

**SECURITY CHALLENGES IN CENTRAL ASIA  
RUSSIAN-LANGUAGE PUBLICATIONS CONTENTS DIGEST**

June 2018

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We hereby present the seventh issue of the Russian and Persian language publication digest on regional security challenges in Central Asia. This issue will predominantly deal with the following four points: the visit of Uzbek President Shavkat Mirziyoyev to the U.S.; the Shanghai Cooperation Organisation (SCO) summit in Qingdao, China; the interim free trade zone agreement between the Eurasian Economic Union (EAEU) and Iran; and the problem of Kyrgyz debts to China.

All these issues can be viewed as disparate elements of ongoing and interlinked processes, leading to the reconfiguration of the strategic balance of power in Central Asia. A crucial part of this reconfiguration entails the gradual formation of a new political perception of the world, which claims to be an alternative to what is considered the Western-centred past.

In the oncoming issues of our digest we shall continue tracking these elements and trends. Furthermore, we shall address other regional challenges covered by Russian and Persian language media.

The views and opinions of the authors do not necessarily reflect the position of the Konrad-Adenauer Foundation.

**JUNE/2018**

**Are the U.S. and Uzbekistan turning over a new leaf in their relations?**

*Arslan Magomedov,  
Russian independent expert*

The visit, last May, of Uzbek President Shavkat Mirziyoyev to the U.S., was termed in Uzbekistan as an event opening a new era of strategic partnership between the two countries. Uzbek media highlighted Donald Trump's words that he "recognises the enormous progress of Uzbekistan in implementing important political, economic and social reforms under the leadership of President Mirziyoyev". The media further noted that both Presidents agreed to "update" the bilateral Declaration on Strategic Partnership of 2002. Russian political scientist, Arslan Magomedov, expresses the opinion that the chief purpose of Mirziyoyev's visit to the U.S. was to seek to attract U.S. investment in the Uzbek economy. As of June 2018, the volume of bilateral trade is at almost 210 million USD. One may compare this with the volume of Uzbek-Russian bilateral trade, which came close to 4 billion USD in 2017. Magomedov points out that American business is in no hurry to inject its money into the Uzbek economy, given the lack of real state protection of foreign investors in previous years. Despite the Uzbek authorities' assurances that the situation had radically improved and that investors are now effectively protected the situation remains somewhat opaque. The only

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large U.S. investor in Uzbekistan remains the car giant General Motors, which has a *de facto* monopoly in the country and benefits from protection from competitors by means of high customs duties, indirect taxes and 20 percent VAT.

Magomedov assumes that Washington viewed Mirziyoyev's visit through the prism of U.S. strategic interests in Afghanistan. Since U.S.-Pakistani relations remain tense and volatile, the transit of U.S. military cargo to Afghanistan via Pakistan is threatened. Under these circumstances, U.S. strategists are forced to shift their attention to a potential northern route which could pass through Azerbaijan, Kazakhstan and Uzbekistan. Astana has already ratified an agreement with the U.S., which allows Americans to use the Caspian ports of Kuryk and Aktau.

With the above considerations in mind - although no official document has been released - Magomedov assumes that the issue of military cargo transit may have been discussed during Mirziyoyev's visit. Further suggesting this issue may have been on the agenda is the fact that U.S. officials preferred not to focus on the violation of human rights in Uzbekistan, despite the recommendations of international human rights organisations, such as Reporters without Borders, Freedom House or Human Rights Watch.

In Magomedov's opinion, Mirziyoyev's visit to the U.S. is a symptom of a rather worrying trend for Russia. The countries of Central Asia, he opines, no longer seem to consider Moscow a trustworthy partner, notably since the Russian economy was weakened by the hindrance of Western sanctions. At the same time, he warns the states of Central Asia not to embrace the U.S. since he believes the latter view these states mainly as pawns in its game against Russia, and not as economic partners.

<https://regnum.ru/news/2417308.html>

### Prospects for the surge of U.S. clout in Uzbekistan

*RIA "Novosti" (Russia)*

Dmitry Alexandrov, expert of the Russian Institute for Strategic Studies, in an interview with Sputnik news agency, said that the volume of contracts signed in the course of President Mirziyoyev's visit to the U.S. is fairly modest compared to the scale of cooperation of Tashkent with other countries, for example, with Russia, South Korea or China. He underlined that the opening Uzbek market is attracting businessmen from all over the world, but noted that Uzbekistan is unlikely to become a priority for American business, highlighting that even if U.S. funds find their way to Uzbekistan, it will most likely be on a rather limited scale.

Alexandrov considers that Washington is interested in cementing ties with Tashkent for geopolitical reasons. The U.S. needs closer collaboration with Uzbekistan both due to the Afghan issue and to its strategic game against Russia, China and Iran. However, compared to the early 2000s, the U.S. has quite limited resources. This is due to internal

problems and to the a large number of policy playing fields, on which Washington is compelled to play. These points will seriously obstruct the U.S. with regard to the reinstatement of its influence in Central Asia.

### **Globalisation with Eurasian specifics**

*Gevorg Mirzayan,  
Special correspondent, "Expert" journal (Russia)*

The outcomes of the SCO summit, held in June in Qingdao, China , with the participation of new members India and Pakistan, have been intensively analysed by Russian experts. These specialists underline that, unlike the scandalous G7 summit in Canada, the meeting of SCO leaders in Qingdao demonstrated unity, mutual understanding and the "Shanghai spirit" - respect for sovereignty and search for common benefits for all participants.

Yuriy Tavrovskiy, Professor of the Peoples' Friendship University of Russia, considers that the summit in Qingdao has led to a fundamental transformation of the SCO. In his view, Beijing has shown that it views the SCO and Eurasia as a testing ground for its global ambitions. Tavrovskiy assumes that behind closed doors Russia and China may have discussed the possibility of creating joint security forces and security mechanisms due to the fast-changing situation in the Indo-Pacific. In his opinion, this issue could become an important test for the compatibility of the long-term interests of Russia and China within the framework of the SCO.

Alexey Kupriyanov, Research Fellow of the Primakov National Research Institute of World Economy and International Relations, assessing the work of India and Pakistan at the SCO summit, notes that pessimistic forecasts about the negative impact of internal Indo-Pakistani contradictions did not materialise. He notes that Delhi and Islamabad acted very constructively and signed all final documents. Kupriyanov expresses hope that the SCO could become a platform for the normalisation of Indo-Pakistani relations. The first step in this direction could be the participation of Indian and Pakistani troops at the forthcoming SCO military drills. This, he opines, could become the starting point of Indo-Pakistani cooperation on addressing security challenges in Afghanistan and Eurasia.

At the summit in Qingdao the issue of the further expansion of the SCO was once again brought up; a potential candidate for accession being Cambodia. According to Prak Sokhonn, Minister of Foreign Affairs of Cambodia, his country could become a bridge between the SCO and the ASEAN. However, some experts express concerns that further enlargement of the SCO could reduce its efficiency. Yuriy Tavrovskiy on the other hand considers that the entry of Iran, Armenia, North Korea and Mongolia would do no harm to the quality of work of the SCO.

<http://expert.ru/2018/06/11/globalizatsiya-s-kitajskoj-spetsifikoj/>

## **The Eurasian Economic Union (EAEU) and Iran have signed a provisional agreement about the creation of a free trade zone**

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*"Eurasia. Expert",  
Information and analytical publication (Russia and Belarus)  
Mir24 TV (Russia)Kapital.KZ news agency (Kazakhstan)*

The EAEU and the Islamic Republic of Iran signed a temporary free trade agreement at the Astana Economic Forum on May 17, 2018. According to Tigran Sargsyan, Chairman of the Board of the Eurasian Economic Commission, the agreement covers 50 percent of the countries' mutual trade. As soon as this document comes into force, import duties on Iranian goods will be reduced by 7 percent for industrial goods, and 19 percent for farm products. In exchange, the import duties on the similar categories of goods produced in EAEU countries will drop by 3.5 and 5 percentage points respectively. If, in three years time, both parties find the preferential trade efficient they will sign a full agreement.

Nikita Isayev, Director of the Institute of Contemporary Economy (Russia), believes that the agreement signed between the EAEU and Iran is of a predominantly political nature. In his opinion, Russia took current trends into consideration, such as the expansion of the Chinese *One Belt, One Road Initiative* as well as the impact new of U.S. foreign policy.

Timur Nigmatulin, Financial analyst of *"Otkritie Broker"* (Russia), considers that the free trade zone will contribute to an acceleration of economic growth in all participating states. Although the EAEU's local producers may face increased competition, most industries will benefit from the increased volume of the market. Nigmatulin underlines that from a geographical perspective, the free trade zone is primarily beneficial for Kazakhstan. However, in the overall the main beneficiary will be Russia since it will be able to expand its payment systems in Iran, which is under permanent treat of U.S. sanctions.

<http://eurasia.expert/eaes-i-iran-podpisali-soglashenie-o-zone-svobodnoy-torgovli/>  
<https://mir24.tv/news/16305598/ekspert-rasskazal-o-vygode-ot-soglasheniya-eaes-iran>  
<https://kapital.kz/economic/68826/stanet-li-iran-konkurentom-kazahstana-v-eaes.html>

## **If Kyrgyzstan sells its strategic assets to China, the opposition could use this as a trump card**

*"Eurasia. Expert",  
Information and analytical publication (Russia and Belarus)*

Igor Shestakov, political scientist and Chairman of the Club of Regional Experts "Pikir", Kyrgyzstan, considers that Kyrgyzstan's mounting debt to China is becoming a serious challenge. According to the Kyrgyz Ministry of Finance, Bishkek owes the Export-Import (Exim) Bank of China 1.711 billion USD - or 41.3 percent of its total external debt.

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This debt accumulated from various loans taken out for large transport and energy projects in Kyrgyzstan. The most significant of which are: the North-South road (400 million USD); the power transmission line "Datka-Kemin" (600 million USD); and the Bishkek thermal power plant (386 million USD).

Shestakov notes that the China Exim Bank has recently adopted a harder line towards the terms of lending. In particular, one of its key requirements is that only Chinese companies should carry out the projects in question, and that all equipment and construction materials should be produced by Chinese factories. With regard to debt-servicing, Beijing insists upon exclusively monetary repayment of all loans.

According to Shestakov, many in his country suppose that if Bishkek finds itself unable to repay the loans with currency, it will be forced to give China its deposits. Kyrgyzstan's southern neighbour Tajikistan had to pass a gold mine over to Beijing in order to repay loans connected with the reconstruction of a thermal power plant. Shestakov furthermore points out that, unlike Beijing, Moscow always takes a softer position towards Kyrgyz debts.

In addition, a lot of Kyrgyz citizens believe that Chinese loans are a source of corruption. At present, President Sooronbai Jeembekov has initiated an anti-corruption investigation concerning the modernisation of the thermal power plant in Bishkek. Criminal investigations have been opened against the former Kyrgyz prime-minister, the ex-mayor of Bishkek, the former energy minister and a group of Parliamentary deputies. Because of this corruption scheme Kyrgyzstan will have to pay China 500 million USD, and Kyrgyz civil society appears understandably reluctant to have its taxes pay for the corruption schemes of politicians.

Shestakov deems that this discontent may eventually lead to lack of public support for the implementation of projects such as the Uzbekistan-Kyrgyzstan-China railway and the Turkmenistan-Uzbekistan-Tajikistan-Kyrgyzstan-China gas pipeline, which are also expected to be financed by China.

<http://eurasia.expert/esli-kyrgyzstan-otdast-kitayu-strategicheskime-mestorozhdeniya-eto-stanet-kozyrem-oppozitsii-ekspert/>