 176.6 bcf to China. Plans call for pipeline construction to begin in 2010 and to be completed by 2015.

Kazakh officials have appeared to make contradictory statements about providing gas for the prospective Nabucco pipeline. Kazakhstan's Deputy Energy and Mineral Resources Minister Aset Magaulov stated at a Euro-Atlantic Partnership Council Security Forum in June 2009 that Kazakhstan would not have a surplus of gas that it could send through the Nabucco pipeline.<sup>70</sup> President Nazarbayev appeared to support the possible transit of Kazakh gas through Turkey when he stated on October 22, 2009, during a visit to Turkey, that "Turkey ... will become a transit country. And if Kazakhstan's oil and gas are transported via this corridor then this will be advantageous to both Turkey and Kazakhstan."<sup>71</sup> In late October 2009, however, the Kazakh Ministry of Energy reiterated that "the main problem for our country [regarding the supply of natural gas to Nabucco] is the limited availability of gas" because of existing contracts for

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<sup>69</sup> *ITAR-TASS*, May 29, 2008; *CEDR*, December 11, 2007, Doc. No. CEP-950096; April 26, 2008, Doc. No. CEP-950045.

<sup>70</sup> *ITAR-TASS*, June 25, 2009.

<sup>71</sup> *CEDR*, October 22, 2009, Doc. No. CEP-950337.

projected gas production. It suggested that Kazakhstan might be a potential supplier for Nabucco if gas production exceeds expectations, but that Kazakhstan could not transport any gas via Nabucco until the legal status of the Caspian Sea was resolved, which would permit building a connection to Nabucco.<sup>72</sup>

**Turkmenistan.** The late President Niyazov signed a 25-year accord with then-President Putin in 2003 on supplying Russia up to 211.9 billion cubic feet (bcf) of gas in 2004 (about 12% of production), rising up to 2.83 trillion cubic feet (tcf) in 2009-2028 (perhaps then constituting an even larger percentage of production). Turkmenistan halted gas shipments to Russia at the end of 2004 in an attempt to get a higher gas price but settled for all-cash rather than partial barter payments. Turkmenistan and Russia continued to clash in subsequent years over gas prices and finally agreed in late 2007 that gas prices based on “market principles” would be established in 2009. Turkmenistan, Kazakhstan, and Russia signed accords in May and December 2007 on building a new gas pipeline that was planned to carry 353 bcf of Turkmen and 353 bcf of Kazakh gas to Russia. The Turkmen government appeared to have reservations about building another pipeline to Russia, however. This stance may have changed by late 2009, when Turkmenistan indicated some willingness to build this pipeline during negotiations with Russia on the renewal of Turkmen gas exports (see below).

Seeking alternatives to pipeline routes through Russia, in December 1997 Turkmenistan opened the first pipeline from Central Asia to the outside world beyond Russia, a 125-mile gas pipeline linkage to Iran. Turkmenistan provided 282.5 bcf of gas to Iran in 2006 and reportedly a larger amount in 2007. At the end of 2007, however, Turkmenistan suddenly suspended gas shipments, causing hardship in northern Iran. Turkmen demands for higher payments were the main reason for the cut-off. Gas shipments resumed in late April 2008 after Iran agreed to a price boost. In mid-2009, Turkmenistan reportedly agreed to increase gas supplies to up to 706 bcf per year.<sup>73</sup> At the end of 2009, a second gas pipeline to Iran was completed—from a field that until April 2009 had supplied gas to Russia (see below)—to more than double Turkmenistan’s export capacity to Iran.

As another alternative to pipelines through Russia, in April 2006, Turkmenistan and China signed a framework agreement calling for Chinese investment in developing gas fields in Turkmenistan and in building a gas pipeline with a capacity of about 1.0 tcf per year through Uzbekistan and Kazakhstan to China. Construction of the pipeline began in August 2007 and gas began to be delivered through the pipeline to Xinjiang and beyond in December 2009.

Perhaps an additional attempt to diversify gas export routes, Berdimuhammedow first signaled in 2007 that Turkmenistan was interested in building a trans-Caspian gas pipeline. Turkmenistan signed a memorandum of understanding in April 2008 with the EU to supply 353.1 bcf of gas per year starting in 2009, presumably through a trans-Caspian pipeline that might at first link to the SCP and later to the proposed Nabucco pipeline. Berdimuhammedow also revived Niyazov’s proposal to build a gas pipeline through Afghanistan to Pakistan and India, but investment remains elusive.

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<sup>72</sup> *ITAR-TASS*, October 31, 2009.

<sup>73</sup> *Iran: Daily Report*, January 21, 2008, Doc. No. IAP-11017; January 24, 2008, Doc. No. IAP-950014; April 26, 2008, Doc. No. IAP-950049; and May 6, 2008, Doc. No. IAP-950052.; *CEDR*, July 12, 2009, Doc. No. CEP-950097.



On the night of April 8-9, 2009, a section of a gas pipeline from Turkmenistan to Russia exploded, halting Turkmen gas shipments. Russia claimed that it had notified Turkmenistan that it was reducing its gas imports because European demand for gas had declined, but Turkmenistan denied that it had been properly informed.<sup>74</sup> After extended talks, visiting President Medvedev and President Berdimuhamedow agreed on December 22, 2009 that Turkmen gas exports to Russia would be resumed, and that the existing supply contract had been altered to reduce Turkmen gas exports to up to 1 tcf per year and to increase the price paid for the gas. Turkmenistan announced on January 9, 2010, that its gas exports to Russia had resumed. The incident appeared to further validate Turkmenistan's policy of diversifying its gas export routes.

At a late April 2009 Turkmen energy conference, U.S. Deputy Assistant Secretary of State George Krol reportedly stressed that Turkmenistan and other states should continue to diversify their energy export routes.<sup>75</sup> Turkmen President Berdimuhamedow pledged to continue such diversification. At an EU energy summit in Prague in early May 2009, U.S. Special Envoy for Eurasian Energy Richard Morningstar endorsed further development of the "southern corridor" for the shipment of gas and oil to Western markets. However, Kazakhstan, Turkmenistan, and Uzbekistan balked at signing a communique pledging the states to back the Nabucco pipeline. Despite this move, Berdimuhamedow asserted on July 10, 2009, that there are "immense volumes of natural gas in Turkmenistan [that] make it possible for us to carry out certain work related to the implementation of various [gas export] projects, including the Nabucco project."<sup>76</sup> In September 2009, he further suggested that Turkmenistan could provide even more gas than previously mentioned in 2008 for Nabucco—1.1 tcf per year—because an audit indicated that the South Yoloten-Osman and Yaslar gas fields held vast reserves. Russia and Iran remain opposed to trans-Caspian pipelines, ostensibly on the grounds that they could pose environmental hazards to the littoral states.

Some observers argue that Turkmenistan's construction of gas pipelines to Iran and China indicate that it does not envisage a trans-Caspian pipeline to supply gas to Nabucco. Even in the event that Iran eventually becomes a supplier to Nabucco, these observers maintain, it might resist permitting Turkmenistan to have direct access to European customers via its pipelines.<sup>77</sup>

## **Nonproliferation of Weapons of Mass Destruction**

International concerns over the proliferation risks posed by Central Asia's nuclear research and power reactors, uranium mines, milling facilities, and associated personnel have been heightened by Western, Russian, and Central Asian media reports of attempted diversions of nuclear materials to terrorist states or criminal groups. Upon the collapse of the Soviet Union, nuclear fuel cycle facilities in the region often were only minimally guarded, and personnel were poorly paid, creating targets of opportunity. Kazakhstan is reported to possess one-fourth of the world's uranium reserves, and Kazakhstan and Uzbekistan are among the world's top producers of yellow

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<sup>74</sup> Open Source Center. *OSC Feature*, April 14, 2009, Doc. No. FEA-844966; *CEDR*, April 14, 2009, Doc. No. CEP-950339; *ITAR-TASS*, April 3, 2009; Sergey Blagov, "Turkmenistan: Ashgabat Wonders Whether Russia Still Has Deep Pockets," *Eurasia Insight*, March 26, 2009.

<sup>75</sup> Alexander Vershinin, "U.S. Urges Central Asia to Boost Gas Export Routes," *Associated Press*, April 24, 2009.

<sup>76</sup> *CEDR*, July 11, 2009, Doc. No. CEP-950124.

<sup>77</sup> Igor Naumov, "Turkmenistan No Longer Sees Russia as Reliable Partner," *Bizekon-Russica Izvestia*, November 16, 2009; "Energy Agreement between Turkey and Iran Changes Essence of Nabucco Project: Chairman of CSS of Turkey," *Trend News Agency (Azerbaijan)*, November 13, 2009.

cake (low enriched uranium).<sup>78</sup> Major customers for Kazakhstan's yellow cake have included the United States and Europe. Kazakhstan had a fast breeder reactor at its Caspian port of Aktau, the world's only nuclear desalinization facility. Decommissioned in April 1999, it has nearly 300 metric tons of enriched uranium and plutonium spent fuel in ill-kept storage pools.

Kazakhstan's Ulba metallurgical factory in Ust Kamenogorsk provides nuclear fuel pellets to Russia and other countries with Soviet-type reactors, and is planning to expand production for other types of reactors. In 2009, Kazakhstan offered some of its Ulba facilities to house a low-enriched uranium "fuel bank" under the control of the International Atomic Energy Agency (IAEA) to provide assurance of supply to commercial reactor customers.<sup>79</sup>

Uzbek's Navoi mining and milling facility exports yellow cake through the U.S. firm Nukem. Kyrgyzstan's Kara Balta milling facility ships low-enriched uranium to Ulba and to Russia. Kazakhstan and Uzbekistan also hosted major chemical and biological warfare (CBW) facilities during the Soviet era, raising major concerns about possible proliferation dangers posed by remaining materials and personnel.

## **Illegal Narcotics Production, Use, and Trafficking**

The trafficking and use of illegal narcotics in Central Asia endanger the security, independence, and development of the states by stunting economic and political reforms and exacerbating terrorism, crime, corruption, and health problems. As a conduit, the region has been used as a transit route by criminal groups smuggling narcotics from Afghanistan, mainly to markets in Russia and Europe, although drug use within the region also is accelerating. The increased use of shared needles for drug injection has contributed to rising rates of HIV/AIDS in the region. Although the bulk of opiates from Afghanistan continue to be transported through Pakistan and Iran, rising quantities—currently estimated at between 19%-25%—are trafficked through Central Asia, mainly through Tajikistan.<sup>80</sup> In February 2010, President Berdimuhamedow stated that drug trafficking and drug addiction rates had become "alarming" in Turkmenistan, and called for an "uncompromising" war on drugs. Despite this call for a punitive war, however, the State Department reports that although "drug addiction is a prosecutable crime [in Turkmenistan] and persons convicted are subject to jail sentences ... judicial officials usually sentence addicts to treatment."<sup>81</sup>

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<sup>78</sup> After the Soviet breakup, independent Kazakhstan was on paper one of the world's major nuclear weapons powers, but in reality these weapons were controlled by Russia. On April 21, 1995, the last nuclear warheads were transferred to Russia.

<sup>79</sup> During Iranian President Mahmoud Ahmadinejad's April 2009 visit to Kazakhstan, President Nazarbayev suggested that a Kazakh "fuel bank" could assure supplies to Iran. In May 2009, Kazakhstan presented a position paper on the proposal at the IAEA. Joanna Lillis, "Kazakhstan: Is Astana Aiming to Broker US-Iran Nuclear Deal?" *Eurasia Insight*, April 8, 2009; Togzhan Kassenova, "Kazakhstan's 'Nuclear Renaissance,'" *St. Antony's International Review*, Vol. 4, No. 2, 2009, pp. 51-74; IAEA, *Statement by Asset Magauov, Vice-Minister of Energy and Mineral Resources of the Republic of Kazakhstan at the 53<sup>rd</sup> Session of the IAEA General Conference*, September 15, 2009; Humphrey Hawksley, "International Nuclear Bank: Helping World Peace?" *BBC News*, January 8, 2010.

<sup>80</sup> UNODC, *World Drug Report 2009*, June 24, 2009. In February 2010, Viktor Ivanov, the head of the Russian Drug Control Service, complained that there were no obstacles to drug trafficking from Afghanistan to Tajikistan, and that all the Central Asia states served as routes for drug trafficking to Russia. *ITAR-TASS*, February 4, 2010.

<sup>81</sup> *CEDR*, February 5, 2010, Doc. No. CEP-950276; U.S. State Department, Bureau for International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report*, February 27, 2009.

According to the U.N. Office of Drugs and Crime (UNODC), drug trafficking in Central Asia appears to involve many crime groups and drugs change hands several times before delivery to Russian markets. In this sense, the trafficking is less organized than that involving Central American drug trafficking to the United States. In the case of Central Asia, some organized crime groups based in producer countries have been able to expand their influence into the region because of poorly patrolled borders, lack of cooperation among the states, lawlessness, and corruption among officials, police, and border guards. Also, ethnic Tajiks residing in northern Afghanistan can more easily smuggle drugs into Tajikistan. Problems with traditional export routes for Asian drugs have encouraged the use of Central Asia as a trans-shipment route. Nigerian organized crime groups reportedly transport some Pakistani heroin through Central Asia to Russian markets, and sell some in Central Asia. Even Latin American crime groups have reportedly smuggled drugs into Central Asia destined for Russia, such as cocaine from Brazil. These and other international organized crime groups are integrating smaller Central Asian crime groups into their operations.<sup>82</sup>

The Taliban, IMU, and other Islamic terrorist groups allegedly are also involved in trafficking drugs in order to finance their operations. According to some observers, the IMU has been a major smuggler of heroin through Central Asia, although U.S.-led coalition operations in Afghanistan in late 2001 at least temporarily disrupted IMU trafficking.<sup>83</sup> Some Tajik border troops along the Tajik-Afghan border allegedly gain revenues from bribes from drug smugglers from Afghanistan. In Kazakhstan, some police and security personnel reportedly vie to offer their services to drug traffickers.<sup>84</sup> In October 2009, Kyrgyzstan abolished its Drug Control Agency, raising concerns among some observers about the government's resolve to combat drug trafficking.<sup>85</sup>

Counter-narcotics agencies in the Central Asian states are hampered by inadequate budgets, personnel training, and equipment, but most have registered ever greater drug seizures. According to the State Department's *International Narcotics Control Strategy Report*:

- The Kazakh government's "DEA-like" Committee on Combating and Controlling Narcotics within the Ministry of the Interior, established in 2004, contributed to "considerable progress" by Kazakhstan in counter-narcotics efforts, including drug seizures and tightening drug trafficking penalties. Kazakh security agents reportedly cracked down on two new drug trafficking routes from Afghanistan through Kazakhstan to end-users in Australia and Japan. Nonetheless, Kazakhstan remains an "important transit country, especially for drugs coming out of Afghanistan."

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<sup>82</sup> Irina Adinayeva, "International Drug Trafficking and Central Asia," in *Building a Common Future*, ed. by P. Stobdan, New Delhi, 1999; Justine Walker, "Beyond Terrorism: the Real Impact of Afghan Drugs Trafficking on Northern Neighbors," *Drugs and Alcohol Today*, November 2005. pp. 39-41.

<sup>83</sup> Ahmed Rashid, *Jihad: The Rise of Militant Islam in Central Asia*. New Haven and London: Yale University Press, 2002, p. 229; Svante Cornell and Niklas Swanström, "The Eurasian Drug Trade: A Challenge to Regional Security," *Problems of Post-Communism*, July/August 2006, pp. 10-27. According to analyst Jacob Townsend, the IMU is mostly involved in drug dealing, and organized crime groups are involved in trafficking. "The Logistics of Opiate Trafficking in Tajikistan, Kyrgyzstan, and Kazakhstan," *China and Eurasia Forum Quarterly*, Volume 4, No. 1, 2006, pp. 69-91.

<sup>84</sup> Martha Olcott, *Kazakhstan*, Washington, DC: Carnegie Endowment, 2002, pp. 219-220.

<sup>85</sup> Erica Marat and Den Isa, "Kyrgyzstan Relaxes Control Over Drug Trafficking," *Eurasia Daily Monitor*, February 4, 2010. They allege that some government officials are involved in drug trafficking, and that "one of the president's brothers is allegedly involved in controlling most drug transit through Kyrgyz territory."

- Some of the isolated mountain passes along Kyrgyzstan's borders with Tajikistan and China do not have guard posts that are manned throughout the year and these passes are major drug routes. The State Department also reports that "the city of Osh, in particular, is the main crossroads for road and air traffic and a primary transfer point for narcotics into Uzbekistan and Kazakhstan and on to markets in Russia, Western Europe and the United States."
- Tajikistan is "a major center for domestic and international drug trafficking organizations." Tajikistan claimed to seize more illicit drugs in 2007 than the previous year, but the amounts smuggled also had increased.
- Turkmenistan is centrally located for smuggling opiates from Afghanistan and Iran northward and westward. In 2008, the government created the State Counter-Narcotics Service to more effectively combat drug trafficking. Although Turkmenistan directs most of its efforts to combating drug-smuggling across its shared border with Afghanistan, drugs also enter the country through Iran and Uzbekistan. From Turkmenistan, illicit drugs often are smuggled by Caspian Sea ships into Russia and Azerbaijan.
- In Uzbekistan, the National Center for Drug Control attempts to coordinate anti-drug efforts carried out by police, security, customs, and defense personnel, but has difficulty accomplishing this goal. Drug addiction has increased in the country. Drug smuggling into Uzbekistan often involves families or small groups rather than national rings.<sup>86</sup>

## Implications for U.S. Interests

After the terrorist attacks on the United States on September 11, 2001, the former Bush Administration stated that U.S. policy toward Central Asia focused on three inter-related activities: the promotion of security, domestic reforms, and energy development.<sup>87</sup> The September 11, 2001, attacks led the Bush Administration to realize that "it was critical to the national interests of the United States that we greatly enhance our relations with the five Central Asian countries" to prevent them from becoming harbors for terrorism, according to former Deputy Assistant Secretary of State B. Lynn Pascoe in testimony in June 2002. According to this thinking, the instability that is characteristic of "failed states"—where central institutions of governance and security are unable to function throughout a state's territory—can make these states attractive to terrorist groups as bases to threaten U.S. interests.

Although then-U.S. Caspian emissary Elizabeth Jones in April 2001 carefully elucidated that the United States would not intervene militarily to halt incursions by Islamic terrorists into Central Asia, this stance was effectively reversed after September 11, 2001. U.S.-led counter-terrorism efforts were undertaken in Afghanistan, including against terrorists harbored in Afghanistan who aimed to overthrow Central Asian governments and who were assisting the Taliban in fighting against the coalition. Added security training and equipment were provided to the Central Asian

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<sup>86</sup> *International Narcotics Control Strategy Report*, February 27, 2009; See also CRS Report RL32686, *Afghanistan: Narcotics and U.S. Policy*, by Christopher M. Blanchard.

<sup>87</sup> U.S. House of Representatives. Committee on International Relations. Subcommittee on the Middle East and Central Asia. Hearing: U.S. Policy in Central Asia. *Testimony by Richard A. Boucher, Assistant Secretary of State for South and Central Asian Affairs*, April 26, 2006.

states, supplemented by more aid to promote democratization, human rights, and economic reforms, because the latter aid addressed “root causes of terrorism,” according to Jones in testimony in December 2001. She averred that “we rely on [Central Asian] governments for the security and well-being of our troops, and for vital intelligence,” and that the United States “will not abandon Central Asia” after peace is achieved in Afghanistan.

In October 2003, then-Assistant Secretary Jones in testimony stressed that “our big strategic interests [in Central Asia] are not temporary” and that the United States and its international partners have no alternative but to “be a force for change in the region.” Then-Defense Secretary Donald Rumsfeld similarly stressed in February 2004 that “it is Caspian security ... that is important for [the United States] and it is important to the world that security be assured in that area.”

The 2004 *Final Report* of the National Commission on Terrorist Attacks Upon the United States (The 9/11 Commission) and the President’s 2003 *National Strategy for Combating Terrorism* call for the United States to work with Central Asian and other countries to deny sponsorship, support, and sanctuary to terrorists. The *Report* and *Strategy* also call for assisting the states to democratize, respect human rights, and develop free markets to reduce underlying vulnerabilities that terrorists seek to exploit.<sup>88</sup>

Participating with Members on November 18, 2009 in launching the Congressional Caucus on Central Asia, Assistant Secretary of State Robert Blake, Jr. stated that the Obama Administration “has placed a high priority on building partnerships and enhancing our political engagement in Central Asia.” Signs of this enhanced engagement include the establishment of high-level annual bilateral consultations with each of the regional states on counter-narcotics, counter-terrorism, democratic reform, rule of law, human rights, relations with NGOs, trade and investment, health, and education, he stated. Other initiatives include the creation of a working group within the State Department to encourage the regional states to work out water-sharing arrangements, including the possibly bolstered supply of water from Tajikistan to Afghanistan and from Tajikistan to Pakistan. In testimony on December 15, 2009, Deputy Assistant Secretary of State George Krol listed five objectives of U.S. policy in Central Asia: to maximize the cooperation of the regional states with coalition counter-terrorism efforts in Afghanistan and Pakistan; to increase the development and diversification of the region’s energy resources and supply routes; to promote the eventual emergence of good governance and respect for human rights; to foster competitive market economies; and to prevent state failure in Tajikistan and Kyrgyzstan, including by enhancing food security assistance.<sup>89</sup>

The State Department in 2006 included Central Asia in a revamped Bureau of South and Central Asian Affairs. According to former Principal Deputy Assistant Secretary of State Steven Mann, “institutions such as NATO and the OSCE will continue to draw the nations of Central Asia closer to Europe and the United States,” but the United States also will encourage the states to develop “new ties and synergies with nations to the south,” such as Afghanistan, India, and Pakistan.<sup>90</sup> In

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<sup>88</sup> National Commission on Terrorist Attacks Upon the United States. *Final Report*, July 23, 2004; The White House. *National Strategy for Combating Terrorism*, February 14, 2003.

<sup>89</sup> U.S. Senate. Committee on Foreign Relations. Subcommittee on Near Eastern and South and Central Asian Affairs. Hearing on Re-evaluating U.S. Policy in Central Asia. *Testimony of George Krol, Deputy Assistant Secretary of State, Bureau of South And Central Asian Affairs*, December 15, 2009.

<sup>90</sup> U.S. House of Representatives. Committee on International Relations. Subcommittee on the Middle East and Central Asia. Assessing Energy and Security Issues in Central Asia. *Testimony of Steven Mann, Principal Deputy Assistant* (continued...)



May 2007, Defense Secretary Robert Gates urged Asian countries to provide Central Asia with road and rail, telecommunications, and electricity generation and distribution aid to link the region with Asia; to help it combat terrorism and narcotics trafficking; to send technical advisors to ministries to promote political and economic reforms; to offer more military trainers, peacekeepers, and advisors for defense reforms; and to more actively integrate the regional states into “the Asian security structure.”<sup>91</sup>

Director of National Intelligence Dennis Blair warned in testimony on February 3, 2010, that although the Central Asian states generally have been stable so far, “The region’s autocratic leadership, highly personalized politics, weak institutions, and social inequality make predicting succession politics difficult and increase the possibility that the process could lead to violence or an increase in anti-US sentiment.” He also raised concerns about the ability of Kyrgyzstan, Tajikistan, and Turkmenistan to combat Islamic extremist influences from Afghanistan and Pakistan. The potential for instability in the region, he stated, is heightened by “competition over water, cultivable land, and ethnic tensions,” by the global economic crisis, which has resulted in reduced migrant worker remittances to the region, and by perennial food and energy shortages in some parts of the region.<sup>92</sup>

## **Reactions to U.S.-Led Coalition Actions in Iraq**

U.S. ties to the Central Asian states appeared generally sound in the immediate wake of U.S.-led coalition operations in Iraq in March-April 2003 to eliminate state-sponsored terrorism and weapons of mass destruction. Initial responses in the region ranged from support by Uzbekistan to some expressions of concern by Kyrgyzstan and Turkmenistan that diplomacy had not been given enough of a chance. Alleged incidents where civilians have been killed during U.S. operations have been criticized by some Islamic groups and others in Central Asia.<sup>93</sup>

- Uzbekistan was the only Central Asian state to join the “coalition of the willing” that supported upcoming operations in Iraq (Kazakhstan joined later). Uzbek President Islam Karimov on March 6, 2003, stated that the Iraq operation was a continuation of “efforts to break the back of terrorism.” On May 8, his National Security Council endorsed sending medical and other humanitarian and rebuilding aid to Iraq, but on August 30, Karimov indicated that plans to send medics to Iraq had been dropped. He has argued for greater U.S. attention to terrorist actions in Afghanistan that threaten stability in Central Asia.
- The Kazakh foreign minister on March 28, 2003, voiced general support for disarming Iraq but not for military action. However, on April 24 Kazakh President Nursultan Nazarbayev stated that Saddam’s removal in Iraq enhanced

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*Secretary for South and Central Asian Affairs*, July 25, 2006. The State Department appointed a Senior Advisor on Regional Integration in the Bureau of South and Central Asian Affairs, Robert Deutsch, who focused on bolstering trade and transport ties between South and Central Asia.

<sup>91</sup> U.S. Department of Defense. Department of Defense Documents. International Institute for Strategic Studies - Remarks as Delivered by Secretary of Defense Robert M. Gates, Singapore, June 1, 2007.

<sup>92</sup> U.S. Senate. Select Committee On Intelligence. Hearing on Current and Projected Threats to the United States. *Statement of Dennis C. Blair, Director of National Intelligence*, February 2, 2010.

<sup>93</sup> *CEDR*, January 1, 2007, Doc. No. CEP-950051; January 6, 2007, Doc. No. CEP-950089; December 29, 2006, Doc. No CEP-950214.

Central Asian and world security. Reportedly after a U.S. appeal, Nazarbayev proposed and the legislature in late May approved sending military personnel to Iraq. About two dozen Kazakh combat engineers were deployed to Iraq in late August 2003 and served with Polish and Ukrainian units until pulling out in late 2008.

- Tajik President Emomaliy Rakhman reportedly on March 13, 2003, refused Russia's request to denounce coalition actions in Iraq. Tajik political analyst Suhrob Sharipov stated on April 3 that Tajikistan was neutral regarding U.S.-led coalition actions in Iraq because Tajikistan had benefitted from U.S. aid to rebuild the country and from the improved security climate following U.S.-led actions against terrorism in Afghanistan.
- The Kyrgyz foreign minister on March 20, 2003, expressed "deep regret" that diplomacy had failed to resolve the Iraq dispute, raised concerns that an Iraq conflict could destabilize Central Asia, and proclaimed that the Manas airbase could not be used for Iraq operations. During a June 2003 U.S. visit, however, he reportedly told then-Vice President Cheney that Kyrgyzstan was ready to send peacekeepers to Iraq (and Afghanistan). The Kyrgyz defense minister in April 2004 announced that Kyrgyzstan would not send troops to Iraq, because of the increased violence there.
- Turkmenistan's late President Saparmurad Niyazov on March 12, 2003, stated that he was against military action in Iraq and, on April 11, called for the U.N. to head up the creation of a democratic Iraq and for aid for ethnic Turkmen in Iraq displaced by the fighting.

## **Designations of Terrorist Organizations**

The U.S. government has moved to classify various groups in the region as terrorist organizations, making them subject to various sanctions. In September 2000, the State Department designated the IMU, led by Yuldash, as a Foreign Terrorist Organization, stating that the IMU resorts to terrorism, actively threatens U.S. interests, and attacks American citizens. The "main goal of the IMU is to topple the current government in Uzbekistan," it warned, linking the IMU to bombings and attacks on Uzbekistan in 1999-2000. The IMU is being aided by Afghanistan's Taliban and by terrorist bin Laden, according to the State Department, and it stressed that the "United States supports the right of Uzbekistan to defend its sovereignty and territorial integrity from the violent actions of the IMU." At the same time, the United States has stressed that efforts to combat terrorism cannot include widespread human rights violations. The designation made it illegal for U.S. entities to provide funds or resources to the IMU; made it possible to deport IMU representatives from, or to forbid their admission to, the United States; and permitted the seizure of its U.S. assets. It also permitted the United States to increase intelligence sharing and other security assistance to Uzbekistan.

On September 20, 2001, then-President Bush in his address to a Joint Session of Congress stressed that the IMU was linked to Al Qaeda and demanded that the Taliban hand over all such terrorists, or they would be targeted by U.S.-led military forces. According to most observers, the President was stressing that Uzbekistan should actively support the United States in the Afghan operation.



Among other terrorist groups, then-CIA Director Porter Goss testified to the Senate Armed Services Committee on March 17, 2005, that the IJG/IJU “has become a more virulent threat to U.S. interests and local governments.” On May 25, 2005, the State Department designated IJG/IJU as a global terrorist group, and on June 1, 2005, the U.N. Security Council added IJG/IJU to its terrorism list. Officials in Germany arrested several individuals on September 5, 2007, on charges of planning explosions at the U.S. airbase at Ramstein, at U.S. and Uzbek diplomatic offices, and other targets in Germany. The IJU claimed responsibility and stated that it was targeting U.S. and Uzbek interests because of these countries’ “brutal policies towards Muslims,” and targeting Germany because it has a small military base in Termez, Uzbekistan, which is used to support NATO operations in Afghanistan. Reportedly, the suspects had received training at IMU and al Qaeda terrorist training camps in Pakistan. In U.S. Congressional testimony on September 10, 2007, John Redd, then-director of the National Counterterrorism Center, and Mike McConnell, then-Director of National Intelligence, stated that U.S. communications intercepts shared with Germany had facilitated foiling the plot.

In August 2002, the United States announced that it was freezing any U.S. assets of the East Turkestan Islamic Movement (ETIM), a Uighur group operating in Central Asia, since the group had committed numerous terrorist acts in China and elsewhere and posed a threat to Americans and U.S. interests. In September 2002, the United States, China, and other nations asked the U.N. to add ETIM to its terrorism list. China reported that its military exercises with Kyrgyzstan in November 2002 were aimed at helping Kyrgyzstan to eliminate the group.

On the other hand, the United States has not yet classified Hizb ut-Tahrir (HT) as a terrorist group. According to the State Department’s *Country Reports on Terrorism 2006*, “radical extremist groups such as HT may also present a danger to the region. HT [is] an extremist political movement advocating the establishment of a borderless, theocratic Islamic state throughout the entire Muslim world.... The United States has no evidence that HT has committed any acts of international terrorism, but the group’s radical anti-American and anti-Semitic ideology is sympathetic to acts of violence against the United States and its allies. HT has publicly called on Muslims to travel to Iraq and Afghanistan to fight Coalition Forces.”<sup>94</sup>

Nonetheless, U.S. officials have criticized Central Asian governments for imprisoning HT members who are not proven to be actively engaged in terrorist activities, and for imprisoning other political and religious dissidents under false accusations that they are HT members. According to a November 2002 State Department factsheet, HT has not advocated the violent overthrow of Central Asian governments, so the United States has not designated it a Foreign Terrorist Organization. The factsheet also urges Central Asian government to “prosecute their citizens for illegal acts, not for their beliefs.”<sup>95</sup> Among other Western countries, Germany outlawed HT activities in January 2003, declaring that HT was a terrorist organization that advocates violence against Israel and Jews.<sup>96</sup>

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<sup>94</sup> U.S. Department of State. *Country Reports on Terrorism 2006*, April 2007, p. 114. According to Rashid, the U.S. government debated the status of HT in 2000 but declined to classify it as a terrorist group. *Jihad*, pp. 132-135.

<sup>95</sup> U.S. Department of State. *Fact Sheet: U.S. Policy in Central Asia: Frequently Asked Questions*, November 21, 2002.

<sup>96</sup> *Washington Post*, December 27, 2004, p. A4.

## **Military Cooperation**

The United States and the Central Asian states signed defense cooperation accords prior to September 11, 2001, that provided frameworks for aid and joint staff and working group contacts and facilitated enhanced cooperation after September 11, 2001. According to the 9/11 Commission, such pre-September 11, 2001, ties included Uzbek permission for U.S. clandestine efforts against Al Qaeda in Afghanistan.<sup>97</sup> According to former Assistant Secretary of Defense Crouch in testimony in June 2002, “our military relationships with each [Central Asian] nation have matured on a scale not imaginable prior to September 11<sup>th</sup>.” Kyrgyzstan, he relates, is a “critical regional partner” in Operation Enduring Freedom (OEF; military actions in Afghanistan), providing basing for combat and combat support units at Manas Airport for U.S. and other coalition forces.

Uzbekistan provided a base for U.S. operations at Karshi-Khanabad and a base for German units at Termez, and a land corridor to Afghanistan for humanitarian aid via the Friendship Bridge at Termez. It also leased to the coalition IL-76 transport airlift for forces and equipment. Kazakhstan provided overflight rights and expedited rail transshipment of supplies. Turkmenistan permitted blanket overflight and refueling privileges for humanitarian flights in support of OEF. Tajikistan permitted use of its international airport in Dushanbe for U.S., British, and French refueling and basing. While the former Bush Administration rejected the idea of permanent military bases in these states, Crouch stated in June 2002 that “for the foreseeable future, U.S. defense and security cooperation in Central Asia must continue to support actions to deter or defeat terrorist threats” and to build effective armed forces under civilian control.

According to a late November 2002 State Department fact sheet, the United States does not intend to establish permanent military bases in Central Asia but does seek long-term security ties and access to military facilities in the region for the foreseeable future to deter or defeat terrorist threats. The fact sheet also emphasizes that the U.S. military presence in the region likely will remain as long as operations continue in Afghanistan. In mid-2004, tents at the Manas airbase reportedly were being replaced with metal buildings. U.S. officers allegedly denied that the buildings were permanent but averred that there was no end yet in sight for operations in Afghanistan.

The Overseas Basing Commission (OBC), in its May 2005 Report, concurred with the former Bush Administration that existing bases in Kyrgyzstan and Uzbekistan had been useful for supporting OEF. The OBC considered that there could be some possible merit in establishing cooperative security locations in the region but urged Congress to seek further inter-agency vetting of “what constitutes vital U.S. interests in the area that would require [a] long-term U.S. presence.”<sup>98</sup>

Prior to September 11, 2001, the United States fostered military-to-military cooperation through NATO’s PFP, which all the Central Asian states except Tajikistan had joined by mid-1994. With encouragement from the U.S. Central Command (USCENTCOM), Tajikistan indicated in mid-2001 that it would join PFP, and it signed accords on admission in February 2002. At the signing,

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<sup>97</sup> National Commission on Terrorist Attacks Upon the United States (The 9/11 Commission). *Final Report*, July 23, 2004, p. 197.

<sup>98</sup> Commission on Review of the Overseas Military Facility Structure of the United States. *Interim Report*, May 9, 2005.

a NATO press release hailed Tajikistan's support to the coalition as "of key importance" to combating international terrorism. Central Asian officers and troops have participated in PFP exercises in the United States since 1995, and U.S. troops have participated in exercises in Central Asia since 1997. Many in Central Asia viewed these exercises as "sending a message" to Islamic extremists and others in Afghanistan, Iran, and elsewhere against fostering regional instability. Kazakhstan and Uzbekistan appeared to vie to gain services from NATO.

U.S. security accords were concluded with several Central Asian states after September 11, 2001. These include a U.S.-Uzbekistan Declaration on the Strategic Partnership signed on March 12, 2002, that included a nonspecific security guarantee. The United States affirmed that "it would regard with grave concern any external threat" to Uzbekistan's security and would consult with Uzbekistan "on an urgent basis" regarding a response. The two states pledged to intensify military cooperation, including "re-equipping the Armed Forces" of Uzbekistan. Similarly, then-Kyrgyz President Askar Akayev and then-President Bush issued a joint statement on September 23, 2002, pledging to deepen the strategic partnership, including cooperation in counter-terrorism, and the United States highlighted its aid for Kyrgyzstan's border security and military capabilities.

USCENTCOM in 1999 became responsible for U.S. military engagement activities, planning, and operations in Central Asia (the region was previously under the aegis of European Command). It states that its peacetime strategy focuses on ties between the regional military forces and U.S. and NATO forces, and to foster "apolitical, professional militaries capable of responding to regional peacekeeping and humanitarian needs" in the region. USCENTCOM Commanders visited the region regularly, setting the stage for more extensive military ties post-September 11, 2001. Besides these continuing visits by USCENTCOM Commanders, other U.S. military officials regularly have toured the region.

A U.S.-Uzbek Status of Forces Agreement (SOFA) was signed on October 7, 2001, and the air campaign against Afghanistan began an hour later.<sup>99</sup> The SOFA provided for use of Uzbek airspace and for up to 1,500 U.S. troops to use a Soviet-era airbase (termed Karshi-Khanabad or K2) 90 miles north of the Afghan border near the towns of Karshi and Khanabad. In exchange, the United States provided security guarantees and agreed that terrorists belonging to the Islamic Movement of Uzbekistan (IMU) who were fighting alongside Taliban and Al Qaeda forces would be targeted. According to some reports, the problems in negotiating the U.S.-Uzbek SOFA further spurred the United States to seek airfield access at the Manas International Airport in Kyrgyzstan, which in early 2002 became the primary hub for operations in Afghanistan.<sup>100</sup> U.S. military engineers upgraded runways at the Manas airfield and built an encampment next to the airport, unofficially naming it the Peter J. Ganci airbase, in honor of a U.S. fireman killed in New York on September 11, 2001.

Besides these airbases, Uzbekistan also has provided a base for about 300 German troops at Termez and a land corridor to Afghanistan for humanitarian aid via the Friendship Bridge at Termez. Over 100 French troops have used the Dushanbe airport in Tajikistan for refueling and

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<sup>99</sup> The State Department. *Fact Sheet*, November 27, 2002; *Supporting Air and Space Expeditionary Forces*, RAND, 2005. Some classified US-Uzbek cooperation against the Taliban and Al Qaeda had been carried out before September 11, 2001.

<sup>100</sup> Deborah E. Klepp. *The U.S. Needs a Base Where? How the U.S. Established an Air Base in the Kyrgyz Republic*, National Defense University, 2004. Perhaps in contrast to the more visible air operations, Uzbekistan more readily accommodated less visible special operations. See Senate Armed Services Committee. Subcommittee on Emerging Threats. *Statement by General Charles R. Holland, Commander, Special Operations Command*, March 12, 2002.

humanitarian shipments. Kazakhstan has allowed overflight and transshipment rights, and U.S.-Kazakh accords were signed in 2002 on the emergency use of Kazakhstan's Almaty airport and on military-to-military relations. Turkmenistan, which has sought to remain neutral, allowed the use of its bases for refueling and humanitarian trans-shipments. Kazakhstan, Kyrgyzstan, and Uzbekistan have sent several military liaison officers to USCENTCOM.

### **Closure of Karshi-Khanabad**

On July 5, 2005, the presidents of Uzbekistan, Kyrgyzstan, and Tajikistan signed a declaration at an SCO summit that stated that "as large-scale military operations against terrorism have come to an end in Afghanistan, the SCO member states maintain that the relevant parties to the anti-terrorist coalition should set a deadline for the temporary use of ... infrastructure facilities of the SCO member states and for their military presence in these countries."<sup>101</sup> Despite this declaration, none of the Central Asian leaders immediately called for closing the coalition bases. However, after the United States and others interceded so that refugees who fled from Andijon to Kyrgyzstan could fly to Romania, Uzbekistan on July 29 demanded that the United States vacate K2 within six months. On November 21, 2005, the United States officially ceased operations to support Afghanistan at K2. Perhaps indicative of the reversal of U.S. military-to-military and other ties, former pro-U.S. defense minister Qodir Gulomov was convicted of treason and received seven years in prison, later suspended. Many K2 activities shifted to the Manas airbase in Kyrgyzstan.<sup>102</sup>

Some observers viewed the closure of K2 and souring U.S.-Uzbek relations as setbacks to U.S. influence in the region and as gains for Russian and Chinese influence. Others suggested that U.S. ties with other regional states provided continuing influence and that U.S. criticism of human rights abuses might pay future dividends among regional populations.<sup>103</sup>

### **Emphasis on Kazakhstan as Strategic Partner**

With the closure of K2 and the cooling of U.S.-Uzbek relations, the United States appeared to shift more of its regional emphasis to Kazakhstan. In a joint statement issued at the close of Nazarbayev's September 2006 U.S. visit, the two countries hailed progress in "advancing our strategic partnership." The two presidents called for "deepen[ing] our cooperation in fighting international terrorism and the proliferation of WMD,... strengthen[ing] our cooperation to enhance regional security and economic integration,... expand[ing] our joint activities to ensure the development of energy resources,... supporting economic diversification and reform,... [and] accelerating Kazakhstan's efforts to strengthen representative institutions." In a speech on U.S.-Kazakh relations in August 2006, then-Deputy Assistant Secretary of State Evan Feigenbaum affirmed that the United States firmly supported Kazakhstan's efforts to become the economic powerhouse in the region.<sup>104</sup>

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<sup>101</sup> CEDR, July 5, 2005, Doc. No. CPP-249.

<sup>102</sup> According to a mid-2006 report, nine million pounds of fuel were being off-loaded and 4,000 tons of cargo and 13,500 people were being transported each month through Manas to Afghanistan. USAFE/CC Revisits Manas, Impressed with Improvements, *US Fed News*, July 10, 2006.

<sup>103</sup> On growing Chinese regional influence, see Michael Mihalka, "Counter-Insurgency, Counter-Terrorism, State-Building and Security Cooperation in Central Asia," *China and Eurasia Forum Quarterly*, May 2006.

<sup>104</sup> U.S. Department of State. *Kazakhstan and the United States in a Changed World*, Aug. 23, 2006. The White (continued...)

Defense analyst Roger McDermott has warned that these apparently closer U.S.-Kazakh relations mask tightening Russian military influence over Kazakhstan. He has argued that the United States needs to match the rhetoric of partnership with increases in defense aid to Kazakhstan that are closely monitored to cut down on corruption within Kazakhstan's armed forces.<sup>105</sup>

## The Manas Airbase in Kyrgyzstan

In early 2006, Kyrgyz President Bakiyev reportedly requested that lease payments for use of the Manas airbase be increased to more than \$200 million per year and at the same time re-affirmed Russia's free use of its nearby base.<sup>106</sup> After reportedly drawn-out negotiations, the United States and Kyrgyzstan issued a joint statement on July 14, 2006, that they had resolved the issue of the continued U.S. use of airbase facilities at Manas. Although not specifically mentioning U.S. basing payments, it was announced that the United States would provide \$150 million in "total assistance and compensation over the next year," subject to congressional approval (some reports indicated that the "rent" portion of this amount would be \$17-\$20 million). Kyrgyz Security Council Secretary Miroslav Niyazov and former U.S. Deputy Assistant Defense Secretary James MacDougall also signed a Protocol of Intentions affirming that the United States would compensate the Kyrgyz government and businesses for goods, services, and support of coalition operations. Some observers suggested that increased terrorist activities in Afghanistan and a May 2006 terrorist incursion from Tajikistan into Kyrgyzstan may have contributed to a Kyrgyz evaluation that the U.S. coalition presence was still necessary. Visiting Central Asia in late July 2006, USCENTCOM's then-head Gen. John Abizaid stated that the United States probably would eventually reduce its military presence in the region while increasing its military-to-military cooperation.<sup>107</sup>

Following the shooting death of a civilian by a U.S. serviceman at the U.S.-leased Manas airbase in Kyrgyzstan on December 6, 2006, President Kurmanbek Bakiyev the next day reportedly ordered his foreign ministry to re-examine provisions of a late 2001 status of forces agreement precluding U.S. soldiers serving in Kyrgyzstan from prosecution in local courts. Although Kyrgyz authorities insisted that the U.S. serviceman stand trial in Kyrgyz courts, he was rotated back to the United States.

During a February 3, 2009, meeting in Moscow with Russian President Dmitriy Medvedev, Kyrgyz President Kurmanbek Bakiyev announced that the U.S. Manas airbase would be closed.<sup>108</sup> Bakiyev claimed that U.S. compensation for use of the base had been inadequate and

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House. Office of the Press Secretary. *Joint Statement*, Sept. 29, 2006.

<sup>105</sup> Roger N. McDermott, *Kazakhstan's Defense Policy: An Assessment Of the Trends*, Strategic Studies Institute, U.S. Army War College, February 2009.

<sup>106</sup> For background, see CRS Report RS22295, *Uzbekistan's Closure of the Airbase at Karshi-Khanabad: Context and Implications*, by Jim Nichol.

<sup>107</sup> *Associated Press*, July 24, 2006.

<sup>108</sup> The U.S. Air Force reported at that time that the "Manas airbase currently serves as the premier air mobility hub for the International Security Assistance Force and coalition military forces operating in Afghanistan.... In 2008, the [376th Air Expeditionary Wing] ... flew 3,294 refueling missions passing 194,453,400 lbs of gas to 11,419 aircraft over the skies of Afghanistan. Manas [airbase] also supported more than 170,000 coalition personnel transiting in and out of Afghanistan and processed 5,000 short tons of cargo.... Currently, 1,000 personnel from Spain, France and the United States are assigned to the base, along with 650 U.S. and host-nation contractor personnel." Maj. Damien Pickart, "Manas Air Base Continues To Support Operations In Afghanistan," 376th Air Expeditionary Wing Public Affairs, *Air* (continued...)



that the Kyrgyz public wanted the base to be closed. He also argued that counter-terrorism operations in Afghanistan had been concluded, which had been the main reason for keeping the airbase open.<sup>109</sup> At the meeting, Medvedev had offered a \$1.7 billion loan to Kyrgyzstan for building a dam and hydroelectric power station and a \$300 million loan and a \$150 million grant for budget stabilization. Russia also agreed to cancel a \$180 million debt owed by Kyrgyzstan in exchange for some properties. Many observers suggested that the assistance was a quid pro quo for Kyrgyzstan's agreement to close the base, but both Russian and Kyrgyz officials denied the link.

Responding to Bakiyev's announcement of the base closure, Medvedev stated that "our states will continue to support regional operations of the anti-terrorist coalition."<sup>110</sup> As outlined subsequently, such support ostensibly was to include the provision of transit privileges for nonlethal supplies for operations of the International Security Assistance Force in Afghanistan (see below) and protection by the CSTO from terrorism emanating from Afghanistan.

On February 19, the Kyrgyz legislature overwhelmingly approved a government request to cancel the status of forces agreement (SOFA) with the United States on using the airbase. The next day, President Bakiyev signed the bill into law. The SOFA between the United States and Kyrgyzstan calls for the airbase to be vacated within 180 days upon notification that the agreement is cancelled.

### **The "Transit Center" Agreement**

The Defense Department announced on June 24, 2009, that an agreement of "mutual benefit" had been concluded with the Kyrgyz government "to continu[e] to work, with them, to supply our troops in Afghanistan, so that we can help with the overall security situation in the region."<sup>111</sup> The agreement was approved by the legislature and signed into law by President Bakiyev, to take effect on July 14, 2009. According to Kyrgyz Foreign Minister Kadyrbek Sarbayev, the government decided to conclude the annually renewable "intergovernmental agreement with the United States on cooperation and the formation of a transit center at Manas airport," because of growing alarm about "the worrying situation in Afghanistan and Pakistan." A yearly rent payment for use of land and facilities at the Manas airport would be increased from \$17.4 million to \$60 million per year and the United States had pledged more than \$36 million for infrastructure improvements and \$30 million for air traffic control system upgrades for the airport. Sarbayev also stated that the United States had pledged \$20 million dollars for a U.S.-Kyrgyz Joint Development Fund for economic projects, \$21 million for counter-narcotics efforts, and \$10 million for counter-terrorism efforts.<sup>112</sup> All except the increased rent had already been

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*Force Print News Today*, February 5, 2009.

<sup>109</sup> Bakiyev also complained that he had received an unsatisfactory response from the United States regarding the December 2006 shooting incident at the airbase. He appeared to argue that drug trafficking in Afghanistan was now a more pressing problem for Central Asia than combating terrorism in Afghanistan. Daniyar Karimov, "Kurmanbek Bakiyev: Manas Airbase to be Shut Down," *Bishkek News Agency Twenty-Four*, February 4, 2009; *CEDR*, February 4, 2009, Doc. No. CEP-950347; December 28, 2008, Doc. No. CEP-950085.

<sup>110</sup> *CEDR*, February 3, 2009, Doc. No. CEP-950352 and Doc. No. CEP-25001. *ITAR-TASS*, February 3, 2009.

<sup>111</sup> U.S. Department of Defense. *DoD News Briefing*, June 24, 2009. See also U.S. Department of State. *Daily Press Briefing*, June 25, 2009.

<sup>112</sup> Tolkun Namatbayeva, "Kyrgyzstan Allows U.S. to Keep Using Base," *Agence France Presse*, June 23, 2009.

appropriated or requested (see below, *Congressional Concerns*). The agreement also reportedly includes stricter host-country conditions on U.S. military personnel. One Kyrgyz legislator claimed that the agreement was not a *volte-face* for Kyrgyzstan because Russia and other Central Asian states had signed agreements with NATO to permit the transit of supplies to Afghanistan (see below).<sup>113</sup>

Undersecretary William Burns visited Kyrgyzstan in early July 2009 and reportedly stated that “we welcome a new decision of President Bakiyev regarding the set up of a transport and logistics hub in Manas Airport.... [The agreement] is an important contribution into our common goals in Afghanistan.” He also stated that “the new administration believes that we should expand and deepen the level and scope of our bilateral relations” with Kyrgyzstan, and he announced that a U.S.-Kyrgyzstan bilateral commission on trade and investment would be set up.<sup>114</sup> In early 2010, it was reported that more facilities were being constructed at the “transit center” to handle the increased numbers of U.S. troops deployed to Afghanistan.

Kyrgyzstan had also requested that French and Spanish troops who were deployed at Manas had to leave, and they had pulled out by October 2009. The French detachment (reportedly 35 troops and a tanker aircraft) moved temporarily to Dushanbe. The Spanish unit (reportedly 60 troops and two transport aircraft) moved temporarily to Herat, west Afghanistan, and Dushanbe is being used temporarily as a stopover for troop relief flights. France and Spain are negotiating with Kyrgyzstan on their return to Manas.

## **The Northern Distribution Network (NDN) to Afghanistan**

Because U.S.-coalition and NATO supplies transiting Pakistan to Afghanistan frequently were subject to attacks, the Central Asian region has become an important alternative transit route. Gen. David Petraeus, the Commander of the U.S. Central Command, visited Kazakhstan and Tajikistan in late January 2009 to negotiate alternative air, rail, road, and water routes for the commercial shipping of supplies to support NATO and U.S. operations in Afghanistan (he also visited Kyrgyzstan to discuss airbase issues). To encourage a positive response, the U.S. embassies in the region announced that the United States planned to purchase many non-military goods locally to transport to the troops in Afghanistan. Kazakhstan and Tajikistan agreed in principle to such transit in February 2009 (although technicalities were not worked out with Kazakhstan until 2010), Uzbekistan permitted it in April 2009, and Kyrgyzstan permitted it in July 2009 (Georgia had given such permission in 2005, Russia in 2008, and Azerbaijan in March 2009). A first rail shipment of non-lethal supplies entered Afghanistan in late March 2009 after transiting Russia, Kazakhstan, and Uzbekistan.<sup>115</sup> Uzbekistan’s Navoi airport also is being used to transport supplies to Afghanistan. Besides this commercial shipping, U.S. military aircraft have been given overflight privileges for the transport of weapons to Afghanistan.

In testimony on December 15, 2009, Deputy Assistant Secretary of Defense David Sedney reported that 4,769 containers had been moved through Central Asia to Afghanistan as of the end of November, by some estimates up to one-third of U.S. military shipments to Afghanistan. Most

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<sup>113</sup> See also CRS Report R40564, *Kyrgyzstan and the Status of the U.S. Manas Airbase: Context and Implications*, by Jim Nichol.

<sup>114</sup> “U.S. Welcomes Decision of Kyrgyzstan to Set Up Transport and Logistics Hub,” *AKIpress News Agency*, July 13, 2009.

<sup>115</sup> *ITAR-TASS*, February 10, 2009; *CEDR*, April 16, 2009, Doc. No. CEP-950025.

of the containers had entered Afghanistan from Uzbekistan, with a fewer number entering from Tajikistan. Some containers transited the Caucasus countries, the Caspian Sea, Kazakhstan, and Uzbekistan, while others transited Russia and Kazakhstan, and thence either through Uzbekistan or (far less frequently) through Kyrgyzstan and Tajikistan. He also stated that the United States supported the building of a railroad to run from Uzbekistan's border town of Hairaton across the Friendship Bridge over the Amu Darya to Mazar-i-Sharif in Afghanistan.<sup>116</sup> Richard Holbrooke, the State Department's Special Representative for Afghanistan and Pakistan, visited Central Asia in February 2010 to discuss the NDN and other regional assistance to U.S. and NATO stabilization operations in Afghanistan. In Kyrgyzstan, he discussed issues involving U.S. use of the Manas "transit center," including the upcoming annual renewal of some leasing provisions.

Some observers have raised concerns that greater reliance on the NDN might make the United States less willing to criticize participating governments for democracy and human rights abuses. Concerns also have been raised that that Taliban forces and other terrorists may begin to target the NDN and destabilize Central Asia. In early September 2009, two tanker trucks from Tajikistan that were delivering fuel to NATO forces were hijacked by Taliban insurgents in Kunduz Province in Afghanistan, which borders Tajikistan. After the hijacked trucks had stalled while crossing the Kunduz River, German forces called in a U.S. airstrike, which reportedly resulted in dozens of civilian and insurgent casualties. In recent months, there have been several battles between Taliban insurgents in Kunduz Province and U.S., NATO, and Afghan government forces. In January 2010, a battle took place in a small town in Kunduz Province just a few miles from the Tajik border.

## **U.S. Security Assistance**

U.S. peace and security Assistance amounted to \$1.5 billion in cumulative budgeted funds through FY2008, of which the largest quantity went to Kazakhstan for Comprehensive Threat Reduction (CTR) programs (see **Table A-1**, **Table A-2**, and **Table A-3**, below). U.S. security assistance to the region declined somewhat in absolute terms for several years after reaching \$198 million in FY2002, reaching low points of \$105 million in FY2003 and FY2006. In FY2007, however, budgeted peace and security assistance was boosted to its highest ever level, \$203 million, with increases in Defense Department funding for coalition and stability operations aid and proliferation prevention in Kazakhstan; Department of Energy funding for global threat reduction in Kazakhstan; and Department of State law enforcement aid for Tajikistan. Also in FY2007, the Defense Department boosted counter-narcotics aid to Kazakhstan, Kyrgyzstan, and Tajikistan.

In FY2008, peace and security assistance was boosted further to \$213 million, with increases in Defense and Energy Department funding for Global Threat Reduction in Kazakhstan and Uzbekistan, Defense Department Sec. 1206 funding for Caspian Sea security training and equipping in Kazakhstan, Defense Department Sec. 1206 funding for counter-terrorism training and equipping in Kyrgyzstan, and Defense Department Sec. 1207 funding for stabilization

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<sup>116</sup> U.S. Senate. Committee on Foreign Relations. Subcommittee on Near Eastern and South and Central Asian Affairs. *Hearing on Re-evaluating U.S. Policy in Central Asia*, December 15, 2009. At the same hearing, analyst Stephen Blank called for building "upon the NDN to invest in further large-scale infrastructural projects.... Neither Russia nor China could compete with a truly serious investment of U.S. resources and time" in Central Asia.... We cannot pretend that a geopolitical struggle is not occurring in this increasingly critical region of the world." *Testimony on Problems in Central Asian Security*.

operations and security sector reform in Tajikistan. In percentage terms, peace and security assistance has become an increasingly prominent aid sector. Budgeted peace and security aid to Central Asia in FY2002 was 34% of all aid to the region. Budgeted peace and security assistance increased to 78% of all aid to the region in FY2007, and was 66% in FY2008.

## **Nonproliferation**

After the breakup of the Soviet Union, U.S. fears of nuclear proliferation were focused on nuclear-armed Kazakhstan, and it has received the bulk of regional CTR and Department of Energy (DOE) aid for de-nuclearization, enhancing the “chain of custody,” and demilitarization. Some CTR and DOE aid also has gone to Uzbekistan. Material physical protection aid provided to Kazakhstan’s Ulba Metallurgical Plant includes alarms, computers for inventory control, and hardening of doors.<sup>117</sup> Aid was provided to help decommission and secure Kazakhstan’s Aktau reactor. Agreements were signed at the November 1997 meeting of the U.S.-Kazakh Joint Commission to study how to safely and securely store over 300 metric tons of highly-enriched uranium and plutonium spent fuel from the Aktau reactor, some of which had become inundated by the rising Caspian Sea and was highly vulnerable to theft. Enhanced aid for export controls and customs and border security for Kazakhstan followed after reports of conventional arms smuggling, including a 1999 attempted shipment of Soviet-era Migs to North Korea.<sup>118</sup> Kazakhstan has received CTR funds for dismantling equipment and for environmental monitoring at several Soviet-era chemical and biological warfare (CBW) facilities.

On May 19, 2009, the U.S. National Nuclear Security Administration announced that CTR funds had been used to remove 162.5 lb. of highly enriched uranium “spent” fuel from Kazakhstan. The material originally had been provided by Russia to Kazakhstan, and was returned to Russia by rail for storage in a series of four shipments between December 2008 and May 2009.

At the U.S.-Uzbek Joint Commission meeting in May 1999, the two sides signed a CTR Implementation Agreement on securing, dismantling, and de-contaminating the Soviet-era Nukus chemical research facility. Other aid helped keep Uzbek weapons scientists employed in peaceful research. On June 5, 2001, then-Secretary of State Colin Powell signed his first international agreement, extending new CTR assistance to Uzbekistan. The United States assisted in cleaning up a Soviet-era CBW testing site and dump on an island in the Aral Sea belonging to Kazakhstan and Uzbekistan, where Western media in June 1999 had reported the alarming discovery of live anthrax spores.<sup>119</sup> Other prominent CTR-supported activities in Uzbekistan include the transfer of eleven kilograms of enriched uranium fuel, including highly enriched uranium, to Russia in September 2004 and the transfer of 63 kilograms of uranium from Uzbekistan to Russia in April 2006.

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<sup>117</sup> Previous U.S. assistance has included removing about 600 kilograms of highly enriched uranium from an inadequately safeguarded warehouse in Kazakhstan, and shipping it to the United States (the operation was codenamed “Project Sapphire”). In 1995, the U.S. Defense Department assisted Kazakhstan in sealing tunnels at the Semipalitinsk former nuclear test site, to secure nuclear wastes.

<sup>118</sup> *CEDR*, February 17, 2001, Doc. No. CEP-120.

<sup>119</sup> Gulbarshyn Bozheyeva, Yerlan Kunakbayev, and Dastan Yeleuke November *Former Soviet Biological Weapons Facilities in Kazakhstan*, Center for Non-Proliferation Studies, Monterey Institute of International Studies, June 1999; *CEDR*, November 20, 2002, Doc. No. CEP-139.

The National Defense Authorization Act for FY2003 (P.L. 107-314, Sec. 1306) provided for the president to waive prohibitions on CTR aid (as contained in Sec. 1203 of P.L. 103-160) to a state of the former Soviet Union if he certified that the waiver was necessary for national security and submitted a report outlining why the waiver was necessary and how he planned to promote future compliance with the restrictions on CTR aid.<sup>120</sup> Although Russian arms control compliance appeared to be the main reason for the restrictions, on December 30, 2003 (for FY2004), and on December 14, 2004 (for FY2005), the President explained that Uzbekistan's human rights problems necessitated a waiver. The waiver authority under this act, exercisable each fiscal year, expired at the end of FY2005, but the National Defense Authorization Act for FY2006 (P.L. 109-163; Sec. 1303) amended the language to eliminate an expiration date for the exercise of yearly waivers. In the 110<sup>th</sup> Congress, Senator Sam Nunn introduced S. 198 on January 8, 2007, to amend P.L. 103-160 to eliminate the restrictions on CTR aid, including respect for human rights. Although waivers can be and are exercised when the conditions are not met, he stated, the lengthy process of making determinations and exercising waivers threatens the primary U.S. national security goal of combating WMD.<sup>121</sup> Language similar to S. 198 was included in H.R. 1, Implementing the 9/11 Commission Recommendations Act of 2007, signed into law on August 3, 2007 (P.L. 110-53).

## **Counter-Narcotics Aid**

According to the State Department and U.S. Drug Enforcement Agency (DEA), drugs produced in or transiting Central Asia have not yet reached the United States in major quantities. However, there is rising U.S. concern, since Latin American and other international organized groups have become involved in the Central Asian drug trade, and European governments have begun to focus on combating drug trafficking through this new route. U.S. policy also emphasizes the threat of rising terrorism, crime, corruption, and instability posed by illegal narcotics production, use, and trafficking in Central Asia. The FBI, DEA, and Customs have given training in counter-narcotics to police, customs, and border control personnel in Central Asia as part of the Anti-Crime Training and Technical Assistance Program sponsored by the State Department's Bureau of International Narcotics and Law Enforcement Affairs (INL). Some Central Asian drug officials have received training at the International Law Enforcement Academy in Budapest and by the U.S. Coast Guard. DEA has provided training at the International Counter-Narcotics Training Center at the Russian Advanced Police Academy in Domodedovo. U.S. aid to the U.N. Office on Drugs and Crime (UNODC) has supported the establishment of the Central Asian Regional Information and Coordination Center (CARICC; members include Azerbaijan and Russia as well as the Central Asian states) in Almaty to share narcotics trafficking intelligence among law enforcement agencies.<sup>122</sup>

Since the bulk of opiates enter Central Asia from Afghanistan, where they are produced, U.S. assistance for drug control efforts in Afghanistan can have an effect on trafficking in Central Asia. The United States provided \$3.8 million (over one-third of all international funding) for the

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<sup>120</sup> The six restrictions in P.L. 103-160 call for CTR recipients to be committed to dismantling WMD if they have so pledged, foregoing excessive military buildups, eschewing re-use in new nuclear weapons of components of destroyed weapons, facilitating verification of weapons destruction, complying with arms control agreements, and observing internationally recognized human rights.

<sup>121</sup> *Congressional Record*, January 8, 2007, pp. S237-S238.

<sup>122</sup> U.S. State Department. *International Narcotics Control Strategy Report*, February 27, 2009; *International Narcotics Control Strategy Report*, March 1, 2010.



establishment of the Central Asian Regional Information and Coordination Center (CARICC; members include Azerbaijan, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Turkmenistan, and Uzbekistan), which began operations in Almaty in late 2009 (a pilot project had begun in 2007). CARICC aims to enhance regional cooperation in information-sharing and other measures to combat drug trafficking.

Among bilateral programs undertaken in Central Asia:

- A U.S. agreement went into force with Kazakhstan in 2003 to provide counter-narcotics training and equipment for police and border guards.
- With U.S. assistance, Kyrgyzstan in 2004 set up a Drug Control Agency, and the United States and UNODC have provided guidance for hiring police and staff. In 2007, USCENTCOM, the Nebraska National Guard, U.S. Customs, DEA, and INL trained and equipped Kyrgyz police, Customs Service, and Border Guards to form the first of four planned Mobile Interdiction Teams (MOBITS). The effectiveness of the MOBITS did not meet expectations, so in 2008 two retired DEA officers were assigned to the MOBITS headquarters to provide guidance, mentoring and technical assistance.
- In Tajikistan, an agreement on cooperation on narcotics control and law enforcement was signed in 2003. The DEA Dushanbe Country Office was set up in 2007 and has regional responsibility for Central Asia. USCENTCOM partially funds the budget and otherwise supports Tajikistan's Drug Control Agency. In May 2009, the U.S. Embassy signed an amendment to the 2003 agreement that provides an extra \$9.43 million in assistance for narcotics control, law enforcement, and justice sector reform. The INL Office provides financial support to the Drug Control Agency Mobile Team operating in Tajikistan's Gorno Badakhshan region to assist in detecting, investigating, interdicting, and reporting on the trafficking of narcotics and pre-cursor chemicals in the inadequately patrolled region. Since 2007, the DEA Dushanbe Country Office has worked with UNODC to manage and fund an office of the Drug Control Agency in the town of Taloqan in northern Afghanistan. The State Department warns that "it is unlikely that the Government of Tajikistan will take on the costs of sustaining follow-on to INL programs in the near future," so that continued funding is necessary.
- In Uzbekistan, U.S. assistance was provided under the aegis of a 2001 U.S.-Uzbek Agreement on Narcotics Control and Law Enforcement Assistance. Training was provided to facilitate investigating and prosecuting narcotics trafficking cases. The State Department reported that U.S. counter-narcotics cooperation with Uzbekistan greatly declined after 2005. Remaining programs included USAID's Drug Demand Reduction Project and the provision of customs and border control equipment funded by the State Department. Uzbek cooperation with USCENTCOM on counter-narcotics began to revive in FY2008.

To help counter burgeoning drug trafficking from Afghanistan, the conference report on the emergency supplemental for FY2006 (P.L. 109-234; H.Rept. 109-494) recommended about \$150.5 million for Central Asia and Afghanistan, of which about \$30 million was recommended for Central Asia. The conference report on the emergency supplemental for FY2009 (P.L. 111-32;

H.Rept. 111-151) recommended \$120.4 million for Central Asia and Afghanistan, of which about \$52.9 million was recommended for Central Asia.

## **Military Assistance**

The principal components of U.S. military assistance to Central Asia are Foreign Military Financing (FMF), International Military Education and Training (IMET), the Regional Defense Counter-Terrorism Fellowship Program (CTFP), the Regional Centers for Security Studies (RCSS), and transfers of Excess Defense Articles (EDA).

FMF aid supports military interoperability with NATO and participation in PFP exercises, and has included communications equipment, computers, medical items, and English language and NCO training. In February 2000, the United States transferred sixteen military transport vehicles to the Uzbek military to enhance interoperability with NATO forces, the first sizeable military equipment to be provided under the FMF program to Central Asia. FMF aid to the region was boosted after September 11, 2001, to \$55.7 million in FY2002 (over \$36 million of which went to Uzbekistan). FMF aid dropped to \$16.1 million in FY2003 and continued to decline to \$2.55 million in FY2008. Some of this reduction since FY2004 was due to conditions placed on assistance to Uzbekistan (see below).

The IMET program supports PFP by providing English language training to military officers and exposure to democratic civil-military relations and respect for human rights. The CTFP, a Defense Department program, complements IMET but focuses on special operations training for officers. Central Asian officers also receive training at the Marshall European Center for Security Studies in Germany to enhance security, foster bilateral and multilateral partnerships, improve defense-related decision-making, and strengthen cooperation, according to the Defense Department. The State and Defense Departments reported that 784 personnel from Central Asia received IMET, CTFP, RCSS, or other training in FY2004, 1,118 personnel in FY2005, 391 in FY2006, and 501 in FY2007. Conditions on assistance blocked IMET assistance to Uzbekistan beginning in FY2004, but eligibility was restored in FY2010 (see below).<sup>123</sup>

The National Defense Authorization Act for FY2010 (P.L. 111-84; signed into law on October 28, 2009), Sec. 801 permits the Secretary of Defense to procure “products and services produced in countries along a major route of supply to Afghanistan” to support stability operations in Afghanistan, to reduce U.S. transportation costs and risks, or “to encourage countries along a major route of supply to Afghanistan to cooperate in expanding supply routes through their territory.” The countries covered include the Central Asian and South Caucasian states and Pakistan, and the exercise of authority is granted for three years. In addition, Section 1223 of the Act expands earlier legislation to authorize reimbursement to key cooperating nations that provide logistical, military, and other support, including access for U.S. military operations in Afghanistan or Iraq, and legislates up to \$1.6 billion in FY2010 for such reimbursements.

According to some observers, such procurement of products and services and reimbursements for access might represent a major new form of U.S. assistance to Central Asia. A few observers warn

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<sup>123</sup> U.S. Departments of Defense and State. *Foreign Military Training: Joint Report to Congress, FY2007-FY2008*, January 31, 2009; *Foreign Military Training: Joint Report to Congress, FY2006-FY2007*, August 2007; *Foreign Military Training: Joint Report to Congress, FY2005-FY2006*, September 2006; *Foreign Military Training: Joint Report to Congress, FY2004-FY2005*, April 2005.

that large-scale U.S. purchases of goods and services along the NDN could exacerbate corruption in Central Asia.<sup>124</sup>

## **Conditions on Assistance to Kazakhstan and Uzbekistan**

Supplemental appropriations for FY2002 (H.R. 4775; P.L. 107-206), signed into law on August 2, 2002, called for FMF aid to Uzbekistan to be conditioned on a report by the Secretary of State confirming that it was making progress in meeting its human rights commitments under the *Declaration on Strategic Partnership and Cooperation* signed in March 2002 by former Uzbek Foreign Minister Abdulaziz Komilov and former Secretary of State Colin Powell.<sup>125</sup> The Secretary of State reported that Uzbekistan was making progress in human rights.<sup>126</sup>

Foreign operations appropriations bills in subsequent years have retained similar language limiting assistance to Uzbekistan, and in FY2003 added similar language limiting assistance to Kazakhstan (but with a national security waiver provision). In May 2003, the Secretary of State reported that Uzbekistan was making progress in democratization and respect for human rights. At about the same time, however, international media widely reported the torture death of a prisoner in Uzbekistan. In July 2003, the Secretary reported that Kazakhstan was making progress. The next year, the State Department reported again that Kazakhstan was making progress in respecting human rights, but announced that, despite some “encouraging progress” in respecting human rights, up to \$18 million in aid to Uzbekistan might be withheld because of “lack of progress on democratic reform and restrictions put on U.S. assistance partners on the ground.”<sup>127</sup> This determination potentially affected IMET and FMF programs among others, since legislative provisions condition IMET and FMF on respect for human rights.<sup>128</sup> The State Department reprogrammed or used notwithstanding authority (after consultation with Congress) to expend some of the funds, so that about \$8.5 million was ultimately withheld. During an August 2004 visit to Uzbekistan, Gen. Richard Myers, the then-chairman of the Joint Chiefs of Staff, criticized the cutoff of IMET and FMF programs as “shortsighted” and not “productive,” since it reduced U.S. military influence.<sup>129</sup>

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<sup>124</sup> Deirdre Tynan, “Afghanistan: Local Procurement Plan Potentially Risky Business for Pentagon – Experts,” *Eurasia Insight*, December 7, 2009; Alexander Cooley, “The Afghanization of Central Asia,” *Eurasia Insight*, December 11, 2009; Deirdre Tynan, “Afghanistan: US Troop Surge Likely to Fuel Financial Bonanza for Central Asian States,” *Eurasia Insight*, January 20, 2010.

<sup>125</sup> Among other provisions, the Strategic Partnership Declaration pledged Uzbekistan “to further intensify the democratic transformation of society in the political, economic and spiritual areas,” and to “ensure the effective exercise and protection of human rights.”

<sup>126</sup> U.S. Department of State. *Country Reports on Human Rights Practices for 2002*, March 31, 2003; *Supporting Human Rights and Democracy: The U.S. Record 2002-June 2003*, June 24, 2003.

<sup>127</sup> U.S. Department of State. Office of the Spokesman. *Secretary of State Decision Not to Certify Uzbekistan*, July 13, 2004.

<sup>128</sup> Sec.502B of Part II of the Foreign Assistance Act of 1961 (P.L. 87-195) states that “no security assistance may be provided to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights.” Sec.502B also specifies that IMET cannot be provided “to a country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights,” unless the President certifies in writing that extraordinary circumstances exist warranting the provision of IMET. Notwithstanding authority is provided for the president to furnish security assistance if there is “significant improvement” in a government’s human rights record. Some IMET and FMF was provided to Uzbekistan in FY2004. See U.S. Departments of Defense and State. *Foreign Military Training: Joint Report to Congress, FY2004-FY2005*, April 2005.

<sup>129</sup> *Defense and Foreign Affairs Daily*, August 16, 2004.

In May 2005, then-Secretary of State Rice reported to Congress for the first time that Kazakhstan had failed to significantly improve its human rights record, but that she had waived aid restrictions on national security grounds. The Secretary of State in FY2005 did not determine and report to Congress that Uzbekistan was making significant progress in respecting human rights, so aid restrictions remained in place.<sup>130</sup> For FY2006, the language of H.R. 3057 (Foreign Operations Appropriations; P.L. 109-102), reported in the Senate in the nature of a substitute, introduced a condition that the Uzbek government should permit an international investigation of violence against civilians in Andijon. Secretary of State Rice reported to Congress in May 2006 that Kazakhstan had failed to significantly improve its human rights record but that she had waived aid restrictions on national security grounds. She did not determine and report to Congress that Uzbekistan was making significant progress in respecting human rights, so aid restrictions remained in place. The Secretary of State made the same findings in FY2007. In FY2008, conferees added language (P.L. 110-161) conditioning U.S. assistance to Kazakhstan on its meeting human rights and civil liberties commitments made at the late 2007 Madrid Meeting of the OSCE. The Senate added another condition that if the Secretary of State had credible evidence that Uzbek officials might be linked to the “deliberate killings of civilians in Andijon ... or for other gross violations of human rights,” these individuals would be ineligible for admission to the United States. The Secretary was permitted to waive this ineligibility if admission was necessary to attend the United Nations or to further U.S. law enforcement.

In FY2008 and FY2009, the State Department again issued waivers for Kazakhstan but conditions remained in place for Uzbekistan that limited U.S. military-to-military ties. Consolidated Appropriations for FY2010 (P.L. 111-117) retained the provisions for Kazakhstan and Uzbekistan, but added language excluding IMET from the restrictions on assistance. Provisions for IMET had been included in a proposed action plan for U.S.-Uzbekistan cooperation for 2010 that had been developed following an October 2009 visit to Tashkent by Assistant Secretary of State Robert Blake. The cooperation plan was finalized during U.S.-Uzbekistan bilateral consultations in December 2010. Reportedly, the action plan calls for the provision of FMF and EDA, which appear subject to restrictions on assistance.

## **Safety of U.S. Citizens and Investments**

The U.S. State Department advises U.S. citizens and firms that there are dangers of terrorism in the region, including from ETIM, IMU, and Al Qaeda. Groups such as Hizb ut Tahrir (HT) also foment anti-Americanism. The Peace Corps pulled personnel out of Kyrgyzstan, Turkmenistan, and Uzbekistan after September 11, 2001, but in a policy aimed at fostering pro-U.S. views among Islamic peoples, personnel were re-deployed by mid-2002 (Uzbekistan declined Peace Corps services in 2005). U.S. military personnel in the region mostly stay on base, and travel in groups off base to maximize their safety.

In the wake of the November 2002 coup attempt in Turkmenistan, the State Department advised U.S. citizens to carefully consider travel to Turkmenistan because of the heightened security tensions. One U.S. citizen was held for several weeks in connection with the coup attempt. Uzbekistan had no known incidents of damage to Western firms or politically-motivated violence

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<sup>130</sup> Some IMET aid was provided to Uzbekistan in FY2005. See U.S. Departments of Defense and State. *Foreign Military Training: Joint Report to Congress, FY2005-FY2006*, September 2006. For FY2006, no IMET aid was provided to Uzbekistan, but three Uzbeks received military training through other Defense Department programs. *Foreign Military Training: Joint Report to Congress, FY2006-FY2007*, August 2007.

against U.S. personnel until the bombing of the U.S. embassy in July 2004. The risks of political violence and kidnapping are high in Tajikistan, and the State Department advises U.S. citizens to avoid travel to areas near the Afghan and Kyrgyz borders and in the Karategin Valley and Tavildara region. In June 2001, members of an international humanitarian group that included one U.S. citizen were taken hostage in Tajikistan, but were soon released. Kazakhstan, though viewed as low risk for political violence, including insurrections, has had economic protests that potentially could involve Western firms. Some observers have suggested that U.S. policies regarded with disfavor by many Muslims in the region, such as the 2003 invasion of Iraq, and subsequent problems in Iraq, could harm the U.S. image and perhaps increase dangers to the safety of U.S. citizens and property.

Among reported plots against U.S. military targets, an Uzbek court in November 2004 sentenced sixteen people to 12-17 years in prison for planning to bomb the U.S. coalition airbase at Karshi-Khanabad. Kyrgyz officials announced in November 2003 that individuals trained in Afghanistan and Pakistan had been arrested for planning to bomb the U.S. Manas airbase.<sup>131</sup> Kyrgyz media reported in July 2004 that the outgoing U.S. Manas base commander thanked Kyrgyz authorities for helping to thwart three planned terrorist attacks on the base.

In all the Central Asian states, widespread corruption is an obstacle to U.S. firms seeking to invest. In Kazakhstan and Turkmenistan, U.S. firms have reported that corruption is pervasive throughout the central and regional governments and most sectors of the economy, and is an obstacle to U.S. investment. In terms of crime, the State Department warns that Western investment property and personnel are not safe in Tajikistan, and that crime rates are increasing in all the states (though rates are lower than in many other countries).<sup>132</sup>

## **Embassy Security**

Immediately after September 11, 2001, U.S. embassies in the region were placed on heightened alert because of the danger of terrorism. They have remained on alert because of the ongoing threat of terrorism in the region. The IMU explained that the suicide bombing of the U.S. embassy in Tashkent, Uzbekistan, in July 2004 was motivated by U.S. support for Karimov and U.S. opposition to Islam. No embassy personnel were injured. Embassy personnel also may have faced greater danger to their personal safety after Uzbek officials accused the embassy of orchestrating and financing the May 2005 uprising in Andijon. Since late 2002, the U.S. Embassy in Kyrgyzstan has restricted official travel to areas south and west of Osh because of the threat of terrorism and presence of land mines along the Kyrgyz-Uzbek border and in the Batken region. During the Tajik civil war, U.S. personnel faced various threats and some embassy personnel were evacuated during flare-ups of fighting. Two U.S. Embassy guards were killed in Dushanbe in February 1997 while off-site but in uniform.

After the bombing of U.S. embassies in Tanzania and Kenya in August 1998, and intense fighting in Dushanbe, U.S. embassy facilities in Dushanbe were deemed to be vulnerable and diplomatic staff were moved to Almaty in Kazakhstan. Some operations were resumed in 2000 and more were resumed in the wake of September 11, 2001. U.S. government personnel in Tajikistan often must travel in the embassy's armored cars with bodyguards, and are occasionally restricted from

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<sup>131</sup> CEDR, November 6, 2003, Doc. No. CEP-185; April 22, 2004, Doc. No. CEP-77; and July 7, 2004, Doc. No. CEP-164.

<sup>132</sup> U.S. Department of State. *Kazakhstan 2007 Crime & Safety Report*, February 8, 2007.



travel to certain areas because of safety concerns. U.S. officials have judged the embassy to be highly vulnerable to terrorism, including threats from the IMU and Al Qaeda.<sup>133</sup> The 2007 *Crime and Safety Report* warns that U.S. commercial interests could become potential targets of opportunity in Tajikistan, in part because the U.S. embassy in Tajikistan had become more secure (see below).<sup>134</sup>

Pakistani police in June 2002 reported the apprehension of three Uighurs with photographs and plans of U.S. embassies in Kazakhstan and Kyrgyzstan. The U.S. Embassy in Beijing accused ETIM of working with Al Qaeda to plan the attack against the U.S. Embassy in Kyrgyzstan.<sup>135</sup> In July 2005, the U.S. Embassy in Kyrgyzstan issued a Warden Message announcing that it had bolstered its security posture, and in October 2005 the State Department's Bureau of Consular Affairs warned that there continued to be indications that terrorist groups might be planning possible future attacks against U.S. interests in Kyrgyzstan, so the U.S. Embassy in Bishkek continued to maintain a heightened security posture. In September 2006, a U.S. military officer serving at the Manas airbase in Kyrgyzstan allegedly was kidnapped but was eventually released. The 2007 *Crime and Safety Report* for Kazakhstan warns that increasing numbers of U.S. diplomats and other official personnel, including several Peace Corps volunteers, have been victims of crime.

Conferees on H.R. 4775 (Emergency Supplemental Appropriations for FY2002; P.L. 107-206) approved \$20.3 million for opening and securing diplomatic posts in Dushanbe, Tajikistan and Kabul, Afghanistan. Among other diplomatic premises in the region, Congress approved State Department requests for FY2002 and for FY2003 for designing and building secure embassy facilities in Tashkent, Uzbekistan and in Kazakhstan's new capital of Astana. The new embassy compound in Tashkent opened in February 2006 and that in Astana was dedicated in November 2006.

## Issues for Congress

Most in Congress have supported U.S. assistance to bolster independence and reforms in Central Asia and other NIS. Attention has included several hearings and legislation, the latter including conditions on aid to Kazakhstan and Uzbekistan, sense of Congress provisions on U.S. policy toward Central Asia, statements and resolutions concerning violations of human rights in the region, and endorsements of aid for energy development. (For details, see CRS Report RL32866, *U.S. Assistance to the Former Soviet Union*, by Curt Tarnoff.)

## Should the United States Play a Prominent Role in Central Asia?

Many policymakers have argued that the United States should emphasize ties with the Central Asian states. They maintain that U.S. interests do not perfectly coincide with those of its coalition partners and friends, that Turkey and other actors possess limited aid resources, and that the United States is in the strongest position as a superpower to influence democratization and respect for human rights in these new states. They stress that U.S. leadership in world efforts to provide humanitarian and economic reform aid will help alleviate the high levels of social distress that are

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<sup>133</sup> Rashid, p. 166. U.S. Embassy Dushanbe. *Warden's Report*, July 17, 2005; *Warden Message*, December 17, 2005.

<sup>134</sup> U.S. Department of State. *Tajikistan 2007 Crime & Safety Report*, January 17, 2007.

<sup>135</sup> TASS, June 30, 2002; *ABC World News Tonight*, June 14, 2002.

exploited by anti-Western Islamic extremist groups seeking new members. They emphasize that U.S. and other Western aid and investment strengthen the independence of the states and their openness to the West and forestall Russian or Chinese attempts to (re-)subjugate the region. They also underline that the Central Asian “front line” states provide basing and access for U.S. and NATO operations in Afghanistan.

Those who object to a more forward U.S. policy toward Central Asia argue that the United States has historically had few interests in this region, and that if peace is established in Afghanistan, the region again will be less important to U.S. interests. They advocate limited U.S. involvement undertaken along with Turkey and other friends and coalition partners to ensure general U.S. goals of preventing strife, fostering democratization and regional cooperation, and improving human rights and the quality of life. Some objections to a forward U.S. policy might appear less salient since the United States undertook counter-terrorism operations in Afghanistan in late 2001. For instance, it no longer seems possible to argue that anti-Western Islamic extremism will never threaten secular regimes or otherwise harm U.S. interests.

## **What Are U.S. Interests in Central Asia?**

Although a consensus appears to exist among most U.S. policymakers and others on the general desirability of fostering such objectives in Central Asia as democratization, the creation of free markets, trade and investment, integration with the West, and responsible security policies, there are varying views on the levels and types of U.S. involvement. Uzbekistan's decision in mid-2005 to ask the United States to vacate K2 and Kyrgyzstan's periodic threats to close Manas have spurred the debate over what role the United States should play in the region. Some analysts argue that the region is “strategically tangential” to U.S. concerns for the stability of Afghanistan, Pakistan, Russia, China, Turkey, and the Persian Gulf, and for combating global human rights abuses, nuclear proliferation, and drug trafficking.<sup>136</sup> They point to the dangers of civil and ethnic conflict and terrorism in the region as reasons for the United States to eschew major involvement that might place U.S. personnel and citizens at risk. These analysts call for withdrawing U.S. military personnel from the region and depending on U.S. rapid deployments from other bases outside the region.<sup>137</sup>

Many of those who endorse continued or enhanced U.S. support for Central Asia argue that the United States has a vital interest in preventing the region from becoming an Afghanistan-like hotbed of terrorism aimed against U.S. interests.<sup>138</sup> They argue that political instability in Central Asia can produce spillover effects in important nearby states, including Afghanistan, Pakistan, Turkey, and other U.S. allies and friends. U.S. and NATO efforts to stabilize Afghanistan and U.S. support for stability in Pakistan are partly dependent on supply routes through Central Asia and on energy and other commodities from Central Asia. These analysts also assert that the United States has a major interest in preventing outside terrorist regimes or groups from illicitly acquiring nuclear weapons-related materials and technology from the region. They also advocate the greater diversification of world energy supplies as a U.S. national security interest (see below, “How Significant Are Regional Energy Resources to U.S. Interests?”).

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<sup>136</sup> Amy Jaffe, in Gennadiy Chufirin, ed., *The Security of the Caspian Sea Region*, Oxford, UK: Oxford University Press, 2001, p. 150.

<sup>137</sup> Wishnick, p. 35.

<sup>138</sup> Charles Fairbanks, *The National Interest*, Summer 2002, pp. 45-53.

Calling for greater U.S. policy attention to Central Asia and South Caucasus, Senator Sam Brownback introduced “Silk Road” legislation in the 105<sup>th</sup> and 106<sup>th</sup> Congresses. Similar legislation was sponsored in the House by Representative Benjamin Gilman (105<sup>th</sup>) and Representative Doug Bereuter (106<sup>th</sup>).<sup>139</sup> In introducing the Silk Road Act in the 106<sup>th</sup> Congress, Senator Brownback pointed out that the Central Asian and South Caucasian states are “caught between world global forces that seek to have them under their control.” To counter such forces, he argued, the United States should emphasize democratization, the creation of free markets, and the development of energy and trade with the region to bolster its independence and pro-Western orientations. The Silk Road language was eventually enacted by reference in H.R. 3194 (Istook), Consolidated Appropriations Act for FY2000, and signed into law on November 29, 1999 (P.L. 106-113). The Silk Road language calls for enhanced policy and aid to support conflict amelioration, humanitarian needs, economic development, transport (including energy pipelines) and communications, border controls, democracy, and the creation of civil societies in the South Caucasian and Central Asian states.

## **What Roles Should Outside Powers Play in the Region?**

Many U.S. policymakers argue that U.S. and other Western aid and investment strengthen the independence of the states and forestall Russian, Iranian, and Chinese attempts to dominate the region. Some observers warn that a more authoritarian Russia might seek to reabsorb Central Asia into a new empire. Others, however, discount such plans by a Russia facing immense internal economic, political, ethnic, and military disorder, but nonetheless endorse close monitoring of Russian activities that might infringe on the independence of the Soviet successor states. Some appear to acquiesce to Russia’s argument of historic rights to a “sphere of influence” in Central Asia that provides a reduced scope for U.S. involvement.

According to some observers, U.S. policy should focus more clearly on refereeing Russian, Iranian, and Chinese influence in the region, since these states are bound to play roles in the region, with the aim of maximizing the independence of the Central Asian states and protecting U.S. interests. U.S. interests may correspond to other outside states’ interests in political and economic stability and improved transport in the region, so that the coordination of some activities in the region becomes possible.<sup>140</sup> Alternatively, U.S. interests might conflict with those of Russia, Iran, or China, leading to compromises, tradeoffs, or deadlock. The U.S. interest in restricting Iran’s financial ability to sponsor international terrorism, for instance, may conflict with Central Asian-Iranian energy cooperation. U.S.-Iranian rapprochement might contribute to a less hostile Iranian attitude toward U.S. regional investment. Poor U.S.-Iranian relations and questions about Russia’s role contributed to U.S. support for the BTC pipeline and the SCP. While successive U.S. administrations have supported a role for Turkey in the region, others argue that its disagreements in 2003 with U.S. policy toward Iraq indicate that it may not always serve optimally as a proxy for U.S. interests in Central Asia.

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<sup>139</sup> The Silk Road language amends the Foreign Assistance Act of 1961 by adding a chapter 12. The chapter supercedes or draws authority from the Freedom Support Act (P.L. 102-511), which constitutes chapter 11 of the Foreign Assistance Act of 1961, and adds otherwise to the authority of the Freedom Support Act.

<sup>140</sup> On U.S. cooperation in a “regional concert,” see Charles Fairbanks, S. Frederick Staar, C. Richard Nelson, and Kenneth Weisbrode, *Strategic Assessment of Central Asia*, The Atlantic Council and the Central Asia-Caucasus Institute, January 2001. See also Stephen Blank, *The Future of Transcaspian Security*, Carlisle, PA, U.S. Army War College, August 2002, pp. 30-31.

The United States and Russia agreed to set up a working group on Afghanistan in June 2000 that assumed greater importance in the Bush Administration, particularly after September 11, 2001. Headed on the U.S. side by then-First Deputy Secretary of State Richard Armitage and on the Russian side by Vyacheslav Trubnikov, it was central to obtaining Russian acquiescence to the U.S. use of military facilities in Central Asia, with Armitage visiting Moscow just days after September 11, 2001. In May 2002, the group's mandate reportedly was expanded to more broadly cover counter-terrorism in Central Asia, the South Caucasus, and South Asia. A joint statement issued at the June 2008 meeting of the Working Group listed nine accomplishments, including an agreement in principle to provide Russian military materiel to the Afghanistan National Army; a commitment to support and contribute to the NATO-Russia Council Counternarcotics project, including joint training at the Russian Advanced Police Academy in Domodedovo for Afghan and Central Asian police; continued support for OSCE projects to provide training and mentoring of customs and borders officials in Afghanistan and Central Asia; and an agreement to expedite the approval of framework documents for the Central Asia Regional Information Coordination Center.<sup>141</sup> Some of this cooperation was set back by the August 2008 Russia-Georgia conflict.

The Counter-Terrorism Working Group was retained by the Obama Administration as part of the U.S.-Russia Bilateral Presidential Commission. The Administration reported that the State Department Coordinator for Counterterrorism, Daniel Benjamin, met with Special Presidential Representative Anatoliy Safonov in November 2009 in Berlin and agreed to work together “in the multilateral arena” to strengthen international counterterrorism norms and increase capacity building; counter the ideological dimension of violent extremism; improve transportation security; and discuss Afghanistan.

## **How Significant Are Regional Energy Resources to U.S. Interests?**

Oil exports from Kazakhstan, Turkmenistan, and Uzbekistan might have constituted about 2.1% of world oil exports and gas exports might have constituted about 7.4%, according to 2007-2008 data in *The World Factbook*.<sup>142</sup> Oil and gas exports from these countries are projected to increase in coming years, making these countries of incremental significance as world suppliers, according to this view. The May and November 2002 U.S.-Russia summit statements on energy cooperation appeared to mark a U.S. policy of cooperation with Russia in the development of Caspian oil resources. However, the United States backed the construction of the BTC oil pipeline and the SCP for gas in part as hedges against a possibly uncooperative Russia. Successive U.S. Administrations have argued that the economic benefits gained by the region by developing its energy resources would be accompanied by contractual and other rule of law developments, which could foster regional stability and conflict resolution.<sup>143</sup>

In January 2010, Richard Morningstar, the State Department's Special Envoy for Eurasian Energy, stressed that the three main goals of the Administration's Eurasian energy strategy are to encourage the development of oil and gas resources in the Caspian region; to support energy security in Europe by advocating the development of multiple sources of energy supplies and

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<sup>141</sup> U.S. Embassy in Moscow. The United States-Russia Working Group on Counterterrorism: Joint Press Statement and Fact Sheet, June 20, 2008.

<sup>142</sup> CIA. *The World Factbook*. Data on oil and gas exports for 2008; both extra-regional and intra-regional exports are included in *The World Factbook* data.

<sup>143</sup> Thomas Waelde, Sergey Vinogradov, and Armando Zamora, *Caucasian Regional Studies*, <http://poli.vub.ac.be/publi/crs/eng/Vol5/>.

multiple routes to market; and to assist the Caspian countries in expanding their export routes. He averred that the United States plays “a supporting, not leading, role” in implementing these goals by “listen[ing], identify[ing] common interests and priorities and play[ing] a facilitating role where we can.” Such efforts include the creation of a ministerial-level consultative U.S.-EU Energy Council and an Energy Working Group within the U.S.-Russia Bi-national Presidential Commission. To diversify supply routes to Europe, the Administration supports the completion of the Turkey-Greece-Italy (TGI) gas pipeline, the building of the Nabucco gas pipeline, and Kazakhstan’s expansion of oil shipments through the South Caucasus. He urged that Turkey and Azerbaijan agree on the transit of the latter’s gas to Europe and that Turkmenistan and Iraq (but not Iran) also agree to supply gas through “South Corridor” pipelines. The United States also calls for European energy integration and the development of other sources of supply for Europe, such as gas from North Africa and LNG from Qatar and Nigeria. He stated that the Administration’s focus on diversified sources and routes means that it is not opposed to Russia’s pipeline projects, such as Nord Stream or South Stream—since Europe must decide which pipeline routes best serve their interests—or Russia’s decision to expand the capacity of the Caspian Pipeline Consortium’s oil pipeline.<sup>144</sup>

Critics of U.S. policy question the economic viability of the BTC, SCP, Nabucco, TGI, and trans-Caspian pipeline routes given uncertainties about regional stability, ownership of Caspian Sea fields, and sources of supply. They question whether the oil and gas and other natural resources in these new states are vital to U.S. security and point out that they are, in any event, unlikely to constitute more than a small fraction of Western energy imports. Analyst Amy Jaffe has argued that Caspian energy “hardly seems worth the risks” of an enhanced U.S. presence.<sup>145</sup>

Some of those who oppose U.S. policy also juxtapose an emphasis on energy development in these states to what they term the neglect of broader-based economic reforms that they argue would better serve the population of the region. Other critics argue that U.S. policy opposition to energy routes and projects involving Iran makes it more likely that the Central Asian states will have to rely to a major extent on existing or proposed transit routes through neighboring Russia and China.

## **What U.S. Security Involvement is Appropriate?**

The events of September 11, 2001, transformed the U.S. security relationship with Central Asia, as the region actively supported U.S.-led coalition anti-terrorism efforts in Afghanistan. These efforts were a top U.S. national security concern, but a major question is how the region may be regarded if Afghanistan becomes more stable. Some observers advocate maintaining the U.S. security relationship even if Afghanistan becomes more stable and the threat of Al Qaeda and other terrorism based in the area recedes. They stress that Central Asia was host to Soviet-era weapons of mass destruction and associated research and development facilities, and that residual technologies, materials, and personnel might fall prey to terrorist states or groups. They view military education and training programs as fostering the creation of a professional, Western-style military and democratic civil-military relations, and reducing chances of military coups. Training that these militaries receive through PFP is multinational in scope, involving cooperation among

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<sup>144</sup> “Remarks by Ambassador Morningstar,” Forum on the 2010 Outlook for Eurasian Energy, Center for American Progress, January 28, 2010.

<sup>145</sup> Jaffe, pp. 145, 150.



regional militaries, with the purpose of spurring these states to continue to work together. They also argue that as Iran increases its military capabilities, including missiles and possibly nuclear weapons, the Central Asian states may necessarily seek closer countervailing ties with the United States. They argue that a major dilemma of U.S. policy has been that while the United States proclaimed vital interests in the region, it also averred that military basing arrangements in the region (as well as the military deployments in Afghanistan) were temporary. This made the U.S. commitment appear uncertain and spurred the Central Asian states to look elsewhere for long-term security ties, these analysts warn.

The question of who the United States should partner with in Central Asia is also topical. Before Uzbekistan requested in mid-2005 that the United States vacate K2, it seemed that some in the former Bush Administration emphasized the strategic importance of building ties with Uzbekistan. Others emphasized ties with Kazakhstan. In the case of Uzbekistan, its central location in the region and sizeable population and other resources (including energy) were stressed. Energy and other resources were also stressed in the case of Kazakhstan, as well as its huge territory and lengthy borders. Some observers argued that Uzbekistan was more likely to become unstable because of its more authoritarian government, so was a less suitable U.S. strategic partner. Post-Andijon, it appeared that the former Bush Administration emphasized security ties with Kazakhstan. Some observers argue that Kazakhstan's long border with Russia makes it likely to continue close security ties with Russia.<sup>146</sup>

Critics of greater U.S. security involvement in the region argue that the United States should primarily seek to assist the states in bolstering their counter-terrorism capabilities. They oppose providing formal security guarantees to regional states and urge the pullout of U.S. bases once the Taliban threat has abated and Al Qaeda has been roused out of Afghanistan. Some analysts warn that increased U.S. engagement in the region is unlikely to soon turn the countries into free market democracies, and risks linking the United States to the regimes in the eyes of the local populations. This may exacerbate anti-American Islamic extremism, place U.S. personnel in danger, and antagonize China and Russia.

## **Should the United States Try to Foster Democratization?**

Although Central Asia's leaders have appeared to weigh stability against democratization and to opt for stability, many policymakers have viewed the two concepts as complementary, particularly in the long term. The former Bush Administration appeared to place greater diplomatic emphasis on democratization in the region, in parallel with policy toward Iraq and the wider Middle East. To some degree, this emphasis tracked with increased congressional concerns over human rights conditions in Central Asia. According to some critics, the former Bush Administration's protests over human rights abuses at Andijon contributed to the loss of U.S. military access to K2 and other security ties with Uzbekistan. These critics argued that simultaneous emphases on democratization and security ties proved corrosive to both goals, and that the United States instead should have carefully engaged with the Central Asian states to

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<sup>146</sup> Jacquelyn Davis and Michael Sweeney, *Central Asia in U.S. Strategy and Operational Planning*, The Institute for Foreign Policy Analysis, February 2004, p. vi; Roger N. McDermott, *Kazakhstan's Defense Policy: An Assessment Of the Trends*, Strategic Studies Institute, U.S. Army War College, February 2009.

maintain important security relationships and cautiously encouraged them to eventually emulate the positive features of Turkish or other Islamic democracies.<sup>147</sup>

Supporters of the former Bush Administration's reaction to the events at Andijon argued that the alternative policy—a stress on working with Central Asian regimes with the hope of fostering gradual political change—connoted support for the stability of the sitting authoritarian leaders in the region. They warned that the populations of these states would come to view the United States as propping up these leaders and that such authoritarianism encouraged the countervailing rise of Islamic fundamentalism as an alternative channel of dissent. Some of these observers supported reducing or cutting off most aid to repressive governments that widely violated human rights and rejected arguments that U.S. interests in anti-terrorism, nonproliferation, regional cooperation, trade, and investment outweighed concerns over democratization and human rights. These observers urged greater U.S. assistance to grass-roots democracy and human rights organizations in Central Asia and more educational exchanges.<sup>148</sup>

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<sup>147</sup> Stephen Blank, *U.S. Interests in Central Asia and the Challenges to Them*, US Army War College, March 2007. Some observers assert that Uzbekistan's disappointment with U.S. economic and military assistance played a greater role in the deterioration of U.S.-Uzbek relations than U.S. complaints about democratization and human rights.

<sup>148</sup> Some proponents of this view had criticized the engagement policies of the Clinton and early Bush Administrations. Wishnick, p. 29; Christian Caryl, "Collateral Victory," *Washington Monthly*, November 1, 2002, pp. 21-27; *Central Asia in U.S. Strategy and Operational Planning*, pp. iii-iv.

## Appendix. Selected Outside Players

### Russia

For the Central Asian states, the challenge is to maintain useful ties with Russia without allowing it undue influence. This concern is most evident in Kazakhstan and Uzbekistan. Kazakhstan, because of its shared 4,200 mile border with Russia and its relatively large ethnic Russian population, is highly vulnerable to Russian influence. Uzbekistan is interested in asserting its own regional power. Alternatively, Tajikistan's President Rakhman has relied to some extent on Russian security and economic assistance to stay in power.

Russia's behavior in Central Asia partly depends on alternative futures of Russian domestic politics, though regardless of scenario, Russia will retain some economic and other influence in the region as a legacy of the political and transport links developed during Tsarist and Soviet times.

Prior to September 11, 2001, the Putin Administration had tried to strengthen Russia's interests in the region while opposing the growth of U.S. and other influence. After September 11, 2001, Uzbekistan reaffirmed its more assertive policy of lessening its security dependence on Russia by granting conditional overflight rights and other support to the U.S.-led coalition, nudging a reluctant Putin regime to accede to a coalition presence in the region in keeping with Russia's own support to the Northern Alliance to combat the Taliban. Russia's other reasons for permitting the increased coalition presence included its interests in boosting some economic and other ties to the West and its hope of regaining influence in a post-Taliban Afghanistan. On September 19, 2001, Russian Foreign Minister Igor Ivanov indicated that the nature of support given by the Central Asian states to the U.S.-led coalition was up to each state, and President Putin reiterated this point on September 24, 2001, giving Russia's assent to cooperation between these states and the United States. Russia initially cooperated with Central Asia in supporting U.S. and coalition efforts, including by quickly sending military equipment and advisors to assist the Northern Alliance in attacks on the Taliban.

Russian officials have emphasized interests in strategic security and economic ties with Central Asia, and concerns over the treatment of ethnic Russians. Strategic concerns have focused on drug trafficking and regional conflict, and the region's role as a buffer to Islamic extremism. Russia's economic decline in the 1990s and demands by Central Asia caused Russia to reduce its security presence. Former President Putin and current President Medvedev may have reversed this trend, although the picture is mixed. About 11,000 Russian Border Troops (mostly ethnic Tajiks under Russian command) formerly defended "CIS borders" in Tajikistan. Russia announced on June 14, 2005, that it had handed over the last guard-house along the Afghan-Tajik border to Tajik troops. Russian border forces were largely phased out in Kyrgyzstan in 1999. In late 1999, the last Russian military advisors left Turkmenistan. In 1999, Uzbekistan withdrew temporarily from the CSTO, citing its ineffectiveness and obtrusiveness. Russia justified a 1999 military base accord with Tajikistan by citing the Islamic extremist threat to the CIS.

In an apparent shift toward a more activist Russian role in Central Asia, in January 2000, then-Acting President Putin approved a "national security concept" that termed foreign efforts to "weaken" Russia's "position" in Central Asia a security threat. In April 2000, Russia called for the members of the CSTO to approve the creation of rapid reaction forces in Central Asia to

combat terrorism emanating from Afghanistan. Russian officials suggested that such a force might launch pre-emptive strikes on Afghan terrorist bases (see also below).

A May 2001 CSTO summit approved the creation of a Central Asian Rapid Deployment Force composed (at least on paper) of nine Russian, Kazakh, Kyrgyz, and Tajik country-based battalions of 4,000 troops and a headquarters in Bishkek. This initiative seemed in part aimed to protect Russian regional influence in the face of nascent U.S. and NATO anti-terrorism moves in the region. This force remained a paper exercise and was later abolished (see below). A regional branch of the CIS Anti-Terrorism Center, composed of intelligence agencies, opened in Bishkek, Kyrgyzstan, in January 2002 (this organization reportedly has proven ineffective in sharing intelligence data). Russia's threats of pre-emptive strikes against the Taliban prompted the Taliban in May 2000 to threaten reprisals against the Central Asian states if they permitted Russia to use their bases for strikes. At the June 2000 U.S.-Russia summit, the two presidents agreed to set up a working group to examine Afghan-related terrorism, and the group held two meetings prior to September 11, 2001. These events prior to September 11, 2001, helped to ease the way for Russian and Central Asian assistance to the U.S.-led coalition in Afghanistan.

Soon after September 11, 2001, Russia seemed to reverse the policy of drawing down its military presence in Central Asia by increasing its troop presence in Tajikistan by a reported 1,500. In mid-June 2002, Russia also signed military accords with Kyrgyzstan extending leases on military facilities to fifteen years (including, amazingly, a naval test base), opening shuttered Kyrgyz defense industries, and training Kyrgyz troops. Most significantly, Kyrgyzstan also agreed that its Kant airfield outside its capital of Bishkek could be used as a base for the Central Asian Rapid Deployment Force, marking a major re-deployment of Russian forces into the country. In signing the accords, Russian Defense Minister Sergey Ivanov declared that they marked Russia's help—along with the U.S.-led coalition and China—in combating terrorism, were necessary for Russia to monitor the proliferation of weapons of mass destruction, and marked Russia's intention to maintain a military presence in the region. Attack jets, transports, jet trainers, helicopters, and Russian personnel began to be deployed at Kant at the end of 2002.

Russia's military deployments at Kant appeared at least partially intended to check and monitor U.S. regional military influence, and these intentions also were reflected in support for the 2005 SCO communique calling for the closure of U.S.-led coalition bases in Central Asia. Taking advantage of Uzbekistan's souring relations with many Western countries, Russia signed a Treaty on Allied Relations with Uzbekistan in November 2005 that contains provisions similar to those in the CSTO that call for mutual defense consultations in the event of a threat to either party. In 2006, Uzbekistan rejoined the CSTO.

During a February 3, 2009, meeting in Moscow with Russian President Dmitriy Medvedev, Kyrgyz President Bakiyev announced that the U.S. Manas airbase would be closed. Bakiyev claimed that U.S. compensation for use of the base had been inadequate and that the Kyrgyz public wanted the base to be closed. He also argued that counter-terrorism operations in Afghanistan had been concluded, which had been the main reason for keeping the airbase open.<sup>149</sup> At the meeting, Medvedev had offered a \$1.7 billion loan to Kyrgyzstan for building a dam and

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<sup>149</sup> Bakiyev also complained that he had received an unsatisfactory response from the United States regarding the December 2006 shooting incident at the airbase. He appeared to argue that drug trafficking in Afghanistan was now a more pressing problem for Central Asia than combating terrorism in Afghanistan. Daniyar Karimov, "Kurmanbek Bakiyev: Manas Airbase to be Shut Down," *Bishkek News Agency Twenty-Four*, February 4, 2009; *CEDR*, February 4, 2009, Doc. No. CEP-950347; December 28, 2008, Doc. No. CEP-950085.

hydroelectric power station and a \$300 million loan and a \$150 million grant for budget stabilization. Russia also agreed to cancel a \$180 million debt owed by Kyrgyzstan in exchange for some properties. Many observers suggested that the assistance was a quid pro quo for Kyrgyzstan's agreement to close the base.

The next day at a meeting of the CSTO, President Medvedev proposed setting up CSTO Collective Operational Reaction Forces (CORF) under a single command and based in Russia. In 2010, it was announced that the Central Asian rapid reaction force would be retained as separate from CORF as a regional force to combat terrorism and drug trafficking emanating from Afghanistan.

Russian economic policy in Central Asia has been contradictory, involving pressures to both cooperate with and to oppose US and Western interests. Russia has cut off economic subsidies to Central Asia and presses demands for the repayment of energy and other debts the states owe Russia. Russia increasingly has swapped this debt for equity in strategic and profitable energy and military industries throughout Central Asia. Its opposition to U.S. and Western private investment in the region initially led it to demand that Caspian Sea oil and gas resources be shared in common among littoral states and to insist that oil pipeline routes transit Russian territory to Russian Black Sea ports. Russia's oil discoveries in the Caspian Sea, however, contributed to its decision to sign accords with Kazakhstan in 1998 and with Azerbaijan in 2001 on seabed borders.

Russian energy firms have become partners with U.S. and Western firms in several regional oil and gas development consortiums. Nonetheless, Russia continues to lobby for pipeline routes through its territory. Former President Putin in 2002 called for the Central Asian states to form a Eurasian Gas Alliance to "export through a single channel," which Russian media speculated meant that Putin aimed to counter U.S. energy influence in the region. Kazakhstan is an observer state in the International Gas Exporter Organization, formed in 2008 with Russia's leadership. Instead of opposing U.S. and Western private investment and business in the region, some Russians argue that enhanced cooperation would best serve Russian national interests and its oil and other companies. Russia has been wary of growing Chinese economic influence in the region.

The region's continuing economic ties with Russia are encouraged by the existence of myriad Moscow-bound transport routes, the difficulty of trade through war-torn Afghanistan, and U.S. opposition to ties with Iran. Also, there are still many inter-enterprise and equipment supply links between Russia and these states. While seeking ties with Russia to provide for some security and economic needs, at least in the short term, the Central Asian states have tried with varying success to resist or modify various Russian policies viewed as diluting their sovereignty, such as Russian calls for dual citizenship and closer CIS economic and security ties. Karimov and Nazarbayev have been critics of what they have viewed as Russian tendencies to treat Central Asia as an "unequal partner."

The safety of Russians in Central Asia is a populist concern in Russia, but has in practice mainly served as a political stalking horse for those in Russia advocating the "reintegration" of former "Russian lands." Ethnic Russians residing in Central Asia have had rising concerns about employment, language, and other policies or practices they deem discriminatory and many have emigrated, contributing to their decline from 20 million in 1989 to 6.6 million in 2001. They now constitute 12% of the population of Central Asia, according to the CIS Statistics Agency. Remaining Russians tend to be elderly or low-skilled. In Kazakhstan, ethnic Kazakhs have again become a majority.



## **Afghanistan**

The stability of Afghanistan is of central concern to Central Asia, China, and Russia. Particular concerns of Central Asia in recent years have focused on the export of drugs and Islamic extremism from Afghanistan. Historical trade routes facilitate the smuggling of drugs and other contraband through the region to Russian and European markets. Central Asia's leaders do not want Islamic extremists to use bases in Afghanistan, as the Tajik opposition once did. They objected to the refuge the Taliban provided for the IMU and for terrorist Osama Bin Laden, who allegedly contributed financing and training for Islamic extremists throughout Central Asia who endeavored to overthrow governments in that region.

Several Central Asian ethnic groups reside in northern Afghanistan, raising concerns in Central Asia about their fates. Tajikistan has been concerned about the fate of 6.2 million ethnic Tajiks residing in Afghanistan. Uzbekistan, likewise, has concerns about 1.5 million ethnic Uzbeks in Afghanistan. Karimov has supported ethnic Uzbek paramilitary leader Abdul-ul-Rashid Dostum in Afghanistan. Dostum lost to Taliban forces in August 1998 and exited Afghanistan, but returned to help lead Northern Alliance forces to victory post-September 11, 2001. Iran and Tajikistan supported ethnic Tajik Ahmad Shah Masood, who was killed on September 9, 2001, allegedly by Al Qaeda operatives. Iran's massing of troops on the Afghan border in August 1998 in response to the Taliban's takeover of Mazar-e-Sharif and killing of Iranian diplomats and Shiite civilians also gave support to Masood. Turkmenistan's concerns about the status of half a million ethnic Turkmen residing in Afghanistan, and its hopes for possible energy pipelines through Afghanistan, led it to stress workable relations with both the Taliban and the successor government.

Tajikistan was especially challenged by the Taliban's growing power. A Taliban victory in Afghanistan threatened to present it with regimes in both the north (Uzbekistan) and south (Afghanistan) that pressed for undue influence. Iran and Uzbekistan backed different sides in the Tajik civil war, but both opposed the Taliban in Afghanistan. Tajik opposition ties with Iran provided friction with the Taliban. Tajikistan's instability and regional concerns caused the Rakhman government to rely more on Russia and, by granting formal basing rights to Russia, antagonized Uzbekistan and the Taliban.

If Afghanistan stabilizes, Central Asian states will be able to establish more trade ties, including with Pakistan. Hopes for the construction of a gas pipeline from Turkmenistan to Pakistan were evidenced by the signing of a framework agreement in December 2002 by the late President Niyazov, Afghan President Hamed Karzai, and Pakistan's Prime Minister Mir Zafarullah Khan. The problems of drug production in Afghanistan and trafficking through Central Asia have increased, however, in part because the Afghan government remains weak. Interest in regional stability led Afghanistan, Tajikistan, Turkmenistan, Uzbekistan, China, Iran, and Pakistan to sign a "Declaration of Good Neighborly Relations" in Kabul in December 2002 pledging mutual respect for sovereignty and territorial integrity. Russia's attempts to influence developments in Afghanistan are facilitated by its basing arrangement with Tajikistan, but its favored warlords were largely excluded in December 2004 from the new Karzai government. (See also CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by Kenneth Katzman.)

## China

China's objectives in Central Asia include ensuring border security, non-belligerent neighbors, and access to trade and natural resources. In April 1996, the presidents of Kazakhstan, Kyrgyzstan, Russia, and Tajikistan traveled to Shanghai to sign a treaty with Chinese President Jiang Zemin pledging the sanctity and substantial demilitarization of borders. They signed protocols that they would not harbor or support separatists, aimed at China's efforts to quash separatism in its Uighur Autonomous Region of Xinjiang Province, which borders Central Asia. According to the U.S. State Department, China continues to commit human rights abuses against the Uighurs, an Islamic and Turkic people.<sup>150</sup> In April 1997, the five presidents met again in Moscow to sign a follow-on treaty demilitarizing the 4,000 mile former Soviet border with China. In May 2001, the parties admitted Uzbekistan as a member and formed the Shanghai Cooperation Organization (SCO), and agreed to pursue common antiterrorist actions through a center established in the region. In theory, China could send troops into Central Asia at the request of one of the states.<sup>151</sup> The states signed a Shanghai Convention on joint fighting against terrorism, extremism and separatism, viewed by some observers as Russia's and China's effort to gain greater support by the Central Asian states for combat against extremists and regime opponents of the two major powers. China's goals in the SCO echo its general regional goals noted above, as well as containing U.S. influence.

After September 11, 2001, SCO members did not respond collectively to U.S. overtures but mainly as individual states. China encouraged Pakistan to cooperate with the United States. China benefitted from the U.S.-led coalition actions in Afghanistan against the IMU and the Taliban, since these groups had been providing training and sustenance to Uighur extremists. Nonetheless, the U.S. presence in Central Asia poses a challenge to China's aspirations to become the dominant Asian power.

Most analysts do not anticipate Chinese territorial expansion into Central Asia, though China is seeking greater economic influence. China is a major trading partner for the Central Asian states and may become the dominant economic influence in the region. In comparison, Turkey's trade with the region is much less than China's. Central Asia's China trade exceeded \$1 billion annually by the late 1990s.

Kazakhstan and Kyrgyzstan have been deft in building relations with China. They have cooperated with China in delineating borders, building roads, and increasing trade ties. The construction of oil and gas pipelines from Kazakhstan and Turkmenistan to China's Xinjiang region mark China's growing economic influence in the region (see below). However, officials in these states also have been concerned about Chinese intentions and the spillover effects of tensions in Xinjiang. Some have raised concerns about growing numbers of Chinese "suitcase" traders and immigrants, and there are tensions over issues like water resources. China's crackdown on dissidence in Xinjiang creates particular concern in Kazakhstan, because over one million ethnic Kazakhs reside in Xinjiang and many Uighurs reside in Kazakhstan. Some ethnic Kyrgyz also reside in Xinjiang. On the other hand, Kazakhstan fears that Uighur separatism in Xinjiang could spread among Uighurs residing in Kazakhstan, who may demand an alteration of

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<sup>150</sup> U.S. Department of State. *Country Reports on Human Rights Practices for 2008*. Washington, D.C.: Government Printing Office, February 25, 2009.

<sup>151</sup> China and Kyrgyzstan held joint border exercises in October 2002, the first under SCO auspices and the first by the Chinese People's Liberation Army on foreign soil. *CEDR*, September 19, 2002, Doc. No. CPP-031.

Kazakh borders to create a unified Uighur “East Turkestan.” China’s relations with Tajikistan improved with the signing of a major agreement in May 2002 delineating a final section of borders in the Pamir Mountains shared by the two states.

In 1993, China abandoned its policy of energy self-sufficiency, making Central Asia’s energy resources attractive. In September 1997, Kazakhstan granted China’s National Petroleum Corporation (CNPC) production rights to develop major oil fields, including the Aktyubinsk Region of northwestern Kazakhstan. China pledged to build a 1,900 mile trans-Kazakh pipeline to Xinjiang within five years (and a shorter pipeline to the Turkmen border). China was unable to interest international investors in the pipeline, and decided to finance the construction. In 2005, CNPC purchased the Canadian-based company PetroKazakhstan, giving it ownership of refineries and control over production licenses for twelve oilfields and exploration licenses for five blocks. Responding to the sale, the Kazakh legislature quickly passed a law giving the government the right to preempt such transfers. In order to complete the sale, CNPC reportedly had to transfer about one-third of the PetroKazakhstan shares to KazMunaigaz (Kazakhstan’s state-owned oil and gas firm), and yield effective control over the Shymkent refinery, which Kazakhstan wanted to control to ensure domestic supplies.

Kazakhstan and China completed construction in mid-2006 of a 600 mile oil pipeline from Atasu in central Kazakhstan to Xinjiang. At Atasu, the pipeline links to another pipeline from Kumkol, also in central Kazakhstan, and will be linked to Atyrau on Kazakhstan’s Caspian Sea coast in 2010. Xinjiang officials reported in early 2009 that about 92 million barrels of oil had been imported through the pipeline in its first two years of operation (other oil continued to be imported by rail).<sup>152</sup>

Perhaps as part of an effort to gain greater access to Kazakh oil to help fill the pipeline—particularly the large reserves of oil in western Kazakhstan—China’s state-owned CITIC Group investment firm acquired the Kazakh oil assets of Canada’s Nations Energy Company for \$1.91 billion at the end of 2006. This acquisition gave China the rights to develop the Karajanbas oil and gas field, near Aqtau on the Caspian Sea, until 2020. This pending sale reportedly raised concerns in the Kazakh legislature and in the Energy Ministry that China was obtaining too many national energy assets. These concerns may have led to a concession by CITIC to give KazMunaiGaz a 50% stake in the operating company.

Although Turkmen-Chinese energy relations were minor compared to Turkmen-Russian ties, China reportedly provided a \$12 million loan in the late 1990s to Turkmenistan’s state-owned Turkmennebit oil firm and Turkmengaz gas firm to purchase Chinese drilling and hoist equipment and spare parts. In 2003, China provided a \$1.875 million grant and a \$3.6 million loan (for 20 years with no interest) to develop Turkmenistan’s gas industry. Indicative of stepped-up relations, then-President Niyazov visited China in April 2006 and the two countries signed general accords to construct a gas pipeline for the export of 30 billion cubic meters of Turkmen gas to China. China also pledged new preferential loans. CNPC signed a \$150 million service contract with Turkmenistan in May 2007 for drilling and exploration work at the Gunorta Eloten oil and gas field. According to some estimates, the Gunorta Eloten oil and gas field may contain massive reserves of 247 trillion cubic feet of natural gas. In July 2007, visiting Turkmen President Berdymuhammedow and President Hu Jintao witnessed the signing of a gas sales and purchase agreement between CNPC and the Turkmen State Agency for the Management And Use Of

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<sup>152</sup> CEDR, January 3, 2009, Doc. No. CEP-950058.

Hydrocarbon for the supply of 1.1 trillion cubic feet of gas per year for the period 2009-2038. The two sides also signed a production sharing agreement to develop the Bagtyyarlyk area in eastern Turkmenistan, near the Uzbek border. CNPC has been the only foreign firm to be permitted to develop an on-shore gas field.

## **Iran**

Iran has pursued limited economic interests in Central Asia and has not fomented the violent overthrow of the region's secular regimes. Its economic problems and technological backwardness have prevented it from playing a major investment role in the region. Iran's support for the Northern Alliance against the Taliban placed it on the same side as most of the Central Asian states and Russia. Iran has had good ties with Turkmenistan, having established rail and pipeline links. Iran's relations with other Central Asian states are more problematic. Kazakhstan's ties with Iran have improved in recent years with a visit by Iran's then-president Mohammad Khatami to Astana in April 2002, during which a declaration on friendly relations was signed. Nazarbayev continues to urge Iran to agree to a median-line delineation of Caspian Sea borders rather than demand territorial concessions (Kazakhstan claims the largest area of seabed), and dangles prospects for energy pipelines through Iran and enhanced trade as incentives. Uzbek-Iranian relations have been mercurial. Iran allegedly harbored some elements of the IMU, creating Uzbek-Iranian tensions. Relations appeared somewhat improved after 2003 as both states cooperated on rebuilding projects in Afghanistan and as Uzbekistan attempted to develop trade and transport links to Middle Eastern markets.

The establishment of the U.S. military presence in Central Asia and Afghanistan after September 11, 2001, has directly challenged Iran's security and interests in the region by surrounding Iran with U.S. friends and allies, although Iran also has gained from the U.S.-led defeat of the Taliban and coalition operations in Iraq. Iran views the U.S.-backed BTC pipeline and its regional military presence as part of U.S. efforts to make Central Asia part of an anti-Iranian bloc. During the 1990s, Iran and Russia shared similar interests in retaining their influence in the Caspian region by hindering the growth of U.S. and Western influence. They also opposed U.S. encouragement of Turkey's role in the region. They used the issue of the status of the Caspian Sea to hinder Western oil development efforts. After Russia concluded agreements with Kazakhstan and Azerbaijan on oil and gas development on the Caspian seabed, Iran in 2001 became isolated in still calling for the Sea to be held in common, or alternatively for each of the littoral states to control 20% of the Sea (and perhaps, any assets). This ongoing stance and U.S. opposition have restrained Kazakhstan's interest in building pipelines through Iran to the Persian Gulf. (See also CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.)

## **Turkey**

Turkey's strategic interests have included enhancing its economic and security relations with both the South Caucasian and Central Asian states along the "Silk Road" to bolster its access to regional oil and gas. Turkey's role as an energy conduit also would enhance its influence and appeal as a prospective member of the EU, according to some Turkish views. Turkey desires the abatement of ethnic conflict in the Caspian region that threatens energy development. While Turkey plays a significant and U.S.-supported role in trade and cultural affairs in Central Asia among the region's mainly Turkic peoples, it has been hampered by its own political struggles between secularists and Islamic forces and has been obsessed with its own economic and ethnic problems. Also, the authoritarian leaders in Central Asia have been reluctant to embrace the

“Turkish model” of relatively free markets and democracy. Perhaps a sign of greater interest in forging ties, Turkey revived meetings of Turkic heads of state in 2006 (the last meeting was in 2001), which was attended by the presidents of Kazakhstan and Kyrgyzstan, and by Turkmenistan’s ambassador to Turkey. At the most recent meeting in October 2009 in Nakhchevan, Azerbaijan, the Kazakh and Kyrgyz presidents attended as well as an emissary from Turkmenistan. The attendees agreed to set up a Turkic-speaking Countries Cooperation Council that is envisaged to be similar to the CIS, the Council of Europe, or the Arab League. Sub-groups include a Foreign Ministers Council, a Senior Officials Council, and a Wise Men Delegation. The attendees also agreed to establish a secretariat in Istanbul, a Turkic academy in Kazakhstan, and a parliamentary liaison headquarters in Baku.<sup>153</sup>

Until recent years, Russia opposed growing Turkish influence in Central Asia and the Caspian region, including Turkey’s building of gas and oil pipelines (the BTC oil pipeline from Azerbaijan’s Caspian Sea fields to Turkey’s Mediterranean Sea port at Ceyhan has provided Kazakhstan with another oil export route circumventing Russia). Perhaps marking improved Turkish-Russian ties, Prime Minister Putin visited Istanbul in August 2009 and agreed to consider a proposal by Prime Minister Recep Tayyip Erdogan to set up a bilateral strategic cooperation council like ones that Turkey had formed with Iraq and with Syria. Turkey agreed to permit the off-shore construction of Russia’s proposed South Stream gas pipeline to Europe. The formation of a strategic council was further discussed during Prime Minister Erdogan’s January 2010 visit to Moscow, and the council may be established during a mid-2010 visit to Istanbul by President Medvedev. During Erdogan’s visit, Prime Minister Putin urged Turkey not to link the settlement of the Armenia-Azerbaijan conflict over Nagorno Karabakh to the implementation of protocols signed (but not ratified) by Armenia and Turkey on the establishment of diplomatic relations and the opening of borders.

### The South Caucasus

Central Asia is linked with the South Caucasus region as an historic and re-emerging transport corridor. Construction and plans for major pipeline and transport routes from Central Asia through the South Caucasus region to Europe make Central Asia’s economic security somewhat dependent on the stability of the South Caucasus. At the same time, the authoritarian Central Asian leaders have been concerned that democratization in Georgia could inspire dissension against their rule.

**Table A-1. Central Asia: Basic Facts**

Central Asian State	Kaz.	Kyr.	Taj.	Turk.	Uzb.	Total
Territory (000 sq. mi.)	1,100	77	55.8	190	174.5	1,597.3
Population (July 2009 est.; Millions)	15.4	5.4	7.3	4.9	27.6	60.6
Gross Domestic Product (Bill. Dollars, 2009 est., Purchasing Power Parity)	175.1	11.66	13.75	32.57	77.21	310.29
GDP per capita (Dollars)	11,400	2,100	1,800	6,700	2,800	5,120 (Avg.)
Proven Oil Reserves (Billion Barrels)	30	0.4	0.12	0.6	0.594	31.7

<sup>153</sup> Hasan Kanbolat, “Turkic Council,” *Today’s Zaman*, October 6, 2009.



Central Asian State	Kaz.	Kyr.	Taj.	Turk.	Uzb.	Total
Natural Gas Reserves (Tr. Cubic Feet)	85	0.2	0.2	94	65	244.4
Size of Military (including police troops, border guards, and presidential guards)	80,500	20,400	16,300	22,000	87,000	226,200
FY2008 U.S. Budgeted Aid (\$millions)	175.87	48.14	46.19	12.3	38.24	324.06 <sup>b</sup>
—of which: Security Assistance (\$millions)	152.52	17.16	14.1	1.63	26.71	213.09 <sup>b</sup>
FY2009 U.S. Budgeted Aid (\$ millions; Foreign Operations) <sup>a</sup>	22.4	58.93	35.77	8.85	8.56	134.51
—of which: Security Assistance (\$millions) <sup>a</sup>	8.5	4.25	9.27	1.6	0.61	24.23
FY2010 U.S. Estimated Aid (\$millions; Foreign Operations) <sup>a</sup>	18.89	53.77	48.3	16.35	12.04	149.35
—of which: Security Assistance (\$millions) <sup>a</sup>	7.77	7.23	10.64	3.77	1.58	30.99
FY2011 Administration Request (\$millions; Foreign Operations) <sup>a</sup>	18.3	46.93	47.09	13.33	12.14	137.79
—of which: Security Assistance (\$millions) <sup>a</sup>	7.18	6.54	10.09	3.38	1.68	28.87

**Sources:** U.S. Central Intelligence Agency. *The World Factbook*; International Institute of Strategic Studies. *The Military Balance*, February 3, 2010; Department of State. Office of the Coordinator of U.S. Assistance to Europe and Eurasia; Department of State. *Congressional Budget Presentation for Foreign Operations, FY2011*.

- a. Excludes Defense and Energy Department funds, food aid, and Peace Corps.
- b. Includes Central Asia Regional Funding of \$3.32 million, of which \$970,000 was for Peace and Security Programs.

**Table A-2. U.S. Government Cumulative Budgeted Security Assistance to Central Asia FY1992-FY2008, FREEDOM Support Act and Agency Budgets**

(millions of dollars)

Agency <sup>a</sup>	Program	Kazakhstan	Kyrgyz Republic	Tajikistan	Turkmenistan	Uzbekistan	Total
State	Export Control and Related Border Security Assistance (EXBS)	23.57	21.55	14.54	8.69	33.65	102.0
State/USAID	Law Enforcement Assistance	17.252	22.86	44.82	8.29	17.51	111.782 <sup>a</sup>
State	Nonproliferation of WMD Expertise/Global Threat Reduction	19.942	5.35	1.42	0.0	9.97	36.682
USDA	Nonproliferation of WMD Expertise/Global Threat Reduction	9.76	0.01	1.02	0.0	8.65	19.44
DOE	Initiatives for Proliferation Prevention	9.32	0.0	0.0	0.0	0.0	9.32
NSF	Civilian R & D Foundation (CRDF)	5.08	3.57	0.01	0.0	5.544	14.204
NRC	Nuclear Reactor Safety	6.93	0.0	0.0	0.0	0.0	6.93
HHS	Nonproliferation of WMD Expertise/Global Threat Reduction	4.48	0.0	0.0	0.0	0.0	4.48
EPA	Nonproliferation of WMD Expertise/Global Threat Reduction	3.0	0.0	0.0	0.0	0.07	3.07
DOJ	Law Enforcement Assistance	0.03	0.03	0.0	0.0	0.86	0.92
DHS/Customs	Export Control and Related Border Security Assistance (EXBS)	0.0	9.7	0.0	0.0	0.0	9.7
USAID	Democratic Reform	0.4	2.54	2.99	0.0	3.57	9.57 <sup>b</sup>
NADR: State	Anti-Terrorism Assistance (ATA)	7.602	8.098	7.754	0.02	9.74	33.214
FMF: State	Foreign Military Financing	32.549	31.653	7.312	5.28	53.2	129.994
IMET: State	International Military Education and Training (IMET)	10.448	8.852	2.518	4.158	5.17	31.146
NADR: State	Nonproliferation and Disarmament Fund	2.42	0.0	0.0	0.0	0.91	3.33
PKO: State	Peacekeeping Operations	3.3	0.0	0.0	0.0	0.0	3.3
NADR: State	Small Arms/Light Weapons Destruction	0.3	0.0	0.68	0.0	0.0	0.98

DOE	Global (Comprehensive) Threat Reduction	263.36	0.3	1.47	0.0	10.04	275.17
DOE	Material Protection, Control, and Accounting (MPC&A)	42.4	2.2	0.1	0.0	2.0	46.7
DOE	Nonproliferation and International Security Programs	17.45	0.07	0.0	0.0	7.97	25.49 <sup>e</sup>
DOE	Nuclear Reactor Safety	15.36	1.2	0.0	0.0	1.2	17.76
DOE	Russian Research Reactor Fuel Return	0.8	0.0	0.0	0.0	3.5	4.3
DOD/CTR	Chain of Custody Programs	33.02	0.0	0.0	0.0	0.0	33.02
DOD	Counter-Narcotics	11.7	18.4	15.8	8.9	2.3	62.04 <sup>c</sup>
DOD/CTR	Demilitarization	35.64	0.0	0.0	0.0	0.0	35.64
DOD/CTR	Destruction and Dismantlement Program	272.61	0.0	0.0	0.0	148.31	420.92
DOD	International Counter-proliferation Programs	6.29	2.02	0.4	1.14	4.14	13.99
DOD	Warsaw Initiative (Partnership for Peace)	5.94	3.4	0.98	1.06	4.7	16.25 <sup>d</sup>
DOD	Coalition Counterterrorism & Stability Operations Capacity Aid (Sec. 1206)	31.788	11.56	0.0	0.0	0.0	43.348
DOD	Stabilization Operations & Security Sector Reform (Sec. 1207)	0.0	0.0	2.4	0.0	0.0	2.4
DOD	Overseas Humanit., Disaster & Civic Aid (OHDACA)	0.0	0.0	0.0	0.01	0.0	0.01
<b>Total</b>		<b>892.741</b>	<b>153.363</b>	<b>104.214</b>	<b>37.548</b>	<b>333.004</b>	<b>1527.448<sup>a</sup>45.758</b>

**Source:** State Department, Office of the Coordinator of U.S. Assistance to Europe and Eurasia.

- a. Includes regional funding of \$1.05 million.
- b. Includes regional funding of \$70,000.
- c. Includes regional funding of \$4.94 million.
- d. Includes regional funding of \$170,000.
- e. Includes regional funding of \$348,000.
- f. Total includes regional funding.

**Table A-3. Peace and Security Assistance and Total Budgeted Assistance to Central Asia FY1992-FY2008, FREEDOM Support Act and Agency Budgets**  
(million dollars; rounded)

	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY2000	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	Total
Peace & Security Programs	0.0	2.5	47.3	81.0	46.7	28.7	36.5	41.4	56.1	70.4	198.1	105.0	136.6	155.7	105.1	203.3	213.1	1527.5
Total Aid	65.3	265.9	395.7	253.9	257.0	129.9	206.6	235.1	220.9	265.4	586.4	311.3	324.8	308.1	232.9	261.3	324.1	4644.6
Percent	0	1	12	32	18	22	18	18	25	27	34	34	42	51	45	78	66	31 (Avg.)

**Source:** State Department, Office of the Coordinator of U.S. Assistance to Europe and Eurasia

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