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# The New Great Power Competition in Central Asia: Opportunities and Challenges for the Gulf

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# The New Great Power Competition in Central Asia: Opportunities and Challenges for the Gulf

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PAPER

May 2021







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# The New Great Power Competition in Central Asia: Opportunities and Challenges for the Gulf

## Executive Summary

After the collapse of the Soviet Union, Central Asia became a playground for the 'modern great game' between and among different powers, with Russia, China, the United States, the European Union, Turkey, Iran, and India playing major roles. In the current scenario, the Gulf Cooperation Council (GCC) countries have also begun to exert their influence.

Great powers are interested in Central Asia because it is at a strategically important crossroads through which the main economic corridors initiated by different countries pass, connecting the East with the West, as well as the North with the South. The region possesses vast quantities of energy resources, adding to its importance on the global stage.

Russia continues to play an important role in ensuring stability and security for Central Asia. It has well developed political and economic relations with regional states. With different bilateral treaties, all countries, except Turkmenistan, are allies of Russia. Kazakhstan, Kyrgyzstan and Tajikistan are members of the Russia-led Collective Security Treaty Organization (CSTO). Kazakhstan and Kyrgyzstan are also members of the Eurasian Economic Union (EAEU).

The West has established varied channels to showcase its influence in the region, particularly providing financial aid and promoting democratic values. The United States has sought to involve the regional countries in its New Silk Road (NSR) project. This region is vital for NATO to supply equipment to its troops in Afghanistan. The European Union is linking Asia through its Transport Corridor Europe-Caucasus-Asia (TRACECA), in which all the Central Asian countries are members.

India's focus on economic growth has strengthened its cooperation with the region, especially through

the International North-South Transport Corridor (INSTC), which also provides an opportunity for Central Asia to gain access to the vast Indian market.

Turkey and Iran also have political and economic interests in the region but with differing influence. While Turkey's influence is on the upswing, internationally-isolated Iran's role as a great power in Central Asia has diminished considerably.

China is making huge gains by strengthening its economic, logistical and political links in this volatile and resource-rich region, which could intensify the great power competition. The Shanghai Cooperation Organization (SCO) plays an important role in contributing to the stability and security of Central Asian countries and Afghanistan. Moving forward, it would be particularly tricky for the SCO to ensure a balance amid colliding interests between and among its members, but it could also serve as an opportunity to extend the organization's geographic sphere of influence, thus enhancing the authority of the SCO.

Finally, the GCC countries are new players in Central Asian affairs, but there is huge potential for both regions to collaborate in energy, trade, political, and security sectors. Notably, the Silk Road Economic Belt (SREB, the mainland component of China's Belt and Road Initiative (BRI)), the INSTC and the Ashgabat Agreement could facilitate links between the two regions. The UAE's new World Logistics Passport (WLP), for example, could serve as an important bridge between the countries of the two regions.

All these developments are bound to impact the Gulf countries' interests both positively and otherwise, which this paper analyzes.

## Introduction

After the collapse of the Soviet Union (SU) and the independence of Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Turkmenistan, different regional and non-regional powers, such as Russia, China, the United States, the European Union, Turkey, Iran, India, and the GCC countries, sought to influence the region's affairs, triggering a 'modern great game'. The difference this time, however, is that many competitors are involved.

The renewed and expanded interest towards Central Asia is rooted in its vast resources of oil, gas, water, gold, and other precious commodities. Moreover, it is geographically located at an important strategic crossroads that connects Europe with Asia. These factors encouraged other countries to develop integration, transportation and economic initiatives, thus acquiring a Eurasian flavour. Among them, the Russian-led EAEU, Chinese SREB, the EU's TRACECA, the US's NSR project, India-Russia-Iran-led INSTC, etc. The aim of this paper is to investigate the policies and strategies of the abovementioned powers, the possibilities for cooperation, and potential areas of disagreements between and among them in Central Asia.

## 1. Russia

Even after the collapse of the SU, which was the main architect of the Central Asian countries, Russian decisionmakers still consider Central Asia – where it has historical, economic, political and security links – as Moscow's sphere of influence. Russia has invested about \$20 billion in this region.<sup>1</sup> The Commonwealth of Independent States remains the only regional organization where Russia and all Central Asian countries are involved, but for now this institution has a symbolic status to ensure dialogue between 11 post-Soviet countries, with its economic and political significance diminishing each year.

In recent years, Russia has been exerting influence in the region through two channels: the first, the CSTO, through which Russia strengthens its military-political, security cooperation with Kazakhstan, Tajikistan and Kyrgyzstan. The second is EAEU, where Kazakhstan and Kyrgyzstan are members, with Uzbekistan as an observer, all focusing on economic and political collaboration.

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1. Ministry of Foreign Affairs (MFA) of Russia, *Rossija i Central'naja Azija* (Russia and Central Asia), [www.mid.ru](http://www.mid.ru), (in Russian).

## 1.1. Collective Security Treaty Organization and Russian Military Presence

After the collapse of the SU, Central Asia was in a vulnerable state. Through invasion, the SU had sought to spread Communism in Afghanistan and include it in the socialist camp. While Afghanistan resisted this bid, it became the main source of fundamental religious ideologies, drugs and weapons to Central Asia after the disintegration of the SU, thus threatening the stability and security of the entire region.

In 1990s there were attempts by religious fundamentalists to seize power in the Central Asian countries, especially during the civil war in Tajikistan. According to political analyst Charles Maynes: "The principal Islamist movements in the region advocate policies that seem either otherworldly, unacceptable, or troubling."<sup>2</sup> To meet these challenges, political leaders of Central Asian states who remained in power after the collapse of the SU and had contacts with Russian politicians decided to solve the abovementioned security issues with the help of Moscow.

In May 1992, the heads of Uzbekistan, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Armenia met in Tashkent and signed the Collective Security Treaty, which in 2002 was rebranded as the CSTO. This organization aims to protect on a collective basis the independence, territorial integrity and sovereignty of its members. Within the framework of the CSTO, the Collective Rapid Deployment Forces in the Central Asian region was formed.<sup>3</sup>

Although Uzbekistan withdrew from the CSTO in 2012, it still allies with Russia due to the Treaty on Allied Relations signed in 2005. The agreement on joint use of Russian and Uzbek forces for the defense of air spaces of both countries is also in force. Further, both countries signed an agreement in 2014 on the modernization of the Uzbek army and Tashkent signed another agreement on development of military-technical cooperation in Moscow in 2016.<sup>4</sup>

In 2013, Russian President Vladimir Putin and Kazakhstan President Nursultan Nazarbayev signed an agreement on improving their alliance rooted in a 1998 declaration. Another agreement on military-technical cooperation was signed in the same year which enabled Russian military supplies to Kazakhstan. While the Kazakh military staff studies in Russian military educational institutions, Russia rents three military test sites in Kazakhstan.<sup>5</sup> In turn, Tajikistan provides two military bases to Russia. In line with a 2012 deal, Russian troops will remain there till 2042.<sup>6</sup>

2. Charles William Maynes, "America discovers Central Asia," *Foreign Affairs*, (March/April 2003).

3. CSTO, "From the Treaty to Organization," [en.odkb-csto.org](http://en.odkb-csto.org).

4. MFA of Russia, *Rossijsko-uzbekskie otnosheniya* (Russian-Uzbek relations), (in Russian).

5. MFA of Russia, *Rossijsko-kazahstanskije otnosheniya* (Russian-Kazakh relations), (in Russian).

6. Younkyoo Kim, Fabio Indeo, "The new great game in Central Asia post 2014: The US "New Silk Road" strategy and Sino-Russian rivalry," *Communist and Post-Communist Studies* 46, (2013): 281.



Kyrgyzstan also remains an ally of Russia as part of the Declaration of Eternal Friendship, Alliance and Partnership signed in 2000. Russian has an airbase,<sup>7</sup> a weapons test range, a control centre and a radio-seismic laboratory there.<sup>8</sup>

Russia tries not to let other countries open military bases in Central Asia without coordinating with it. As a result, Russia was unhappy when the United States opened its military base in Kyrgyzstan, viewing it as threatening Russia's security and ensuring its shutdown. According to political analyst Carla Freeman: "Amidst the promise of over \$1 billion in weapons and other military equipment from Moscow, Bishkek closed the US base at Manas." Russia and Kyrgyzstan then signed a military technical cooperation agreement in 2017.<sup>10</sup>

In sum, Russia remains the main foreign military power in the region as Moscow's well-developed economic, political and military relations with Kazakhstan, Tajikistan, Kyrgyzstan, and Uzbekistan allow the continuation of its military bases in Central Asia.

## 1.2. EAEU

Within the framework of the EAEU, Russia aims to strengthen its economic and political engagement with Central Asia. It is worth mentioning that the EAEU membership provides Kazakhstan and Kyrgyzstan access to Russian, Belarusian and Armenian markets. There are also potential benefits through other agreements signed by the EAEU with other states. These include the Agreement on Trade and Economic Cooperation with China, the Agreement on the Free Trade Zone with Vietnam, the Interim Agreement on Free Trade Area with Iran, and free trade agreements with Serbia and Singapore. To integrate into the EAEU, Russia also provides with significant financial and technical assistance totalling about \$200 million to the Kyrgyz economy and Moscow established the Russian-Kyrgyz Development Fund with a capital of \$500 million.<sup>11</sup>

The EAEU membership also has a political context. It means that Kazakhstan and Kyrgyzstan chose the Russian camp. And along with Belarus and Armenia, they form a separate alliance, thereby contributing to another dynamic of a multipolar world order.

Uzbekistan is also strengthening its collaboration with the EAEU. Between 2016 and 2019, its trade with the EAEU countries increased by 60%, reaching \$8.4 billion, which constitutes 30% of the country's foreign trade. Since Uzbekistan exports 75% of its agricultural products to the EAEU countries,<sup>12</sup> it obtained observer status in 2020.

7. Edward Lemon, and Joe Schottenfeld, "Putin's ploys in Central Asia and his weakening influence in the region," *Foreign Affairs*, (14 January 2016).

8. Kim, and Indeo, "The new great game," 282.

9. Carla P. Freeman, "New strategies for an old rivalry? China–Russia relations in Central Asia after the energy boom," *The Pacific Review*, (2017): 12.

10. MFA of Russia, *Rossijsko-kirgizskie otnoshenija* (Russian-Kyrgyz relations), (in Russian).

11. MFA of Russia, *Rossija i Central'naja Azija*.

12. Eurasian Economic Commission, "EEC considered to granting Uzbekistan the observer status in EAEU," 9 April 2020.

When Uzbekistan joins the EAEU as a full member, Tajikistan will be surrounded by EAEU states from the North and West. To ensure that it is not isolated in the region, it is likely that Tajikistan will join the EAEU sooner than later.

In sum, further expansion of the EAEU will strengthen Russia's position in Central Asia. This will enhance its control over strategically important routes that connect Asia and Europe.

### 1.3. Russian Soft Power Diplomacy

Language plays an important role in promoting Russia-Central Asian ties as most of the population in the region knows or speaks Russian. They watch Russian television and follow news provided by Russian media agencies. Millions of Central Asian migrants work in Russia; between 2013 and 2018, they remitted over \$55.2 billion to their home countries.<sup>13</sup>

Russian social networks such as Odnoklassniki and Vkontakte are also quite popular in Central Asia. As in other post-Soviet states, Russian universities, such as Moscow State University, MGIMO University, Higher School of Economics, etc., are respected in Central Asia and it is popular to study in Russia too. Moscow also established several universities in Central Asia to promote its soft power.

Table 1. Russia-Central Asia Trade (January 2019-January 2020, \$ billion)<sup>14</sup>

Kazakhstan	20.5
Kyrgyzstan	1.99
Tajikistan	1.04
Turkmenistan	0.815
Uzbekistan	5.41

13. MFA of Russia, *Rossija i Central'naja Azija*.

14. "Export and import of Russia by goods and countries," <https://en.ru-stat.com>.

## 2. China

### 2.1. Energy Cooperation

After the collapse of the Soviet Union, China established well-developed economic and political relations with Central Asia. An important step was the demarcation of borders, with the active participation of Russia and “military agreements amongst China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan imposing restrictions on military activities within a certain distance from shared borders”.<sup>15</sup> China also concluded several successful agreements with the Central Asian states to promote energy cooperation. For example, China’s National Petroleum Corporation successfully negotiated exploration of Kazakhstan’s Uzen oilfield. Beijing also concluded an agreement to build an oil pipeline,<sup>16</sup> which increased Kazakh oil exports to China to 12.3 metric tons in 2017.<sup>17</sup> Another enabler of better energy ties was the construction of the China-Central Asia Gas Pipeline, for which Turkmenistan received a \$4 billion loan.<sup>18</sup> From 2009 to 2019, this pipeline supplied 277.4 billion cubic meters of natural gas to China.<sup>19</sup>

As the preeminent power in the region, Russia also benefits from the Chinese energy cooperation with the region. An oil swap deal signed in 2013 between Rosneft and KazMunaiGaz facilitates a Russian supply of “Caspian oil to China as part of Russia’s energy commitments to Beijing”.<sup>20</sup> China and Kazakhstan also signed an agreement in 2013 worth \$5 billion related to the Kashagan stake.<sup>21</sup> Since then several projects have been initiated, including Chinese Tebian Electric Apparatus Company constructing a thermal power station in Tajikistan using coal produced in local mines.<sup>22</sup>

Thus, China found alternative energy sources in Central Asia, which it requires to secure its economic growth. Further, China feels transportation of energy supplies from Central Asia is safer than the Middle East since it flows through pipelines rather than tankers passing through the Gulf waters and Malacca Strait, which the US Navy could blockade in the event of a Sino-American confrontation.

15. Freeman, “New strategies for an old rivalry?” 5.

16. Ibid.

17. Janet Xuanli Liao, “China’s energy diplomacy towards Central Asia and the implications on its Belt and Road Initiative,” *The Pacific Review*, (2019): 8.

18. Freeman, “New strategies for an old rivalry?” 11.

19. Yang Yi, “China-Central Asia gas pipeline transports over 23 bln cubic meters in H1,” *Xinhua*, 4 August 2019.

20. Angus Miller and Shamil Yenikeeff, “Oil’s well in Central Asia China, Kazakhstan, and Russia make a deal, *Foreign Affairs*, (19 May 2015).

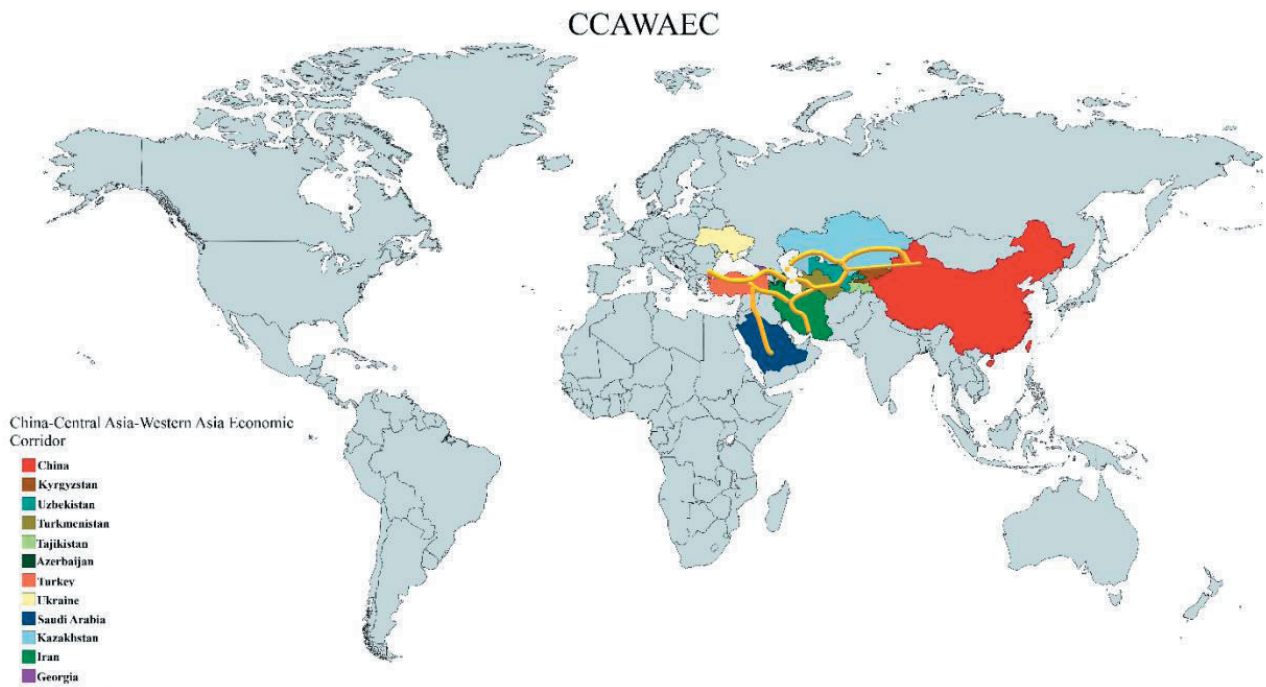
21. Liao, “China’s energy diplomacy towards Central Asia,” 7.

22. Anatole Boute, *Energy Security along the New Silk Road Energy Law and Geopolitics in Central Asia*, (Cambridge University Press, 2019), 42

## 2.2. Silk Road Economic Belt: Transportation, Investments and Trade

Under Xi Jinping's presidency, China pivoted towards Eurasia through the Chinese SREB. It chose to link the Xinjiang Uyghur Autonomous Region and Central Asia by announcing the new initiative in Kazakhstan in 2013. Since then, the China-Central Asia-Western Asia Economic Corridor (CCAWEAC) has become the main tool for China to focus on the Central Asian, Middle Eastern and South Caucasian countries. It is also an alternative mainland route to Europe that does not pass through Russian territory. As a result, China actively invests in developing railroads, highways, ports, and other infrastructure facilities in the CCAWEAC countries.

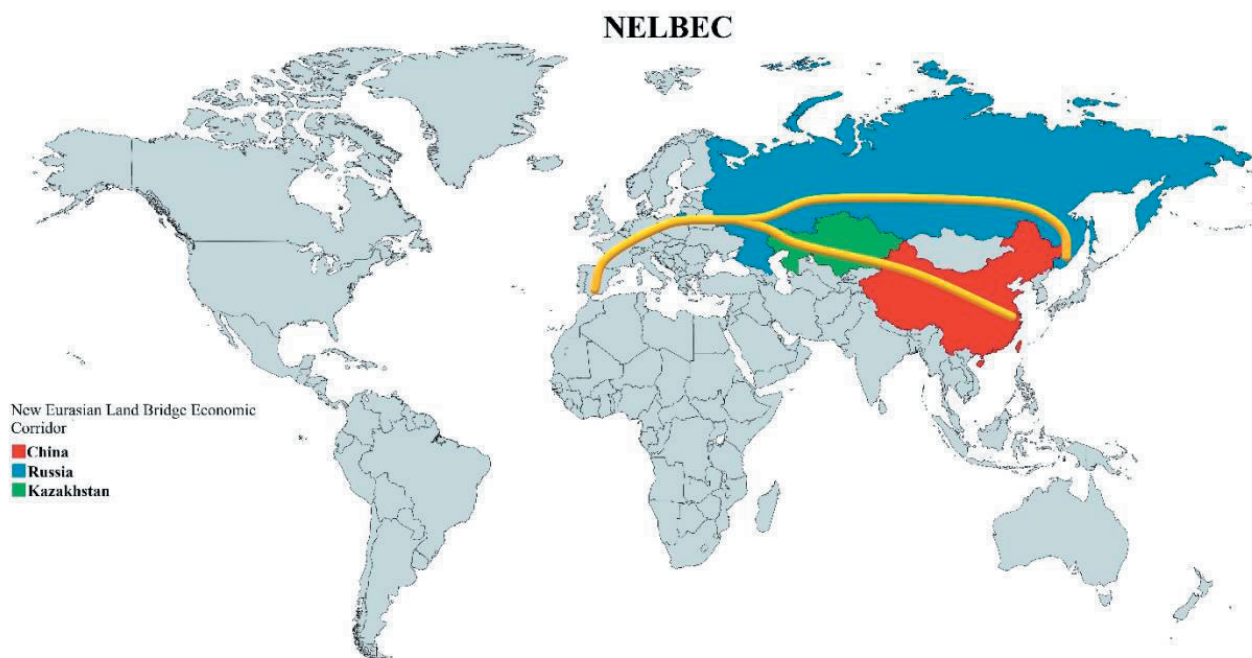
Map 1. China-Central Asia-Western Asia Economic Corridor



Source: Author's creation with mapchart.net

Kazakhstan, for example, greatly benefits from the Chinese initiative since it is one of the main transportation hubs of the CCAWAEAC. Kazakhstan is also involved in SREB's New Eurasian Land Bridge Economic Corridor, another link from China to Europe traversing through Kazakhstan and Russia. Modernizing of its infrastructure, thus, has made Kazakhstan an important member of the SREB countries that receive huge Chinese investments. Beijing and Nursultan agreed to merge China's BRI with Kazakhstan's strategic Nurlu Zhol (Bright Path).<sup>23</sup> Between 2015 and 2018 Kazakhstan and China signed agreements worth \$33 billion.<sup>24</sup> Apart from Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan have also actively participated in the Belt and Road Forum for International Cooperation in Beijing either in 2017<sup>25</sup> or 2019<sup>26</sup> or both.

Map 2. New Eurasian Land Bridge Economic Corridor



Source: Author's creation with mapchart.net

23. State Council of the PRC, "China signs energy, digital economy deals with Kazakhstan," english.www.gov.cn, 23 November 2018.

24. Liao, "China's energy diplomacy towards Central Asia," 2.

25. "Joint Communiqué of the Leaders Roundtable of the Belt and Road Forum for International Cooperation," Belt and Road Forum for International Cooperation, 16 May 2017.

26. Ministry of Foreign Affairs of China, "Joint Communiqué of the Leaders' Roundtable of the 2nd Belt and Road Forum for International Cooperation," www.fmprc.gov.cn, 27 April 2019.

All Central Asian countries, except Turkmenistan, have become regional members of the Asian Infrastructure Investments Bank (AIIB), which China established in 2016 amid resistance from the United States. With the help of AIIB, China aims to secure BRI's financial infusions. This has also helped Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan strengthen their economic cooperation with China.

Table 2. AIIB Members from Central Asia<sup>27</sup>

Members	Total Subscriptions		Voting Power	
	Amount (million \$)	% of Total	Number of Votes	% of Total
Kazakhstan	729.3	0.7538%	9,524	0.8440%
Kyrgyzstan	26.8	0.0277%	2,472	0.2191%
Tajikistan	30.9	0.0319%	2,540	0.2251%
Uzbekistan	219.8	0.2272%	4,429	0.3925%

The loans received from AIIB first helped in the development of infrastructures in the Central Asian member countries. For instance, AIIB provided in 2016 a \$27.5-million loan for the Dushanbe-Uzbekistan Border Road Improvement Project in Tajikistan.<sup>28</sup> In 2019 “the AIIB approved a \$46.7-million loan for the construction and operation of a 100-megawatt wind power plant in southern Kazakhstan.”<sup>29</sup> During the same year, the AIIB's first project through a loan of \$82 million in Uzbekistan was dedicated to improving infrastructure in the rural areas.<sup>30</sup> In 2020, AIIB approved two more loans totalling \$550.5 million for Uzbekistan – one for improving major cross-border roads in the Bukhara region<sup>31</sup> and the second for providing access to water resources in the same region.<sup>32</sup>

Another reason that Kazakhstan, Uzbekistan, and Kyrgyzstan received AIIB loans was to mitigate the adverse impact of COVID-19. The AIIB approved a loan of \$79.08 million for Kazakhstan,<sup>33</sup> \$100 million for Uzbekistan<sup>34</sup> and \$50 million for Kyrgyzstan.<sup>35</sup> Other Chinese banks are also quite active in Central Asian countries. For instance, Chinese Development Bank (CDB) provided a \$8.1 billion loan to Turkmenistan to develop the Galkynysh natural gas field.<sup>36</sup> Kazakhstan got \$5 billion from China's Export-Import Bank.<sup>37</sup> The CDB also provided several billions to Kazakhstan to promote cooperation in energy field.<sup>38</sup> According to the Ministry of Foreign Affairs, Kazakhstan, China's total investment until the end of March 2019 was \$15.3 billion. Kazakhstan reciprocated with an investment of \$4.25 billion in China.<sup>39</sup>

27. AIIB, “Members and Prospective Members of the Bank,” [www.aiib.org/en](http://www.aiib.org/en).

28. AIIB “AIIB's Board of Directors approves \$509 M financing for its first 4 projects: Power, transport and urban: investments span South, Southeast and Central Asia,” 24 June 2016.

29. AIIB, “AIIB invests in Central Asia's largest wind farm with first project in Kazakhstan,” 18 December 2019.

30. AIIB, “AIIB commits USD 82 Million for community infrastructure in rural Uzbekistan,” 18 December 2019.

31. AIIB, “USD165.5-M AIIB loan to enhance Uzbekistan transport connectivity,” 24 June 2020.

32. AIIB, “AIIB Commits USD385M for improving water access in Uzbekistan,” 9 April 2020.

33. AIIB, “AIIB approves EUR661.8-M loan to support Kazakhstan's pandemic response,” 6 July 2020.

34. AIIB, “AIIB approves \$100-M loan to Uzbekistan for healthcare emergency response,” 18 August 2020.

35. AIIB, “AIIB's first loan to the Kyrgyz Republic supports private sector's pandemic response,” 17 August 2020.

36. US Department of States, “2020 investment climate statements: Turkmenistan,” [www.state.gov](http://www.state.gov).

37. Freeman, “New strategies for an old rivalry?” 11.

38. John Heathershaw, Catherine Owen, and Alexander Cooley, “Centred discourse, decentred practice: the relational production of Russian and Chinese ‘rising’ power in Central Asia,” *Third World Quarterly* (2019): 10.

39. Ministry of Foreign Affairs of Kazakhstan “Kazakhstan – China,” [www.gov.kz](http://www.gov.kz), 7 October 2019.

These Chinese loans also had negative consequences. Kyrgyzstan, for example, witnessed two corruption scandals involving Chinese loans – one dealing with the North–South highway project and the second related to renovating Bishkek’s power plant.<sup>40</sup> In 2018, Tajikistan’s debt to China was 56.8% of Dushanbe’s debt-to-GDP ratio.<sup>41</sup> Kyrgyzstan’s owes 45% of its external debt to China.<sup>42</sup> These facts suggest two things: one, loans which Dushanbe and Bishkek received were not used productively; two, China created dependence, thus increasing its influence in these two countries, both economic and political. This resulted in Central Asian countries becoming vulnerable to Beijing in case of loan repayment defaults.

The Central Asian population of 74 million is an important market for Chinese goods. In 2017 China–Central Asia trade amounted to \$30 billion<sup>43</sup> and jumped to \$41.7 billion in 2018.<sup>44</sup> China is also a supplier of arms to the region. The Chinese unmanned aerial vehicles have been in great demand in Uzbekistan,<sup>45</sup> Turkmenistan<sup>46</sup> and CSTO member Kazakhstan. It is reported that China even has its first military station in Tajikistan, bordering Afghanistan and China.<sup>47</sup> Together China has strengthened its economic–political–military presence in the region. Its military presence also enables it to keep watch of the Wakan Corridor through which terrorists can move and transfer armaments to Central Asia and China’s Xinjiang. China has also created the Rapid Reaction Forces, Special Operations Forces and Resolving Emerging Mobile Combat Forces to ensure stability in Xinjiang and Central Asia.<sup>48</sup>

China has also deployed soft power tools to strengthen its diplomacy in the region. The Confucius Institutes are extremely popular among the youth because Chinese language improves job opportunities in companies affiliated to China. In addition, Beijing provides thousands of scholarships to Central Asian students. Chinese social networks like WeChat are extremely popular, with Central Asian businessmen using it to network with their Chinese counterparts.

### 2.3. Shanghai Cooperation Organization and Sino-Russian Cooperation

Russia and China are interested in the stability and security of Central Asia because threats emanating from Afghanistan and the Middle East can adversely affect the Muslim-influenced North Caucasus and Xinjiang. To unite their economic and security efforts in this strategically important region, Russia and China established the SCO with Uzbekistan, Kazakhstan, Tajikistan, and Kyrgyzstan. India and Pakistan obtained membership in 2017. While the Secretariat is in Beijing, the Executive Committee of the Regional Anti-Terrorist Structure is

40. Heathershaw, Owen, and Cooley, “Centred discourse, decentred practice,” 10.

41. Artemy Kalinovsky, “Central Asia’s precarious path to development will today’s projects repeat Soviet-Era mistakes?” *Foreign Affairs*, (2 August 2018).

42. Temur Omarov, “China looms large in Central Asia,” *Carnegie Moscow Center*, (30 March 2020).

43. Liao, “China’s energy diplomacy towards Central Asia,” 2.

44. Omarov, “China Looms Large.”

45. *Ibid.*

46. Scott N. Romaniuk, and Tobias Burgers, “China’s drone selling and its consequence on the security level,” *Italian Institute for International Political Studies*, 10 March 2020.

47. Omarov, “China Looms Large.”

48. Freeman, “New strategies for an old rivalry?” 8.

in Tashkent. After China initiated the SREB in 2013 and marched westward through Central Asia, its economic and political influence has expanded gradually. Rather than create competition and tension, China and Russia have used the SCO to collaborate and neutralize Western influence.<sup>49</sup>

**Table 3. Trade between China and Central Asian Countries (2019, \$ billion)<sup>50</sup>**

Kazakhstan	21.9
Kyrgyzstan	6.3
Tajikistan	1.7
Turkmenistan	9.1
Uzbekistan	7.2

### 3. United States

#### 3.1. US Troops in Central Asia, C5+1 Format, Cooperation and Disagreements

Central Asia came under the US and other Western countries' scanner after the 11 September 2001 attacks. Washington started negotiations with regional capitals to locate its troops in the region. Uzbekistan agreed to provide its airbase and territory for US troops to strike Afghanistan. In return, Washington promised Tashkent \$125 million to purchase weapons to fight against terrorism.<sup>51</sup> The following year the United States invited Uzbekistan to sign the Strategic Cooperation Partnership Agreement that focused on security issues.<sup>52</sup> The US Air Force established bases at Uzbekistan's Khanabad airfield, followed by another at Kyrgyzstan's Manas international airport.<sup>53</sup>

The presence of US troops in Central Asia was perceived as a security threat by Russia and China, which led them to use the SCO to press for withdrawal of US troops from the region. Following differences between Uzbekistan and the United States in 2005, the SCO backed Tashkent's call, leading to the closure of the airbase in Khanabad.<sup>54</sup> Russia also pressed its CSTO ally Kyrgyzstan to close the US airbase in Manas. In 2015, Kyrgyzstan, which had become a member of the Russia- led EAEU, withdrew from a 22-year cooperation agreement with the United States.<sup>55</sup>

49. Mher D Sahakyan, "Russia, China and Central Asia: Cooperation over competition," AsiaGlobal Online, (6 February 2020).

50. Zhonghua renmin gongheguo haiguan zong shu haiguan zong shu 2019 nian jin chukou shangpin guo bie (diqu) zong zhi biao (meiyuan zhi) (2019 Total Value of Imported and Exported Commodities by Countries (Regions) (USD Value), www.customs.gov.cn, (in Chinese).

51. Pauline Jones Luong and Erika Weinthal, "New friends, new fears in Central Asia," Foreign Affairs, (March/April 2002).

52. Degang Sun and Hend Elmahly, "NATO vs. SCO: A comparative study of outside powers' military presence in Central Asia and the Gulf," Asian Journal of Middle Eastern and Islamic Studies 12, no. 4 (2018): 447.

53. Sergej Nikolaev, Central'naja Azija v geopolitike: amerikanskij vektor (1991-2008 gg.) (Central Asia in Geopolitics: American vector (1991-2008), Mezhdunarodnaja zhizn', 2011, (in Russian).

54. Sun, and Elmahly, "NATO vs. SCO," 448.

55. Ibid, 449.



This not only shut down the US bases, but also left it with a less effective deterrence mechanism against Russia and China. Washington still uses some part of Central Asia to transport equipment for its troops in Afghanistan via the Northern Distribution Network, which comes at a huge annual cost of \$500 million since 2005.<sup>56</sup>

The US military presence in the region and Afghanistan had helped US-Central Asia economic ties. In 2004, the United States had signed the framework agreement with Kazakhstan, Kyrgyzstan, Tajikistan, and Turkmenistan.<sup>57</sup> With Uzbekistan, the United States signed the Development of Trade and Investment Relations Agreement.<sup>58</sup> In 2019, the US foreign direct investment totalled \$38 million in Kyrgyzstan,<sup>59</sup> \$43 million in Tajikistan,<sup>60</sup> \$40.76 million in Turkmenistan,<sup>61</sup> \$82 million in Uzbekistan<sup>62</sup> and \$36.5 billion in Kazakhstan.<sup>63</sup>

The United States initiated an annual bilateral consultation process with Tajikistan<sup>64</sup> and Strategic Partnership Dialogue with Kazakhstan<sup>65</sup> and Uzbekistan<sup>66</sup> to enhance cooperation. In cooperation with the Central Asian Economic Community, the United States “hosted meetings involving Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan that helped reach cooperative agreements on energy and water.”<sup>67</sup>

56. Kim, and Indeo, “The new great game,” 279.

57. The US and Turkmenistan also signed a most-favored-nation trade agreement.

58. The Office of the United States Trade Representative, Framework agreement between the Government of the United States of America, the Government of the Republic of Kazakhstan, the Government of the Kyrgyz Republic, the Government of the Republic of Tajikistan, the Government of the Republic Turkmenistan, the Government of the Republic Uzbekistan concerning the development of trade and Investment relations, 1 June 2004.

59. Office of the US Trade Representative, “Kyrgyzstan,” [www.ustr.gov](http://www.ustr.gov).

60. US Department of State, “2020 Investment Climate Statements: Tajikistan.”

61. US Department of State, “2020 Investment Climate Statements: Turkmenistan.”

62. Office of the US Trade Representative, “Uzbekistan.”

63. US Department of State, “2020 Investment Climate Statements: Kazakhstan.”

64. US Department of States, “U.S. Relations with Tajikistan,” 27 July 2020.

65. US Department of States, “The United States and Kazakhstan conclude annual Enhanced Strategic Partnership Dialogue,” 11 December 2020.

66. The US financial support to Uzbekistan expanded to \$100 million in 2019.

67. Luong, and Weinthal, “New friends.”

Notably, the 'C5+1 format' was created to address security, economy and environmental challenges. The second meeting of the six ministers of foreign affairs in Washington in 2016 agreed to implement five projects worth \$15 million, which was funded by the US Congress.<sup>68</sup> In 2020 they decided to encourage coordinated regional projects aimed at promoting trade, transport, logistics and infrastructure ties, developing and intensifying interactions between regional countries in the energy sector, improving scientific and technological cooperation, expanding cultural, humanitarian and educational ties, developing border security cooperation, expanding dialogue on the threats posed by foreign terrorists, promoting the Afghan peace process, and strengthening civil society.<sup>69</sup> The US-Afghanistan-Uzbekistan trilateral meeting to stabilize war-torn Afghanistan continued in 2020.<sup>70</sup>

Washington also promoted its soft power by establishing the American University of Central Asia in Bishkek, which aims to "develop future leaders for the democratic transformation of Central Asia".<sup>71</sup>

### 3.2. US' New Silk Road

In 2011, the United States initiated the NSR initiative, which pursues political and economic goals<sup>72</sup> and connects India, Pakistan, Afghanistan, and Central Asia. Hillary Clinton, US former secretary of state, said: "Let's set our sights on a new Silk Road – a web of economic and transit connections that will bind together a region torn apart for long by conflict and division."<sup>73</sup> Washington cites several projects as part of this strategy – a railroad between Afghanistan and Pakistan, the Afghan Ring Road, Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, Central Asia Counter Narcotics Initiative, and a power transmission line between Central Asia and South Asia.<sup>74</sup>

If the United States implements the NSR effectively, it could create a united economic platform in the region and serve as a counterforce to China and Russia. Washington could then influence SREB's CCAWAEAC transportation links, which are China's alternative mainland routes to the Middle East and Europe. This would hurt further implementation of CSTO and EAEU activities, thus weakening Russia's positions in the region.

Additionally, enhanced US economic influence could enable restoration of military bases, which could be used to counter the impact of its adversaries. Seeing the writing on the wall, Russia and China amalgamated the EAEU and BRI, which is bound to hurt the US's NSR. The two countries also agreed to a division of labour – while China would be responsible for the economic development of Central Asia, Russia would deal with the measures required to keep the region safe and secure.

68. US Department of States, "C5+1 Fact Sheet," 22 September 2017.

69. US Department of States, "Joint Statement on the Ministerial meeting in the C5+1 Format," 5 February 2020.

70. US Department of States, Joint Statement between the United States and Uzbekistan on the Successful Conclusion of 2020 Annual Bilateral Consultations and Commencement of a Strategic Partnership Dialogue, 20 November 2020.

71. American University of Central Asia, "About AUCA," [www.auca.kg/en](http://www.auca.kg/en).

72. Kim, and Indeo, "The new great game," 278.

73. Hillary Rodham Clinton, "Remarks at the New Silk Road Ministerial meeting," 22 September 2011.

74. James McBride, "Building the New Silk Road," Council on Foreign Relations, 22 May 2015.

NSR projects hardly made any progress during most of Trump's presidency, thus failing as a competitor to the China-Russia projects. However, in 2020, there was some signs of NSR getting a new lease of life with the help of US ally Turkey. In the war between Azerbaijan and the Armenians of Karabakh (or Artsakh), Turkish troops returned to the South Caucasus after a century, enabling Turkey to become another influential player in Central Asia and open a pathway for it to influence developments in China's Muslim-dominated Xinjiang province.

Another member of the EAEU – Kyrgyzstan – also witnessed chaos because of a political revolution, which helped the United States and Turkey weaken Russian influence in Central Asia. Further, if Turkey strengthens its position in Central Asia, it could influence developments in Xinjiang, thus hurting China and its SREB, which would give the US's NSR another chance to succeed, thus opening potential economic benefits for Turkey too.

Table 4. US-Central Asia Trade (2020, \$)<sup>75</sup>

Kazakhstan	1.4 billion
Kyrgyzstan	38.2 million
Tajikistan	8.5 million
Turkmenistan	46.8 million
Uzbekistan	261.6 million

## 4. The European Union

### 4.1. EU's Interests in Central Asia

Brussels sees Central Asia as an alternative connect with China and the rest of Asia, bypassing Russia, and tapping into other energy sources and trade opportunities. To tap these opportunities, the European Union initiated the Europe-Caucasus-Asia Transport Corridor after the collapse of the Soviet Union.

In 2007, the European Union adopted a Central Asian strategy.<sup>76</sup> According to Kyrgyz scholar Nargiza Muratalieva: "In Central Asia the European Union has significant credibility and potential to be a mediator and adviser to solve regional disagreements and strengthen cooperation."<sup>77</sup>

75. United States Census Bureau, [www.census.gov](http://www.census.gov).

76. Martin Russell, "The EU's New Central Asia Strategy," European Parliament, 2007, 6.

77. Interview with Nargiza Muratalieva, 6 February 2021.

In 2019, the European Union adopted a Joint Communication to the European Parliament and Council titled 'The EU and Central Asia: New Opportunities for a Stronger Partnership'. Among its aims are: "mobilize the broad set of EU policies and instruments, guide the programming of EU development cooperation and assistance, step up cooperation with Central Asia on modern integrated border management, extending regional cooperation efforts to Afghanistan, seek further ways to intensify cooperation with the region in the fight against organized crime, migrant smuggling, trafficking in human beings and trafficking in illicit drugs, promote a regional agenda for water, peace and prosperity."<sup>78</sup>

The main reasons for the European's interest in the economic growth, stability and security of Central Asia are:

1. Central Asia provides the European Union access to Asia without passing through Russian territory. Central Asia is currently enabling Chinese and European trains to carry goods between their countries, adding to their economic partnership. In return, Central Asian countries are raking in additional revenues through transit fees, which is benefitting their infrastructure development projects.
2. The EU imports energy sources from Central Asia, thus developing economic relations between the two regions. Kazakhstan supplies about 8% of EU's oil.<sup>79</sup> The European Bank for Reconstruction and Development and the European Investment Bank actively work in the region providing loans and financial support to Central Asian countries. Between 1991 and 2011, the EU provided around \$7.15 billion in loans and credits to Central Asian countries. Kazakhstan benefitted the most from its relations with the EU, with \$56 billion investments between 2000 and 2010.<sup>80</sup> Moreover, the EU continues to be Central Asia's main economic partner with "30% of the region's total trade and direct investments worth \$74 billion".<sup>81</sup> To support human rights in the region, the EU promotes its Generalized Scheme of Preferences (GSP+) trading scheme. Though Kyrgyzstan is the only country in the region that corresponds to the requirements, it appears that Kyrgyzstan is still not ready to capitalize on the opportunities of this scheme. Political analyst Nargiza Muratalieva noted: "Within the framework of the GSP + programme, Kyrgyzstan is granted the right to duty-free delivery to the EU of 6,200 items, but for now Kyrgyzstan can only deliver on 1,000 products."<sup>82</sup> Tajikistan could be the next country to benefit from the GSP+ scheme.

78. European Commission, The EU and Central Asia: New opportunities for a stronger partnership, 15 May 2019.

79. Jorge Soutullo, Stefania Gazzina, and Niccolò Rinaldi, "Central Asia," European Parliament.

80. Michal Romanowski, "There and back again: The EU in Central Asia, GlobalAsia, March 2015.

81. Martin Russell, "The EU's New."

82. Interview with Nargiza Muratalieva, 6 February 2021.

3. Central Asia plays a vital role in NATO's stabilization role in Afghanistan, especially in the movement of troops. Further, the EU is involved in enhancing the security of Central Asia by stopping the flow of drugs from Afghanistan. To facilitate this, the EU and Central Asian countries have set up separate high-level political and security dialogue mechanisms.<sup>83</sup> Between 2013 to 2019, the EU allocated an additional \$1.2 billion aid to the region to facilitate this process.<sup>84</sup>

## 4.2. EU's Education Soft Power Diplomacy

The EU also tries to promote democracy and improve human rights in Central Asian countries with the help of education. It provides scholarships to students from the region, helps regional universities through its Erasmus-plus programme on implementing their projects for modernizing their universities, increases opportunities for scholars to implement their research with the help of the Horizon, Erasmus-plus and Marie Skłodowska-Curie programmes. At least 250 scholarships were provided to Central Asian students for MA programmes at EU universities between 2014 and 2018.<sup>85</sup>

Table 5. EU-Central Asia Trade (2019, \$)<sup>86</sup>

Kazakhstan	29 billion
Kyrgyzstan	516 million
Tajikistan	255 million
Turkmenistan	1.1 billion
Uzbekistan	3.2 billion

## 5. Iran

After the collapse of the Soviet Union, Iran tried to cooperate with and exert influence on its new Central Asian neighbours. In the 1990s, there were very few players in the region beyond Russia for Iran to contend with. But with many other wealthy and powerful players entering the stage thereafter, Iran had less room for maneuvering. Iran has found ways to remain relevant in the region, but it has lost the political and economic edge because of the sanctions imposed by the United Nations Security Council, United States and European Union. On the other hand, Kazakhstan and Turkmenistan have made rapid economic progress, with Uzbekistan, Kyrgyzstan and Tajikistan also registering gains.

83. Soutullo, Gazzina, and Rinaldi, "Central Asia."

84. Mridvika Sahajpal, and Blockmans, "The New EU Strategy on Central Asia collateral benefit?" CEPS, 21 June 2019.

85. "EU builds a strong and modern partnership with Central Asia," An official website of the European Union, [www.eeas.europa.eu](http://www.eeas.europa.eu).

86. European Commission, [www.webgate.ec.europa.eu](http://www.webgate.ec.europa.eu).

A railroad between Iran and Turkmenistan constructed in 1995 laid the foundation for the Islamic Republic's link with Central Asia.<sup>87</sup> Tehran then tried to implement several energy joint projects with Turkmenistan, among others. The two countries constructed two gas pipelines in 1997 and 2010 to pump Turkmenistan gas to the northern provinces of Iran,<sup>88</sup> but Turkmenistan suspended its gas exports to Iran in January 2017 over a pricing dispute and shifted focus to the Chinese market. Iran, however, continues to buy electricity from Turkmenistan in a barter arrangement for Iranian products.<sup>89</sup>

At present the following issues limit Iran's political and economic operationality in Central Asia:

1. Regional states are largely secular and discourage religious fundamentalism. They see Iran as a threat because it is a theocratic state with some leaders still speaking about the importance of exporting 'Islamic revolution'.
2. Iran is still under heavy US sanctions which is not enabling it to invest in the region like the European Union, United States, Russia and China. As Kazakh scholar Adil Kaukenov mentions: "Central Asian countries are extremely cautious in their relations with Iran as they do not want to appear to be under US pressure on the Islamic Republic."<sup>90</sup>

With the help of soft power, however, Iran has had limited success in Tajikistan, with which it shares a common language and culture. It "provided Tajikistan with financial-infrastructure support, air links, and satellite communications, as well as textbooks written in Persian script".<sup>91</sup> Iran is now trying to improve cooperation mechanisms by joining several joint projects, including the INSTC, which provides an opportunity to improve transportation links between Russia and India through Central Asia and Iran. The Eastern Route of the INSTC links Russian, Iranian, Turkmen, Kazakh, and Uzbek railways, and is fully operational and considered to be successful.<sup>92</sup>

The role of the Economic Cooperation Organization as a platform for keeping contact at the multilateral level needs emphasis since it is the only regional organization where Iran and all Central Asian countries are members. Iran, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan signed separate memoranda of understanding (MoU) with China to jointly promote the BRI, thus encouraging Iran and Central Asian countries' collaboration with SREB's CCAWAEC. It is worth mentioning that China also prioritizes the roles of Iran and Central Asian countries in this corridor to facilitate reaching the Gulf region.

87. Roland Dannreuther, "Bridging the Gulf? Iran, Central Asia and the Persian Gulf," *The Review of International Affairs* 2, no. 4, (Summer 2003): 40.

88. Liao, "China's energy diplomacy towards Central Asia," 11.

89. "Iran resumes electricity imports from Turkmenistan," *Pars Today*, parstoday.com/en, 17 June 2020.

90. Interview with Adil Kaukenov, 6 February 2021

91. Martha Brill Olcott, "Central Asia's catapult to independence," *Foreign Affairs* (Summer 1992).

92. Mher D. Sahakyan, "Rebuilding interconnections: Russia, India and the International North-South Transport Corridor," *AsiaGlobal Online*, (17 September 2020).

The interim agreement leading to the formation of a free trade area between the EAEU and Iran in 2018 can serve as another platform to improve Iran-Kazakhstan-Kyrgyzstan trade ties. The agreement mentions that “the parties to the agreement will be provided with the most-favoured-nation status and thus priority for all goods traded between the EAEU and Iran.”<sup>93</sup>

Despite all these openings, Iran cannot compete at present with other great powers in Central Asia. Its best strategy would be to cooperate with Russia and China and ensure that it does not become irrelevant in the region. To remain an influential player, Iran may try to push for full SCO membership when all the UNSC sanctions are lifted.

**Table 6. Iran-Central Asia Trade (2019, \$ million)<sup>94</sup>**

Kazakhstan	380
Kyrgyzstan	32.9
Tajikistan	46.3
Turkmenistan	409 (2018)
Uzbekistan	412

## 6. Turkey

Unlike Iran, Turkey has no common border with Central Asia, but Ankara has great influence in this region. Turkmenistan, Kazakhstan, Uzbekistan, and Kyrgyzstan share linguistic and cultural similarities with Turkey. If Iran is trying to unite Shia Muslims of the world, Turkey is rallying Sunni Muslims. Since the majority of Central Asian Muslims are Sunnis, Turkey has an advantage over Iran.

Turkey works actively in the region using soft power tools. The International Organization of Turkic Culture was founded in 1993. It promotes Turkic language, culture and history. Turkey also provides scholarships to Central Asian students. It opened the Turkish-Kazakh International Hoca Ahmet Yesevi University in Kazakhstan and Turkish-Kyrgyz Manas University in Kyrgyzstan. As political analyst Nargiza Muratalieva mentions: “When Central Asian students graduate from Turkish Universities, they are offered further assistance and support through employment or migration.”<sup>95</sup>

93. Eurasian Economic Commission, “EAEU and Iran pass on to preferential trade conditions,” 28 October 2018.

94. National Bank of Tajikistan, “Analytic table of export-import goods on countries (in expanded form) (in thousand USD),” [www.nbt.tj/en](http://www.nbt.tj/en); and UN Comtrade Database, [www.comtrade.un.org](http://www.comtrade.un.org).

95. Interview with Nargiza Muratalieva, 6 February 2021.

Ankara also founded the Turkish Cooperation and Development Agency to provide development assistance to Central Asia.<sup>96</sup> It initiated the Cooperation Council of Turkic Speaking States to strengthen collaboration with these states where Turkey, Azerbaijan, Kazakhstan, Kyrgyzstan, and Uzbekistan are full members and Hungary is an observer. During this organization's meetings, the following areas of cooperation were discussed: economy, commerce, education, science, culture, transportation, tourism, media, information, technologies, struggle against COVID-19, etc.<sup>97</sup> According to the Turkish Ministry of Foreign Affairs, trade with Central Asia was about \$8.5 billion in 2019, with "almost 4,000 Turkish companies operating there."<sup>98</sup>

Turkey also created High-Level Strategic Cooperation Councils with Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan, and signed agreements with Kazakhstan and Uzbekistan on military-technical cooperation. It initiated the process of setting up the Turkic Chamber of Commerce and Industry, Turkish Agency for Cooperation and Coordination, Parliamentary Assembly of Turkic-Speaking Countries, and International Turkic Academy for enhanced bilateral cooperation with Central Asian and other Turkic speaking countries in different fields. Ankara also obtained dialogue partner status at the SCO to follow up on the security developments in the region.

Thus, while Turkey may not have the financial capabilities of the Western powers and China and does not have a common border with the region and military bases like Russia, it still exerts considerable influence in the region with the help of soft power. According to Turkish scholar Süha Atatüre: "Historically, Turkish tribes came to the Middle East from Central Asia. Thus, it is natural and necessary for us to establish close relations with the Turkic republics and create a collective power. If this is achieved, it will undoubtedly give the political elites an upper hand in our relations with China and Russia."<sup>99</sup>

After the 2020 Karabakh war, Turkish troops will remain for a long time in Azerbaijan, which neighbours Central Asia. This will provide an additional opportunity for Turkey to spread its influence in Central Asia and control infrastructure projects that connect Central Asia with the South Caucasus. It is also true that for a long time, several Turkish political forces have been promoting the Pan-Turkish ideology, which seeks to create one state for all Turkic people. This would include four Central Asian states mentioned earlier.

According to analyst Atatüre: "For extreme Turkish nationalists, this idea dates back to 1921 and is associated with Ottoman general Enver Pasha. However, this is an impossible and needless effort. In fact, Kemal Atatürk gave the most effective answer to the issue by saying 'like empty dreams deceive the people's struggle, this is of no use.'<sup>100</sup> It is worth mentioning that the political elites of independent Kazakhstan, Uzbekistan, Kyrgyzstan, and Turkmenistan are also not interested in this because such a move would compromise their economic and political sovereignty.

96. MFA of Turkey, "Turkey's Relations with Central Asian Republics," [www.mfa.gov.tr](http://www.mfa.gov.tr).

97. MFA of Turkey, "Turkic Council (The Cooperation Council of Turkic Speaking States.)"

98. MFA of Turkey, "Turkey's Relations."

99. Interview with Süha Atatüre, 4 February 2021.

100. Interview with Süha Atatüre, 4 February 2021.



Table 7. Turkey-Central Asian Trade (2019, \$)<sup>101</sup>

Kazakhstan	3.9 billion
Kyrgyzstan	519 million
Tajikistan	274 million
Turkmenistan	1.3 billion
Uzbekistan	2.3 billion

## 7. India

India is interested in Central Asia as an alternative source of energy supply, as an important transport corridor and to serve as a huge market for Indian goods. After the collapse of the SU, New Delhi recorded great progress in its relations with Central Asia. India managed an agreement with Russia to use the airbase in Tajikistan and place its air force units there for participation in the joint fight against terrorism.<sup>102</sup>

As a way of reaching out, India proposed the “Connect Central Asia” strategy and “India-Central Asia Dialogue”. Indian Prime Minister Narendra Modi activated the Connect Central Asia Policy and visited all Central Asian countries in 2015, signing MoUs with Kazakhstan, Kyrgyzstan and Turkmenistan on strengthening military cooperation.<sup>103</sup> Due to the tense India-Pakistan ties, the main obstacle for developing economic relations between India and Central Asia is the absence of a direct mainland route connecting them. But the two sides are now working together and getting connected through the INSTC, which has already served as an important route connecting the two sides via Iran.

It is interesting that India works with Russia for connectivity projects with Central Asia,<sup>104</sup> but cooperates with the United States for building energy infrastructure. This is because Washington could play a positive role in the US-promoted NSR’s TAPI gas pipeline that is under construction, making very slow progress. When complete, this will provide India another energy source, via pipeline, without passing through multimodal routes.

101. MFA of Turkey.

102. Sun, and Elmahly, “NATO vs. SCO,” 451.

103. Rhea Menon, and Sharanya Rajiv, “Realizing India’s strategic interests in Central Asia,” Carnegie India, (1 December 2019).

104. Sahakyan, “Rebuilding interconnections.”

Map 3. INSTC and other Eurasian Corridors<sup>105</sup>



India became a member of the SCO in 2017, which provides it with an opportunity to defend its economic, political and security interests in Central Asia. In turn, the Central Asian countries can use Indian influence to manoeuvre Russia, Pakistan and China. Within the framework of India-Central Asia Dialogue, the meeting of foreign ministers of India, Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan, and Kyrgyzstan took place in 2020, in which all the countries decided to cooperate in the fight against COVID-19.

The Central Asian countries welcomed India's initiative to provide \$1 billion line of credit for priority developmental projects and assistance for implementation of high-impact community development projects. In addition, the India-Central Asia Business Council was inaugurated in New Delhi in early 2020 to press home the importance of developing transportation corridors and India's investment in Iran's Chabahar port, which is the main conduit for India to connect with Central Asia and Afghanistan.

105. Ibid.

Afghanistan also received attention with the acting foreign minister invited as a special guest. For India-Central Asia cooperation to achieve its end goal, all the countries stressed that the Afghan conflict must be resolved based on the idea of an 'Afghan-led, Afghan-owned and Afghan-controlled' peace process.<sup>106</sup>

India's influence will nevertheless rise in Central Asia, where it has key strategic interests. Its growing economy is bound to intensify its economic, logistical and security roles in the region.

**Table 8. India-Central Asia Trade (2019, \$)**<sup>107</sup>

Kazakhstan	2.45 billion
Kyrgyzstan	30.5 million
Tajikistan	23.8 million
Turkmenistan	38 million
Uzbekistan	47 million

## 8. Gulf Cooperation Council Countries

The collapse of the SU opened new opportunities for the GCC countries in Central Asia, which officially returned to an Islamic identity after 70 years of pursuing atheism. This provided the GCC countries a window to connect with the region. Saudi Arabia, for example, offered 400,000 Korans in the Kazakh language and invited Muslims for pilgrimage in Mecca, and Kuwait offered to build a mosque in Kazakhstan.<sup>108</sup>

The Organization of Islamic Cooperation (OIC) served as an important platform for collaboration in different spheres after the Central Asian countries became OIC members in the 1990s. In 2014, the Forum of Arab Economic Cooperation with Central Asia and Azerbaijan was founded under the patronage of Saudi Arabia. An MoU between the Arab League and the Central Asian countries and Azerbaijan was also signed the same year to encourage multi-sectoral cooperation.<sup>109</sup>

The second factor contributing to increasing GCC-Central Asia relations is their economic complementarity. The capital-rich GCC countries are a big draw for Central Asian region that is hungry for infrastructure development.

106. Ministry of External Affairs of Government of India, "Joint Statement of the 2nd meeting of the India-Central Asia Dialogue," [www.mea.gov.in](http://www.mea.gov.in), 28 October 2020.

107. Government of India, Ministry of Commerce and Industry, "Department of Commerce Export Import Data Bank," [tradestat.commerce.gov.in](http://tradestat.commerce.gov.in).

108. Olcott, "Central Asia's catapult."

109. MFA of Kazakhstan, V Dushanbe sostojalsja Forum arabskogo jekonomicheskogo sotrudnichestva so stranami Central'noj Azii i Azerbajdzhanom (Dushanbe hosted the Forum of Arab Economic Cooperation with Central Asian Countries and Azerbaijan), [www.gov.kz](http://www.gov.kz), 17 October 2017, (in Russian).

Finally, there is scope for collaboration in the security domain. The UAE, Saudi Arabia and Qatar have shown a keen interest in collaborating with the SCO. Diplomats from the GCC countries and their Chinese and SCO counterparts have been discussing political and security developments in the region, including the possibility of joining the SCO.<sup>110</sup> In late 2019, an Arab League delegation with diplomats from the GCC countries met the SCO Secretary-General, Vladimir Norov, and agreed to strengthen security cooperation.<sup>111</sup>

## 8.1. GCC-Central Asia Transportation Routes and Investments

Several emerging initiatives in Eurasia could serve as important transportation conduits for connecting the Gulf and Central Asian regions. The most important ones are China's SREB's CCAWAEC and China-Pakistan Economic Corridor (CPEC). The countries of both regions can increase utilization of the CCAWAEC's railway network linked to Iranian ports. The UAE has shown keen interest in business opportunities in CCAWAEC. For example, Dubai Ports World owns a 51% stake in Khorgos and a 49% stake in Aktau special economic zones, both in Kazakhstan.<sup>112</sup> In turn, the Abu Dhabi Development Fund provided aid for the reconstruction of a part of the Karaganda-Nur-Sultan highway.<sup>113</sup>

The CPEC, which is the other economic corridor of the SREB, has the potential to serve as an alternative, multimodal route for the GCC and Central Asian countries. They can be connected through the territories of China, Pakistan and the Arabian Sea when the rail line from China's Kashgar to Pakistani Gwadar port is complete.

110. SCO, "SCO Secretary-General meets with Ambassador of United Arab Emirates to China," [www.eng.sectsc.org](http://www.eng.sectsc.org), 17 September 2019.

111. SCO, "SCO Secretary-General meets with Arab League countries' ambassadors to China," 12 December 2019.

112. Alexander Karavayev, and Mandana Tishehyar, International North-South Transport Corridor and Transregional Integration Scenarios, Valdai Discussion Club Report (26 June 2019), 26-27.

113. MFA of Kazakhstan, "Kazakhstan - United Arab Emirates."

Map 4. China-Pakistan Economic Corridor



Source: Author's creation with mapchart.net

The INSTC also has the potential to connect the Gulf and Central Asian regions, but it has achieved far less progress compared to the BRI. Only Kazakhstan, Kyrgyzstan, Tajikistan, and Oman are members of the INSTC. The sanctions on Iran and Russia have added to the hurdles associated with the development of the project.

Oman, Turkmenistan, Uzbekistan and Kazakhstan are also members of the little-known Agreement on the Establishment of International Transport and Transit Corridors (Ashgabat Agreement), which aims to connect the two regions. Iran, India, and Pakistan are also members of the Ashgabat Agreement.

The UAE has also initiated the WLP, which was launched in 2020 to boost trade between developing markets, build logistical bridges and improve its role as a trade hub for Asia and Europe. Kazakhstan is the only country from the region to join this initiative thus far.<sup>114</sup>

114. "Kazakhstan joins Dubai's World Logistics Passport," Belt and Road News, 23 December 2020.

The GCC countries have actively invested in Central Asia. Between 2005 and 2019, the flow of funds from the UAE to Kazakhstan was \$2.1 billion. Further, projects worth about \$10 billion are under way.<sup>115</sup> In late 2020, the two countries agreed to carry out an additional 20 projects worth \$6.1 billion.<sup>116</sup> During a visit to the UAE in 2019, Uzbekistan President Shavkat Mirziyoyev managed to receive commitments for over \$10 billion investments.<sup>117</sup> The two countries also established a joint investment fund worth \$3 billion.<sup>118</sup>

Between 2005 and 2018, Oman invested \$253.2 million in Kazakhstan. The Omani state oil company owns 20% of Kazakhstani Zhemchuzhina and Dunga oil fields.<sup>119</sup> The Kuwait Fund for Arab Economic Development provided \$25 million loan to Tajikistan in 2018 to finance the Kulyab-Kalaikhumb Road Project.<sup>120</sup> In 2019, Qatar invested \$384.5 million in the construction of a high-rise luxury apartment complex and mosque in Tajikistan.<sup>121</sup> Uzbekistan's Ministry of Energy negotiated agreements worth \$2.5 billion with the Saudi ACWA Power company.<sup>121</sup> The Saudi Fund for Development provided \$40 million to Turkmenistan for the construction of the TAPI pipeline.<sup>123</sup>

Thus, the vast energy resources of both regions and their strategic location connecting the East, West, North, and South provide ample opportunities for enhanced cooperation in political, economic, transportation, security, and religious spheres, both at the bilateral and multilateral levels. International organizations like the OIC, SCO, initiatives and projects like the BRI, INSTC, Ashgabat agreement, Forum of Arab Economic Cooperation with Central Asia and the Republic of Azerbaijan are also facilitators for further cooperation.

**Table 9. UAE-Central Asia Trade (2019, \$ million)<sup>124</sup>**

Kazakhstan	504
Kyrgyzstan	918.8
Tajikistan	61.5
Turkmenistan	278.5
Uzbekistan	689

115. MFA of Kazakhstan, "Kazakhstan - United Arab Emirates."

116. Khaled Abou Zahr, "Central Asia could be a testing ground for regional stability," Arab News, 17 December 2020.

117. Karavayev, and Tishehyar, International North-South Transport Corridor, 26-27.

118. Luca Anceschi, Gulf-Central Asia Relations: Beyond the Impasse Potential for Energy and Infrastructure Cooperation, EDA Insight, (April 2019), 7.

119. MFA of Kazakhstan, "Kazakhstan and Oman diplomatic relations," 23 March 2020.

120. Kuwait Fund for Arab Economic Development, "Signing of a loan agreement in the amount of KD 7,500,000 for the participation in the financing of the Kulyab-Kalaikhumb Road Project (Kulyab-Shurabad Section and Shkev-Kalaikhumb Section) in the Republic of Tajikistan," www.kuwait-fund.org, 3 March 2018.

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124. The UAE Ministry of Economy, "Trade Map," www.economy.gov.ae.

## Conclusion

In a changing world order, where the struggle for power between the East (China and Russia) and the West is at a decisive phase, Central Asia will be an important theatre. Great powers are likely to use this strategically important region to compete and increase their sphere of influence. Thus far, the Sino-Russian tandem has managed to retain its superiority in the region. But this could change depending on how the other great powers – Turkey, Iran, India, and the GCC countries – play their cards in the ‘modern great game’ in Central Asia.

Russia is still the leading great power in the region with its well-developed political and military relations. However, the Russian economy is not as robust as it was, and it has limited capabilities to invest in the region in the future. On the other hand, China is investing huge sums of money in Central Asia as part of the BRI, which is increasing its influence. But it is also true that Russia and China have found common ground on Central Asia, with Russia becoming responsible for security issues and China being the economic powerhouse in the region. Together, Moscow and Beijing are working to keep Central Asia out of the West’s influence, especially in the political and military domain.

But the Western actors are likely to attempt a recalibration of their policies. The Biden administration is likely to reactivate the NSR project proposed during his vice-presidency. The European Union will also seek to keep active its multilateral cooperation with Central Asian states by supporting the United States, which will intensify competition with the Sino-Russian tandem.

It is possible that the West may try to involve Turkey in the region to upset the balance. Washington may try to promote an Ankara-centric security architecture in Central Asia and the neighbouring South Caucasus to push Russia out of the modern great game.

Iran, meanwhile, could support the Sino-Russian camp to keep itself relevant in the region and ensure that the West does not set up military bases that could be used against it.

In such a scenario, India’s role could change the balance of power in Eurasia. While India has good relations with Russia, the United States, Iran and the GCC countries, it has conflictual ties with China and Turkey.

Finally, taking into consideration their special relations with the United States and China, the GCC countries would prefer to tread carefully, without choosing sides. They will find ways to cooperate with all the influential players to secure their economic interests. Saudi Arabia and the UAE could capitalise on Iran's declining influence in Central Asia and strengthen their own positions.

In this complicated scenario, the SCO assumes greater importance, especially in solving disagreements between and among members and keeping Central Asia stable.

## Policy Recommendations

1. The GCC and SCO could establish a dialogue mechanism to encourage economic, political and security consultations and explore cooperation avenues between the two regions.
2. The UAE should lobby for membership of the SCO. This will not only serve as a bridge between the GCC and SCO, but also add to the dynamism of its push to be recognized as a middle power.
3. The GCC could also encourage the SCO and NATO to set up a consultation mechanism to discuss security issues in Central Asia and Afghanistan.
4. The UAE should encourage Uzbekistan, Kyrgyzstan, Tajikistan, and Turkmenistan to apply for the membership of the WLP initiative. This would promote partnership with key Dubai logistics entities, strengthening the emirate's position as a trade hub connecting Europe and Asia and enhancing trade between developing markets.
5. The UAE could also consider starting negotiations to link the EAEU with WLP. This would strengthen its capabilities in Kazakhstan, Kyrgyzstan, Armenia, Belarus, and Russia, which will also promote multilateralism.
6. The GCC countries could either collectively or individually climb on board India's INSTC project, which includes Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Armenia, among other members.
7. Since there are common objectives among Russia, Kazakhstan, Kyrgyzstan, Iran, China, and the GCC countries on cybersecurity, the UAE could take the lead in creating a special platform to discuss the creation of a united policy to discuss potential threats and opportunities.



