In 2007, the European Union (EU) tried to contribute to the political liberalization of the Central Asian region with a first Central Asia Strategy, where close economic interdependence was intended to support this process. The updated version of this strategy entered into force as of May 2019. 

In retrospect however, Europe and Central Asia did not really approach each other during the following years - neither politically nor economically. Today the region is rather trapped between Russia and China. After the independence of Central Asian States, the interest of these „big“ neighbours has grown constantly and they were trying to gain more political influence of their own. Russia, on the premise that it still considers the region as its backyard in the sense of the heritage of the collapsed Soviet Union, and China which wants use its economic super power to tie its neighbour countries closely to itself. 

Nowadays, the entire region is in a sandwich-position between Moscow and Beijing. In this essay the authors illustrate the view of four Central Asian countries (Kyrgyzstan, Tajikistan, Kazakhstan and Uzbekistan) on the title theme.
Central Asia - Trapped between Russia and China

|| Max Meier

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Ankara and Teheran started with great ambitions in the region but play just ancillary roles today. Turkey’s dream of a new block of “Turkic states” was not met with great interest in the region. And against Iran, there were and are strong reservations that this country just intends to export its “Islamic revolution” to another part of the world. Nowadays, the entire region is in a sandwich-position between Moscow and Beijing. However, Central Asian countries are afraid of being bought up in the framework of the Chinese “New Silk Road Project” (Belt and Road Initiative) and therefore some of them are looking again for the political proximity to Russia. In this essay, the authors attempt to illustrate the view of four Central Asian countries (Kyrgyzstan, Tajikistan, Kazakhstan and Uzbekistan) on the title theme.

|| Max Meier

Dr. Max Georg Meier represents the Hanns Seidel Foundation in Central Asia since 2002, focusing on good governance since the beginning of the HSS engagement. For more than 30 years, he has been working as a project manager in the framework of international development cooperation in Turkey, the Southern Caucasus and Central Asia (HSS, KAS, EU, GIZ, KfW, CIM). Max Meier holds a degree in education and is a Turkologist. He holds a PhD from the University of Ankara.
International Organizations in Central Asia: Politics of Great Powers or Interests of States in the Region?

Nisharapova Jyldyz Talantbekovna

Great powers often establish regional or international organizations in order to forward their political agenda region. Russia uses many organizations in all political and economic spheres; China created the Shanghai Cooperation Organisation (SCO) and recently the Belt and Road Initiative (BRI). In this article, we discuss if these organizations only serve regional powers interests or if they are also beneficial for Central Asian states.

Central Asia (CA) has long been viewed as a crucible of geopolitics where rival Great Powers compete for influence. A shifting balance of power, both globally and within the wider region, is changing external dynamics and bringing new opportunities – but also new pressures. The People's Republic of China (PRC) economic expansion westwards is one such dynamic. Russia's attempt to reassert its paramount role in the former Soviet territories is another. In our opinion, interest in Central Asia from outside the region has been on the rise for three reasons: (1) Central Asia's energy resources are of great importance to Europe and Asia; (2) the geopolitical location is important for great players; (3) insecurity in Central Asia can affect the security in other regions.

Both China and Russia have common interests in cooperating in Central Asia. Especially if we analyse the Shanghai Cooperation Organization's joint project of these two regional powers, we can identify several common interests. Veronica Mihalache argues that the SCO serves as a tool for fighting terrorism, restoring (normalizing) the Sino-Russian relations, counter-balancing the United States of America, and mutual balancing between Russia and China.2

The Shanghai Cooperation Organization: joint attempts to stop Western influence in the region

Since the collapse of the USSR, China tried to enter the Central Asian region for security, economic and political issues. The main goal of the PRC in Central Asia is security, economic development of its Western frontiers, and access to the energy resources of Central Asia.3 The first multilateral regional project that China proposed and established in cooperation with the Republic of Kazakhstan, the Kyrgyz Republic, the Russian Federation, the Republic of Tajikistan, and the Republic of Uzbekistan, is the Shanghai Cooperation Organization (SCO), created in 2001. The main goal of the creation of the SCO was to allow Russia and China to increase their engagement in this region without vexing each other. Through cooperation within the SCO, Russia and China could control each other's activities in this region and influence each other's decisions.4 Also, this organization served Russia's and China's interests to limit Western countries' presence and activities in this region; it was seen as a tool for Russia and China to contest the existing US-dominated world order. According to Mikhail Konarov-
sky, "the creation of the SCO was dictated by the international situation." He meant that the existing world order provoked China and Russia to create the SCO. After the famous Astana declaration made by the heads of its member states during the 2005 summit, the organization was viewed both as anti-American and anti-NATO. Back then, there were several American military and air bases situated in Kyrgyzstan and Uzbekistan, which played an integral role in the Afghan war. After this declaration, the SCO came to be viewed as the "Eastern NATO", "Club of Dictators", and an anti-American organization. It was argued that the real reason for the creation of the SCO was to limit American influence and politics in the Central Asian region.

Despite diverging interests of SCO member states, the main reason for the creation and existence of the SCO is to be able to balance the western world order. As the heads of states of the SCO have mentioned many times, and according to Sergei Kona-rovsiky, former deputy Secretary General of the SCO, "the SCO is a tool for a fair world order in the 21st century". But we are not sure that this anti-Westernism or anti-Americanism was beneficial for the Central Asian states. Most of the countries of Central Asia had declared that they follow a multi-vectoral foreign policy, which means that they would cooperate with all the states of the world.

However, since the SCO was not able to accomplish the Chinese goals in Central Asia, China established its own cooperation organization – the Belt and Road Initiative. By creating the SCO, China had hoped to step up economic cooperation with Central Asia, but Russia showed no interest in that. Viewing that China has now become extremely active in Central Asia, Russia accelerated the creation of the Eurasian Economic Union since Central Asia is a very important region for Russia’s regional and global ambitions.

The Eurasian Economic Union: Russian politics of neo-imperialism, tool for regional hegemonism

Russia’s overriding concerns in its neighbourhood, including Central Asia, focus on four main areas: military security; regime consolidation; protection of the Russian language and ethnic Russians (arguably used as a convenient pretext); and the project of the EEU. Russia remains the most powerful security actor in Central Asia.

A key tool deployed by Russia to demonstrate its continuing influence in its neighbourhood, including Central Asia, is its flagship project, the Eurasian Economic Union (EEU), also referred to as the Eurasian Union. There are different views concerning the main goal of the EAEU. We can divide these into two groups: the first group is supported predominantly by Western authors who see the EAEU as an attempt by the Kremlin to restore its regional hegemony and to limit the influence and politics of non-regional actors in Central Asia or in what it perceives to be, the natural Russian sphere of influence. In my opinion, the main goal of the EAEU is not only to limit activities of extra-regional actors like the US or the EU, but also those of regional actors like China, and others in Central Asia.

The EAEU is seen by some scholars as an attempt by the Kremlin to develop a rival project to the EU’s Eastern Partnership. Interestingly, in some interpretations, post-Soviet regionalism is seen in a new light. Roy Allison and Kathleen Collins argue that post-Soviet regionalism’s main objective is not to foster economic cooperation between states, but to establish “mutual protection” for autocratic regimes or to “isolate” some countries from external democratic influences. Most often, Eurasian integration is analysed through the prism of Russian foreign policy strategy, with notions of empire and hegemony widely used to characterize it as expansionist, post-imperialist and even “de-colonialist”. Many papers by Western academics undertake a purely realist ap-
proach, defining the EAEU as Russia's neo-imperial project. According to Jeffrey Mankoff, the main reason for his integration is to “re-establish Russia as a major global player”. Elena Kropatcheva argues that Putin’s political course in the so-called “near-abroad” has actually been “consistent in pursuing its main realist interests: maximization of power and security....vis-à-vis the West”, which is constantly triggered by the exclusion of Russia from international decision-making. The EAEU is seen as a manifestation of the “post-imperial syndrome”, rooted in “annexationist Pan-Russianism”, alongside pre-imperial Russian foreign policy.

Then again, some western authors analyze Eurasian integration with liberal theories and according to them, Eurasian integration is not a product of Russian hegemonism, but a tendency for states to form regional groupings for the sake of mutual economic benefit. This view is dominant in the region, especially in Russia and Central Asia. Most of the authors in EAEU countries state that the EAEU was established to help its members make the most of intraregional economic ties, modernize their national economies, and forge an environment conducive to improving their global competitiveness. Central Asian and Russian scholars mostly support this view as well.

In this article, we have examined the activities of regional organizations in Central Asia that are established by Russia and China. Regional security is the common interest for China, Russia and all Central Asian states. The next interest is economic that is not always mutually beneficial. In our article we have tried to show how economic collaboration is not always beneficial for both sides with the case of EAEU-Kyrgyzstan and BRI-Kyrgyzstan. The third interest of bigs is anti-westernism or anti-Americanism, which is not also always beneficial for Central Asian states. Central Asian states are interested in cooperating with every state in the world including EU states and US that contributed a lot to Central Asia in security, the economic as well as the political sphere.

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8 L. Beehner, ibid.
9 Interview with Mikhail Konarovskiy deputy secretary general of the SCO during internship in the secretariat of the SCO in 2011 in Beijing.
10 Foreign Policy Strategy of Kyrgyz Republic.
11 Ibid Saferworld p. 16.
12 Ibid Saferworld p.15.
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Central Asia under the Influence of Russia and China: A political perspective from Kazakhstan

Marian Abisheva

A new wave of geopolitical activity is emerging around the Central Asian Region (CAR) and a whole range of political instruments are employed to influence the Central Asian countries. The following paragraphs give a brief overview on the Chinese and Russian strategies in the different dimensions of their involvement in the Central Asian Region.

Russia’s Policy

Returning to its ambitious projects in the post-Soviet countries, Russia is trying to avoid past mistakes when its large resources were spent on unfulfilled political promises of the Central Asian partners. Today, Russia is placing its stakes on guarantees of maintaining its influence, first and foremost through the control over strategic infrastructure facilities and the transfer of some functions in economic and customs policy to supranational bodies, where Moscow, of course, will retain its dominance. Thus, the main features of Russia’s new strategy in Central Asia are pragmatism, political and economic expediency, systemic approach, and comprehensiveness with a focus on the following dimensions:

Strategic Dimension: Russia is streamlining its long-term policy in Central Asia. Moscow is aware that it is in Central Asia that Russia still can maintain a dominant role and advance its interests from the perspective of a geopolitical leader. At the same time, the Kremlin does not yet have enough financial, information, military and other resources to pursue a more active policy.

Economic Dimension: The Kremlin’s main competitive tool is the expanding integration process under the Eurasian Economic Union. Another leverage of Russia’s influence is the provision of economic assistance to the countries of the region, mainly Kyrgyzstan and Tajikistan.

Military Dimension: Collective Security Treaty Organization (CSTO) is a key project in the field of Russia’s military policy in the Central Asian Region. Russia has proceeded with a practical stage of the progress of the Organization; consistent work is underway to develop clear contours of a controlled military-political structure. In a bilateral format, the Kremlin’s efforts are focused on strengthening its military-political positions. Even Russia’s economic integration with Central Asian states is clearly linked to guarantees of military security.

Political dimension: Moscow moved on to an active foreign policy in Central Asia. Russia requires its partners to define their explicit political position in accordance with the principle: “Whoever is not with us is against us”. The Kremlin’s new approaches are also based on asymmetric response measures. One can recall a past conflict with Tajikistan (fast deportation of Tajik migrant workers in response to arrest of Russian pilots). At the same time, the political and diplomatic line of Moscow is becoming more subtle.
In the social and Humanitarian Dimension, an important leverage for Russia's influence on the region is a new diaspora strategy. Moscow has changed its tactics in migration policy - now priority is given to preserving the Russian Diasporas in the countries of Central Asia, as well as building stable channels of interaction and support for compatriots.

The main channels for implementation of Russia's policy will be the expansion of Russian capital in the economy of the CAR countries, protection of the rights and interests of Russian citizens and compatriots, strengthening the positions of the Russian language and culture through Slavic associations and Russian ethnic organizations.

China's Policy

Beijing continues to adhere to a cautious, non-conflict policy of “creeping” economic expansion. At the same time, every year China faces a serious informational and ideological blockage of its economic and demographic presence in Central Asian states (the “Chinese threat” factor).

In general, for China, Central Asia first and foremost represents a large provider of resources and a sales market. Through its wide economic presence in each Central Asian country and through development of transport communications from Central Asia to China, Beijing seeks to establish conditions to provide China with long-term access to the Regions resources and local markets. Today specifics of China’s politics in Central Asia are focusing on the following dimensions:

Strategic Dimension: The PRC's approach towards Central Asia is to solve its long-term, mainly economic objectives without causing irritation with and active counteraction from the key regional competitor - Russia. The main regional project for China is the Shanghai Cooperation Organization (SCO), a long-term and strategically important mechanism for a legitimate and widespread Chinese presence in Central Asia. Beijing flexibly uses the SCO platform in its interests; it is actively conducting collective negotiations on security issues but is evading joint economic projects (with Russia), preferring to work with Central Asian countries in a bilateral format.

Political Dimension: China has steadily pursued a diplomatic line on the country fragmentation of Central Asia. Beijing is building a one-on-one political dialogue with the states of the region and is actively tying them with credit-related obligations. Generally, the system of relations of the states of the region with external partners can be viewed through the prism of long-term scenarios - Eurasian and Sinocentric ones (there is also a “Pro-American” scenario, but it is not considered in this article).

Economic Dimension: China is heavily dependent on supplies of oil, gas, coal, metals, and minerals, and for China the CAR has a geographically advantageous position. The main instruments of China's resource and economic policy in Central Asia are unprecedented concessional credit lines, long-term investments and financing of infrastructure projects. The hidden specifics of infusion of Chinese money into local deposits are their tight binding to Chinese producers, labour sources and market.

Infrastructure Dimension: There is an active process of pegging Central Asia to the Chinese economy through an extensive communications network. This long-term initiative aims to ensure an uninterrupted supply of Central Asian resources to China. This comprehensive project is implemented through the construction of a wide net of oil and gas pipelines, highways, as well as railways.

Security Dimension: In security issues, Beijing heavily relies on the Shanghai Cooperation Organization SCO platform. The SCO acts as a key mechanism of interaction and enhances China's ability to counter drug trafficking and religious extremism. Beijing's approaches to bilateral security coop-
eration are determined by the prospect of implementing large energy and infrastructure projects, as well as the position of a concrete state takes in the Chinese general economic strategy.

To achieve their goals, both Russia and China are actively using political, economic, infrastructural and socio-humanitarian tools that are systematized into interconnected long-term initiatives. Other major external actors - the EU and other European countries, Turkey, Iran, India, and the Arab states currently do not have strategic interests or enough resources to form an independent strategic vector of development of Central Asia and, thus, complement to some extent the development of the above scenarios.

Russia uses close existing ties with the countries of the region, single economic and infrastructure systems and a guarantee of military-strategic protection.

China manipulates by affordable credit lines, expands its presence in the resource sector, and captures alternative energy routes and infrastructure projects.

However, Central Asian states will not develop within a single strategic scenario orientated at one geopolitical centre. At the same time, considering the prevailing geopolitical situation in the region, as well as due to the current development processes of Central Asian countries, Russia will still retain dominant political positions in the region in the medium term. Most parts of the Central Asian region (except for Uzbekistan and Turkmenistan) will develop under the Eurasian scenario.

In the long term, the states of Central Asia will orient themselves at various geopolitical vectors. This might lead to the fact that in the future the republics of Central Asia will not be considered as a single geopolitical space.

Nevertheless, it must be emphasized that the scenarios offered to the Central Asian countries today – Russian through close military-political and economic integration, Chinese through fragmentation and bilateral economic cooperation – in addition to their own geopolitical goals, also represent stabilising factors.

In general, the states of the region are still at the stage of determining their geopolitical future, choosing between traditions (Russia) and tactical economic benefits for possible further independent strengthening (choice in favour of Beijing). At the same time, there is clear understanding that the choice in favour of one centre of power does not exclude the possibility of “geopolitical flirting” with other strong players. This approach enables the states of the region to balance between centres of power, while defending their long-term national interests.

At the same time, every year the field for strategic manoeuvres is constantly narrowing, and the Central Asian countries will be limited by more rigid formats of cooperation, while new geopolitical initiatives are penetrating the region.
Tajikistan - Trapped between Russia and China

Alisher Marufi

Tajikistan is one of the poorest countries among the 15 former Soviet Union republics. The civil war (1992-1997) severely damaged economic infrastructure, causing a sharp decline in industrial and agricultural production. Services, export of raw materials (gold, rare earth, silver, aluminium, etc.) and agricultural products (cotton and fruits) now dominate the Tajik economy. The economy is highly dependent on remittances from labor migrants in Russia, which amounts to 29% of GDP in 2018.¹ According to various estimations, the informal sector, including drug trafficking, represents from 25% to more than 40% of the country’s GDP.

The end of Russia’s depression in the nineties allowed Russian companies to return and/or strengthen their historic presence in Tajikistan. In the 2000’s, Russian companies quickly stepped in, and obtained the share of the assets sold during this period, mainly in telecommunications (Megafon and Beeline), raw aluminium production (Rusal) and energy (Inter RAO EES and Gazprom). Alongside with Russia, the institutional offer of the Eurasian Economic Union came to Central Asia together with security, military equipment and energy offers.

However, Chinese influence in Tajikistan significantly increased after the financial crisis of 2008 and, more importantly, after the fall of the Russian economy in 2014-2017 due to sharp devaluation of Russian ruble owing to: a) nearly 50% decline in crude oil price in 2014, and b) international economic sanctions imposed on Russia following territorial dispute on Crimea. Rapid growth of China led to more activities abroad and therefore offered new economic opportunities for Tajikistan. At a time when western and Russian involvement in the region was declining, China tempted Tajikistan, by promising huge investments, to join its grand New Silk Road Project. Current agreements between China and Tajikistan cover agriculture, infrastructure (The Asian Infrastructure Investment Bank (AIIB)-South-North road rehabilitation, free aid for road repairs Dushanbe-Kulma², Huawei CCTV systems Safe City), industrial production (CMEC – modernization of aluminium smelter, Huaxin Zhongya Investment Wuhan Co - cement production, TBEA- Power plant) and mining (Kashgar Xinyu Dadi Mining - silver mine, Zijin Mining- gold mine, TBEA-Upper Kumarg and Eastern Duoba gold mines³). While official statements predict increases in trade between Tajikistan and China, as of now only small amounts of Tajik exports go to China. Moreover, Chinese enterprises are more competitive in all sectors of common activity. As a result, China has become the main importer to Tajikistan⁴, with an estimated USD 1.3 billion, or 43% of import in 2017, twice the amount of Russian imports. However, Russia remained a top export country. The creation of the Eurasian Customs Union within the framework of the Eurasian Economic Union – EAEU (Belarus, Russia, Kazakhstan, Armenia and Kyrgyzstan) changed the main export destination from Russia to Kazakhstan. This transformation can mainly be explained by low transportation costs to Kazakhstan and implies a re-export to Russia. The share of exports to these two countries is 30%, while China receives only 6.5%. 
While local financial institutions have limited opportunities, Russian and increasingly Chinese banks have managed to enter the local market. Whilst the activity of Russian banks was concentrated on remittances flow to Tajikistan and the financing of local banks, the capacity of Chinese banks to provide resources for targeted investment and trade projects in the region was significant. Chinese financial interventions, often involving the EXIM Bank of China, usually include different type of loans, direct investments, and service. Most often, they are bundled in packages comprising aid, concessional loans, trade agreements and investment projects. These projects are usually managed by specialists from China and require procurement of the equipment and technology from Chinese suppliers. As a result, Tajikistan’s total external debt increased to USD 2.9 billion, or to the equivalent of 40% of the country’s GDP as of the middle of 2019. Of that total, USD 1.5 billion is owed to China, mainly to EXIM Bank of China (USD 1.2 billion). It has been growing constantly over the past decade and therefore signals a structural vulnerability for mainly state-owned companies. Tajikistan’s external debt is projected to keep rising in 2020-2022 as the government ramps up construction of the Rogun Hydropower plant and other infrastructure projects.

However, it would be exaggerated to conclude that China dominates in Tajikistan. Russia has managed to maintain strategic advantages in the region, ensuring a long-lasting influence.

1. Because of an undeveloped economy and a lack of employment opportunities in Tajikistan, more than 1.5 million Tajik citizens work abroad, supporting families at home through remittances. Due to historical and socio-economic ties, Russia is still the main country for labor migration from Tajikistan (roughly 95 percent) and, accordingly, an important source of remittances to the country. The remittance inflow to Tajikistan reached its peak in 2013, amounting to USD 3.7 billion and making up 42% of its GDP. Since 2005, Tajikistan has been ranked by World Bank as one of the top countries in terms of remittances’ share of GDP, which has been as high as 50%. While the remittance inflow to Tajikistan has decreased due to the Russian economy slowing down in 2014-2015 and following tighter immigration rules, it started to pick up again in 2017. Even if the amount of remittances is heavily dependent on downturns in the economy and currency fluctuations, Russian authorities can use the regime of visa and work licenses to exert pressure on Tajikistan. Therefore, by joining the Eurasian Economic Union, unofficially lead by Russia, Tajikistan’s citizens would be able to receive free work permit in Russia.

2. Security provision is another key asset in Moscow’s hands. Since the beginning of the 20th century, Russia has been maintaining or expanding its military presence in the region and nowadays plays a determining role in securing its borders. For instance, Russia is co-founder and main partner of the Collective Security Treaty Organization (CSTO), linking Tajikistan, Kyrgyzstan, Kazakhstan, Belarus and Armenia; but at the same time, it maintains security agreements with other regional partners who are not members of this organization. Russia has its 201st Military Base stationed at two facilities in Tajikistan — Dushanbe and Bokhtar, referred to as the biggest Russian „external base“ in the world. The 2012 lease agreement under which roughly 7,000 Russian troops are stationed in Tajikistan runs until 2042. In 2019, Russia strengthened its military presence by deploying the C-300 air defence missile system divisional set, which was transferred to Tajikistan. The main tasks of the division will be to cover the facilities of the 201st military base, as well as the air defence of the Central Asian region. In addition, on the initiative of Russia, joint military drills of CSTO member countries are regularly held in Tajikistan. Hence, under the current geopolitical condi-
Tajik authorities regard Russia as the warrant in the regional security. This gives Russia a large leeway during political, economic and diplomatic discussions with its partners.

3. Russia is maintaining a strong influence on fuel and lubricant imports to Tajikistan. Under the agreement on cooperation in the supply of oil products concluded in 2013, Russian oil products are delivered to Tajikistan on a duty-free basis. The volume of deliveries is approved by Russia on an annual basis at the request of Tajikistan (on average ca. 1 million tons per year). This allowed Russian Gazpromneft to maintain roughly 55% of the fuel market in the country.

Using these advantages, Russia has secured enduring influence in Central Asia. One indirect outcome of this was the inclusion of Kyrgyzstan in the Russian-led Eurasian Economic Union (EEU) in 2015. Russia imposes internal trade barriers and restrictions for existing member states to export goods and curtails the free movement of labour, capital, and investments, particularly from Central Asian member states. At the same time, Russia is promising concessions and benefits to new members for joining the EEU, even though they do not comply with the existing legal and economic rules and procedures. In 2019, Uzbekistan officially expressed interest in joining the EEU. Pushed by Russia, the Tajik authorities have long hesitated to join the bloc, but once Uzbekistan joins the EEU, hidden political and economic pressure from Moscow will significantly increase.

However, Tajikistan is currently involved in security deals with China, which is a breakthrough for China since until then Russia exercised the monopoly on security affairs in the region. The agreements signed in 2016 between China and Tajikistan gave rights to China to refurbish or build up to 30 to 40 guard posts on the Tajik side of the country’s border with Afghanistan. Under the accords, Chinese border guards have replaced their Tajik counterparts along large swathes of the territory along the Tajikistan-Afghanistan border, where Beijing deems the Tajiks incapable of stopping militants potentially infiltrating Tajik territory. Moreover, with the tacit consent of Russia, Tajikistan and China held joint military exercises in Tajikistan’s GBAO Region in 2019. These anti-terrorist exercises featured air, ground and air-defence forces.

Even though China had legal claims to a part of Tajikistan’s territory, it settled its long-standing territorial dispute with Dushanbe by accepting a Tajik offer of four percent of the land it had initially claimed. Tajikistan was able to frame China’s concession as a major victory for the country’s sovereignty and thus temporarily to improve its image amongst Tajik nationalists.

Chinese “high technology” actively penetrates Tajikistan’s systems as well. Last year, one of the public parks in Dushanbe was equipped with Dahua artificial intelligence (AI) cameras. In addition, a recent report from Radio Free Europe Tajik Service claims that soon Tajikistan’s array of CCTV Huawei-Safe City cameras will be equipped with AI technology enabling them to recognize faces online.

Certainly, the central Asian region has increasingly appeared as a field of competition between Chinese and Russian companies – but also between their political, technological, and economic influences. This competition is currently overlapping in Tajikistan.

Russia will continue to strengthen its own position in Tajikistan via the Collective Security Treaty Organization and will take all measures for Tajikistan to join the Eurasian Economic Union soon. The high level of labour migration from Tajikistan allows Russia also to competently manipulate economic affairs in this country.

However, soon the Chinese influence might increasingly displace the historical presence of Russia. China is scaling up financial means to become the dominant force in the region and harvesting the benefits of
its commercial and financial presence in terms of access to natural resources, institutional and political influence.

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5 Ibid.
6 Letter of credit, guarantee and structuring of transactions with other banks.
12 http://0s.mz2wy3unfw4.nvuwyltsou.cmle.ru/news_page/country/more.htm?id=12257822@egNews
Uzbekistan for Efficient Use of the Old and New International Corridors between Europe and Asia to Expand its Foreign Economic Relations

Bakhtiyor Islamov, Doniyor Islamov, and Sitora Primova

Five Central Asian countries are landlocked individually and regionally, but they are different from Mongolia – another landlocked country, which is sandwiched in between Russia and China. As a geographical region, they have also three other neighbours – Afghanistan, Iran, and Azerbaijan across the Caspian Sea. Uzbekistan, which is one of the two double landlocked countries in the world (along with Liechtenstein), has borders with all Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan) and with Afghanistan. Due to efforts of President Sh. Mirziyoyev bilateral and regional relations with all these countries have recently changed drastically and continue to be a top priority for Uzbekistan. Only through these countries, Uzbekistan could communicate with Russia and China, as well as with other European, Asian and overseas states.

The geographical location of Uzbekistan, practically in the centre of Eurasia, far from seaports, necessitates the intensive development of international transport corridors (ITC) connecting Uzbekistan with world markets in the West and East, North and South. Today, the country implements many investment projects in the field of construction and reconstruction of railways and roads, airports, the development of infrastructure for free economic zones and the system of transport and logistic centres. It is important to form a coherent system of domestic and international transport corridors with a view to more efficient participation in the international division of labour by optimizing and reducing the costs of cargo and passenger transportation.

Currently, Uzbekistan has the highest density of road networks in the Central Asian region and has an integrated system of railway junctions connecting all regions of the country. The international airport in the Navoi region in the central part of Uzbekistan has become the largest aviation hub for air cargo transportation, offering comprehensive logistic services for air, road, and rail transportation of goods. An international multi-module logistic centre has been created based on Navoi Airport, which combines air cargo to Europe, India, China, Japan, South Korea and the countries of Southeast Asia.

The position of the Republic of Uzbekistan in the international Logistics Performance Index (LPI) has improved significantly in recent years. However, Uzbekistan is still in 99th position. Accelerating the republic’s integration into the system of international transport corridors, the implementation of transit and export-import potentials require further improvement of all available modes of
transport, as well as using existing traditional and alternative routes. In his latest Address to the Parliament on January 24, 2020, President of Uzbekistan Sh. Mirziyoev stressed that international transit capacity for cargo shipments will be increased by 2.3 times.

The ITC initiatives have become the most topical subject on the agenda of global development as well as in international and regional economic, transport and trade relations. From the very beginning of its independence, Uzbekistan supported these initiatives (partly designed as large-scale mega-projects) as the state’s priority strategic tasks.

The realization of the European Union’s TRACECA project, and as well the construction of the railway Uzbekistan-Kyrgyzstan-China along the existing truck road as a part of the Chinese "One belt - one road" (BRI) initiative, could become an important new link between West and East, Europe and Asia in the near future and could create additional synergetic effects. From the beginning of the Transport Corridor Europe-Caucasus-Asia (TRACECA) Program, Uzbekistan tried to use its transport potential for the benefit of the development of transport connections between Europe and Asia. Among several international transport corridors (ITC) passing through the territory of Uzbekistan, the TRACECA being a multimodal system of air, road and railway routes has been promoting alternative international combined traffic for transit goods from Europe to Asia.

The participation in the TRACECA Program had a positive influence on the transport sector of Uzbekistan both from the point of infrastructure development and of institutional strengthening, legislation improvement and capacity building of the country. For the period of the TRACECA Program (implementation started in 1993) technical assistance was provided to Uzbekistan in the form of consulting support amounting to about 10 million Euro, investment projects amounting to 4.25 million Euro were implemented. Uzbekistan nowadays participates in the implementation of the Strategy of the IGC TRACECA up until 2026, elaborated based on its own Action Plan for the period from 2018 until 2021. The accession of Uzbekistan to the Agreement on Joint Financing of the PS IGC TRACECA and to the Basic Multilateral Agreement on International Transport for Development of the Europe-Caucasus–Asia Corridor is considered.

In this context, the implementation of the intercontinental project "One Belt - One Road" (BRI) is also opening new possibilities for the development of transport infrastructure, trade and transit. The concepts of TRACECA and “BRI” are focusing not only on the trade agenda but also focus on significant investment and transit projects. Economic relations between European countries, Central Asian states and China, which have a long history resulting from the well-known ancient Silk Road, could be increased significantly today also by the expansion of transcontinental cargo shipment.

The coordinated participation in these two projects is one of the priorities for Uzbekistan. The construction of the railway within the framework of the “BRI” Initiative through Uzbekistan via Kyrgyzstan to China is a project beneficial for all its participants. Ultimately, Uzbekistan will get more direct access to China, as well as China via Central Asia to Europe and vice versa. Time of cargo transportation will be reduced by several days. The recent pilot railroad shipment of cargo from Kyrgyzstan via Uzbekistan, Turkmenistan and Azerbaijan to Georgia (exactly to Batumi at the border with Turkey) also uses the new railroad Baku-Tbilisi-Kars and shows efficiency as for less time needed (down to 33hours) and with costs less than through traditional transport routes. It also proved
that existing opportunities and prospects of the TRACECA and the BRI initiatives in general outweigh the potential risks. Uzbekistan's foreign economic relations have been growing dynamically and diversifying since 2017. The number of foreign trade partners of the Republic of Uzbekistan in 2020 amounted to 160. According to the World Bank's forecast, despite the pandemic, unlike many other countries, in 2020 Uzbekistan is expected to increase GDP by 0.8%. Growth is small, but maintaining stability and food security in the face of a pandemic is a good indicator. The total volume of foreign investments in the Republic of Uzbekistan amounted to $7.2 billion, including $4.9 billion in foreign direct investment, and $2.3 billion in funds from international financial institutions. Among the main foreign investors to Uzbekistan were China, Russia, and Germany, while the total number of investing countries in the Uzbek economy exceeded 50.

Russia has been traditionally the largest trade and investment partner of Uzbekistan for 25 years since its independence. The volume of Russian investments in Uzbekistan is more than $9 billion. In October 18-19, 2018 only during the visit of the President of Russia to Uzbekistan, more than 800 official cooperation documents were signed, and the amount of investments based hereon exceeded $20.8 billion. Signed trade contracts were worth of $6.2 billion. At the same time, the start was given to the construction of a nuclear power plant (NPP), which will tentatively go into operation in 8-10 years and provide 20% of the then necessary electricity to Uzbekistan. Over 1,776 enterprises with Russian capital are operating in Uzbekistan. At the end of 2019, the volume of bilateral trade amounted to $6.6 billion, or 15.7% of the total trade. According to official figures, the number of Uzbeks working in Russia is over two million people. According to available data, Uzbekistan is the leader among other Central Asian countries in total migrant worker remittances from Russia: Over the past 3 years more than $10 billion. Despite the pandemic, in 2020 the trade turnover between the two countries increased by 18% in the first half of the year, and the volume of Russian exports to Uzbekistan increased by 24.5%.

However, since 2017 China has become the leading trade and investment partner for Uzbekistan. In particular, over the past three years, 3.9 billion dollars of capital investments from China have been disbursed. Due to the pandemic, in the first eight months of last year, Uzbekistan sent $1.7 billion worth of goods to China, while this year it sent only $1.1 billion worth of goods. But at the same time, China entered the top three countries in terms of the number of foreign enterprises established in Uzbekistan. As of the first of October, there are 1,757 enterprises in the republic with the participation of Chinese investments. A few Chinese companies are actively involved in projects to explore and develop hydrocarbon fields as well as to process natural gas in the country. Uzbekistan supports the implementation of projects for the construction of the pipeline "Uzbekistan-China" and of the railway "China-Kyrgyzstan-Uzbekistan". In this context, we can note the successful launch of the “China-Kyrgyzstan-Uzbekistan – Turkmenistan” block train in June of 2020. The countries have already reached certain agreements on the development of additional favourable conditions for increasing the volume of multimodal transport along this corridor. another important parameter of the success of this project is the preparation of proposals for the creation of joint ventures for the consolidation, storage, processing and distribution of foreign trade goods, including fresh fruits and vegetables and other. The two countries are also developing cooperation in the financial sector, with the China Development Bank and Export-Import Bank of China. The
number of joint ventures in Uzbekistan with China reached 1121, including 95 companies with 100% Chinese capital. After (16.8% of the total foreign trade turnover) and Russia (14.8%), currently the other top trade partners are Kazakhstan (7.3%), Republic of Korea (6.5%), Kyrgyzstan (2.4%), Germany (2.1%) and Afghanistan (1.5%). Measures taken in response to the coronavirus pandemic have had a negative impact on the country's foreign trade. In January-September 2020, compared to the same period in 2019, the volume of foreign trade turnover, exports and imports decreased. According to the results of January-September 2020, the country's foreign trade turnover reached $27,490.1 million, which by 12% less compared to the same period last year. Export volumes decreased by 6%, import volumes by 16.5%. However according to the World Bank forecast, Uzbekistan and Tajikistan will be the only countries among the 23 countries in the Europe and Central Asia region that are expected to show positive GDP growth in 2020. Provided that the strict quarantine is not reintroduced throughout the country, Uzbekistan's GDP growth is projected to be between 4.8% and 5% in 2021. It is worth to note that the coronavirus epidemic has become a test of the unity and strength of cooperation between partner countries. First of all, it manifested itself in the willingness to share not only epidemiological and organizational experience, but also to provide financial, economic and food assistance to each other. In general, the proper development of current projects could provide a new level for the expansion of trade, economic, scientific, technical, and investment relations of Uzbekistan with Russia, China, neighbouring states and the rest of Asia and Europe.

The authors of the article consider that better coordination of above-mentioned projects (TRACECA and BRI) could create large synergetic effects for Uzbekistan and all other countries involved. The most important matter is to avoid the politicization of these projects and first to consider their efficiency. The TRACECA project from the viewpoint of trade and transit plays a larger role in the updated EU Central Asia Strategy entered into force from May 2019 than it was in the previous one.

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Prof. Dr. Bakhtiyor Islamov, was appointed Uzbekistan’s Deputy Foreign Minister in December 2008 after his term as Uzbekistan’s Ambassador to Russia (2003-2008) and simultaneously as Uzbekistan’s Ambassador to Belarus based in Moscow (2004-2008). In February 2012, he was appointed professor at the Tashkent branch of the Russian Plekhanov University of Economics and since September 2017, he has also been professor at the Tashkent State University of Economics (Uzbekistan). At the same time, he worked at the Slavic Research Center (SRC) from November 2013 to April 2014 and from July 2015 to April 2016 and at the School of Economics and Commerce at Hokkaido University, Japan from July to October 2018. He was also a visiting professor at the North East Asia Centre (CNEAS) at Tohoku University. On 10 December 2019, he was appointed First Director of the Tashkent branch of the Moscow State Institute of International Relations (MGIMO).

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