

# Russia

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This paper examines the current and possible future role of Russia in continental trade and other kinds of cooperation within the space conditionally called Greater Central Asia.<sup>1</sup> In order to identify the main drivers of cooperation/linkages between Russia and Greater Central Asia, a multi-level (macro-regional/regional/sub-regional) approach has been chosen, focusing on Russia and post-Soviet Central Asia and other Asian states; Asiatic Russia (the Siberian Federal District) and the rest of Asia; the Russian Altai and the rest of Asia including other parts of Altai, China, Mongolia, and Kazakhstan. The analysis is based on relevant international and regional data, and on fieldwork undertaken by the author in the period 2000 – 2006.

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<sup>1</sup> Although this book frames Greater Central Asia as constituted by five post-soviet republics and Afghanistan, assumed as a bridge for cooperation with South Asian countries and some other interested states, the author will follow the approach more justified from a scholarly (historical-civilizational) point of view and include also the Xinjiang in China, Mongolia, and some Russian borderlands (Altai and some other territories of South-Western Siberia, etc).

Kazakhstan's former minister of foreign affairs, K.Tokaev, in his talk at the international conference "Partnership, trade and cooperation in Greater Central Asia" (Kabul, April 2006) pointed out, that "... besides the territory of traditional Central consisting of Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, Turkmenistan and Afghanistan, it is sometimes complimented by parts of Pakistan and Iran, Azerbaijan, Xinjiang-Yughur autonomous region of China, the Urals and Western Siberia and Mongolia". -

<http://www.afghanistan.ru/doc/5494.html>

This approach fits with R.Cutler's formula of Central Eurasia which "(like Greater Central Asia) includes swaths of

Russia and China, but not necessarily the whole of both countries". Cutler, Robert M.

"Central Asia and the West after September 11," Originally published in *NATO and the European Union: New World, New Europe, New Threats*,

Hall Gardner ,ed., London: Ashgate, 2004, pp. 219–231.-

<http://www.robertcutler.org/download/html/ch03hg.html>

### **Regional Integration as a Theoretical Framework**

Regional cooperation and integration can be seen as an evolving processes rather than as a uni-directional movement towards a pre-determined outcome. Through the various regional integration arrangements across the globe, countries are seeking to find new cooperative solutions to existing problems and to improve collective decision-making to resolve issues that cannot be dealt with by national governments alone. Globalization has opened up a space between the national and global levels of decision-making and policy-formulation, within which states and non-state actors can develop the processes and institutions that guide and restrain the collective activities of groups. Governance is here understood as a multi-faceted process of regulation that is based upon laws, norms, institutions, policies, and voluntary codes of conduct. It thereby involves both “hard” and “soft” regulation. Economic integration has both historical and modern dimensions, and quite rightly attracts the attention of politicians and experts worldwide.<sup>2</sup> One of the responses to the challenges of the new century is to create networks of new infrastructural and trade linkages on both regional and macro-regional levels and to conceptualize them in new formulas that express the emergence of new geo-political and geo-economic forces and players.<sup>3</sup>

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<sup>2</sup> Slocum, Nikki, and Langenhove, Luk Van, *The Meaning of Regional Integration: Introducing Positioning Theory in Regional Integration Studies*. UNU-CRIS: United Nations University, Comparative Regional Integration Studies. UNU-CRIS e-Working Papers W-2003/5; *Regional Integration and Security in Central Asia: Search for New Interaction Mechanisms for Analytical Community and Governments during Formulation and Promotion of Regional Initiatives*. CAG Working Paper Series, # 1. May 15, 2006. – <http://www.cagateway.org> ; Alchinov V.M., “Protsessi regionalnoy integratsii v Evrope I na post-sovetskom prostranstve: interesi Rossii,” Summary of doctoral thesis). Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation. Moscow, 2006; Rutland, Peter. “Russia’s Economic Role in Asia: Toward Deeper Integration.,” *Strategic Asia 2006-07: Trade, Interdependence, and Security*, Seattle: The National Bureau of Asian Research, 2006.

<sup>3</sup> Starr, S. Frederick, “A Greater Central Asia Partnership for Afghanistan and Its Neighbors”, *Silk Road Paper*, March, 2005, p. 17; see also: Starr, S. Frederick, “A Partnership for Central Asia,” *Foreign Affairs*, July-August 2005.

S. F. Starr publicized his idea of a Greater Central Asia (GCA) (which is not a new term) in the early 2000s, conceptualizing a vast zone of cooperation including post-soviet republics and adjacent countries in South and West Asia.<sup>4</sup> His GCA partnership scheme called upon cooperation of the five Central Asian republics plus Afghanistan. Their close connection with South Asia has been welcomed by the expert community with certain reservations. Many analysts, especially those in Russia and the CIS, perceive it as part of a continuing effort to reframe the Asiatic rim (including former Soviet republics) in accordance with US visions and strategies.<sup>5</sup> According to some CIS analysts (M. Laumulin, etc), the basic purpose of the GCA partnership is to connect Central Asia and Afghanistan to form a cohesive military-strategic and geopolitical entity and then to link it with the Greater Middle East which, at the time it was proposed, would supposedly be controlled by the West.<sup>6</sup> It is said, further, that this project aims to shift this extended region out from under the supposedly monopolistic influence of Russia and China.

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<sup>4</sup> See, for instance: Canfield, Robert L., "Restructuring in Greater Central Asia: Changing Political Configuration", *Asian Survey*, vol. 32 no. 10, October 1992, pp. 875-887; Belokrenitsky V.Y., "Russia and Greater Central Asia," *Asian Survey*, vol. 33 no. 12, December 1993, pp. 1093-1108; Naumkin V.V. (ed.), *Tsentral'no-Aziatskii makroregion i Rossiia*, Moscow, 1993. One of the first references to the subject is Starr, Frederick S., "Afghanistan: Trade and Regional Transformation,

[http://www.asiasociety.org/publications/update\\_afghanreform.html#trade](http://www.asiasociety.org/publications/update_afghanreform.html#trade);  
Alexei Voskressenski, one of the brightest Russian Orientalists with a strong methodological focus, frames the vast Eurasian space as consisted of several mega-zones, which in turn are constituted by regions, etc. The separate countries can be divided into different regions within two or even three different regional clusters according to various parameters, forming a "Eurasian Far East and Siberian Meso-Area". Voskressenski, Alexei D., "Regional Studies in "Russia and Current Methodological Approaches for the Social/Historical/Ideological Reconstruction of International Relations and Regional Interaction in Eastern Eurasia," *Reconstruction and Interaction of Slavic Eurasia and Its Neighboring Worlds*, Ieda. Osamu and Uyama, Tomohiko, Slavic Research Center, 2006. - [http://src-h.slav.hokudai.ac.jp/coe21/publish/no10\\_ses/contents.html](http://src-h.slav.hokudai.ac.jp/coe21/publish/no10_ses/contents.html).

<sup>5</sup> *Novaya bolshaia igra v bolshoi tsentralnoi Azii. Mifi i realnost*, Bishkek, 2005, 192 p.

<sup>6</sup> Laumulin M., "Bolshaya Tsentralnaya Aziia (BTsA): noviy megaprojekt SSA?", p. 29.

It appears that GCA follows a neo-Westfalian paradigm of international politics, organized around of nations-states. Assessments of the proposed GCA partnership range from “a big illusion” to «an idea ahead-of-its time». The Uzbek analyst F.Tolipov is right is stating that Central Asia and Afghanistan comprise a single “security complex”. Tolipov calls Starr’s idea of establishing a regional forum (Partnership on cooperation and development in Greater Central Asia) a “new Marshall plan” for Central Asia and suggests that it be multilateral rather than solely an American project.<sup>7</sup>

One of the loudest opponents of Starr’s GCA formula is the Russian historian and journalist A. Knyazev, who is currently a professor at the Kyrgyz-Russian Slavonic University in Bishkek. He argues that the regional integration projects under discussion are nothing more than efforts to maintain US influence in this region, whether in “traditional” Central Asia or in the extended version that includes Afghanistan.<sup>8</sup>

Meanwhile, the Russian analyst A. Bogaturov found all recent US regional concepts for Central Asia to be nothing but an attempt to

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<sup>7</sup> Ibid, p. 52

<sup>8</sup> Knyazev A., “Situatsiia v Afghanistane i Proyekt Bolshoi Tsentralnoi Azii,” *Novaya Bolshaya Igra ...*, p. 85

A.Knyazev never question the historical Central Asia-Afghanistan interconnection in the spheres of economics, politics, ethno - confessional life, culture and mentality, but refers to the extended breakdown of ties and mutual isolation during the Soviet and post-Soviet periods. He says that any approach of Euro-Atlantic politics towards Afghanistan and Central/South Asia should be determined on a country-by-country and regional basis.

In 2003 A.Knyazev took part in a small research project with TACIS support, aimed to explore opportunities of border cooperation of Central Asian states and Afghanistan’s northern provinces (Takhor, Kunduz, Baglan, Badakhshan). It was found that many local leaders involved in drugs business were seeking to legalize their capital and invest it in the legal economy. An example of these new activities is electric power supplies by Tajik company “Barqi Tajik”, which are regularly paid from local (Afghan) sources.

Bilateral economic activities on the local level would aggravate the traditional Afghan regionalism, according to

Knyazev A., “Ekonomitcheskoe vzaimodeystvie Afghanistana i tsentralnoaziatskikh gosudarstv i problemi regionalnoi

bezopasnosti ,” (<http://www.afghanistan.ru/doc/6517.html>)

produce “flank stabilization” across what could become an alternative energy belt for the West. He argues that the US, whether unintentionally or by design, has successfully tied its worldwide anti-terrorist campaign with the goal of gaining access to new energy resources, which would be transported from the Eurasian heartland to the major sea ports. The resulting zone of Washington’s geo-strategic interests would run from Russia’s Siberian regions into the North Pakistani littoral on the South, and from the Caucasus/Caspian region on the West, to the Kazakhstan-Chinese border on the East. According to Bogaturov, American military and security experts are actively considering Afghanistan’s role as a potential transport corridor for energy resources between Central Asia and the Indian Ocean. It is doubtful that these projects are feasible but they are nonetheless highly attractive, as they constitute alternative transport routes for energy. Fairly or not, the USA and EU have considered formerly Soviet Central Asia, above all Kazakhstan but also Turkmenistan, as a rich energy source and “Greater Central Asia” as the belt of territories across which these resources must be transported.<sup>9</sup>

Bogaturov from his side proposes to create a new transcontinental transport corridor that would extend to the Russian heartland and would export gas and oil to the USA. Today only a northern route via Murmansk is under discussion. But if US efforts to build the energy routes from Central Eurasian mainland southwards bear fruit, then Russia’s inclusion in this corridor may be of real value. Indeed, a Siberian energy corridor to the South may be of benefit to all, and warrants serious consideration.<sup>10</sup>

### **Eurasian Alternative Plans for Integration: Chino-Centric Globalization?**

When exploring Russia’s possible role in trade and cooperation to the East, it should be taken into account that there already exist regional integration entities. An interesting vision of these phenomena is

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<sup>9</sup> Bogaturov A., “Indo-Sibirskii korridor v strategii kontrterrorizma,” [http://www.ng.ru/courier/2005-10-24/14\\_koridor.html](http://www.ng.ru/courier/2005-10-24/14_koridor.html)

<sup>10</sup> Ibid

presented by the Russian analyst S. Louzianin of the Moscow Institute of International Relations. He states, first, that Central Asia is a “virgin land” in terms of integration. Despite the multiplicity of existing projects (United Economic Space, SCO, Eurasec, etc), the main direction of Central Asian integration in the coming decade is not clear, i.e whether it will be oriented towards the North through Kazakhstan and Russia, West via GUAM countries to the EU, South towards Pakistan and India, or eastward to China.

From a Russian perspective, the value of a northern orientation is obvious, for it would take advantage of old Soviet pipelines and infrastructure to Russia, Kazakhstan’s growing prosperity, and Uzbekistan’s recent decision to join the Eurasec integration. Evidence of such northward integration is to be found in the growth of trade between Russia and the countries of Central Asia (in 2005 - 2006 alone it expanded from \$13.2 to \$17 billion); growing investments in Central Asia by large Russian companies that now total \$ 4.1 billion; the intensification of energy cooperation between Russia and Kazakhstan, Uzbekistan, and Turkmenistan and Russia’s own growing prosperity.

However, the Central Asian countries themselves do not see this northward orientation as inevitable or even particularly desirable. Regional elites of both the old and new generation would like to reach out beyond the possibility of integration with Russia. One heady option is for a link to South Asia (India, Pakistan), which offers unlimited opportunities in the exchange of goods, energy resources, and services. The Indian giant is considered as more attractive than Russia as an integrative center, source of investments and of technologies. Turbulence in Afghanistan and Indo-Pakistani tensions present obstacles to this dream, however.

The weakness of the northern scenario lies in its connection with the prospects of the Commonwealth of the Independent States (CIS). Once a grand integration idea advanced by Kazakh president Nursultan Nazarbayev, this integration format is now reduced to Russia and Kazakhstan. The northward variant is weakened by the decay of the CIS,

which has reached the point that even president Nazarbayev, a proponent of such ties, speaks mainly today of Kazakh-Russian links.

The southward-looking hopes of Central Asians are inspired by the trilateral Russian-Chinese-Indian partnership which, in terms of energy, transport and security, would revolve around Central Asia. However, the three major powers view Central Asia in this scenario as a subordinate transit zone, with all the benefits going to Russia, India and China. Also uncertain are the prospects of a Central Asia-South Caucasus-Black Sea orientation, as the South Caucasus countries have their own demanding local needs, i.e to maintain the hydrocarbon corridor of the Baku-Tbilisi-Ceyhan pipeline, to resist Russian pressures, and to strengthen ties with EU, NATO, and the USA.

The eastern scenario calls for China to lead in the integration of Central Asia using above all the SCO framework, and to maintain its own niches at the expense of Russia's interests in Central Asia. The implementation of the Chinese agenda in the framework of SCO may turn Eurasia into a new space, fully oriented towards China and absorbing Eurasec into SCO. This would create a new "post-Chinese" space that would fulfill China's ancient dream of uniting Central Asia with the Middle Kingdom. If one takes into account Beijing's integration plans in the Asian-Pacific rim (ASEAN+3 – Japan, South Korea, and China or ASEAN+China), this could lead to a form of Chinese-based globalization.

This scenario is against the interests of both Russia and of Central Asia. Russia's agenda can be advanced through Russian-Central Asian cooperation.<sup>11</sup> But Chinese investment, technology and trade are like a poison, which is beneficial in small portions but in larger portions can kill. Central Asian commerce with Russia could be balanced and mutually profitable, but with Chinese it is clearly not profitable for Central Asia, as Chinese goods are exchanged only for raw materials. This will eventually kill the region's light and heavy industries. For this

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<sup>11</sup> Louzianin S. Globalizatsiya po-kitayski: Evrazoyskiye alternative neizbezhnoy integratsii (Chinese-like globalization; <http://centrasia.org/newsA.php4?st=1163401260>)

reason, Russia, together with other SCO members, rejected China's idea of a regional "free trade zone". This is the reason, too, that Central Asian countries (except Kazakhstan) reject Chinese trade credits. Meanwhile, China convinced Kazakhstan to form several free trade zones on their common border. For now, these "windows" are not troublesome but it is easy to predict their future. China can be expected to form such free-trade zones also with Tajikistan and Kyrgyzstan.

Russia still has one more potential source of strength, namely to establish a SCO energy club. This would be equally beneficial to all participants, including SCO non-member Turkmenistan, and would upgrade the role of the energy exporters, i.e. Russia, Kazakhstan, Turkmenistan and Uzbekistan. This suggests that the prospects of China's integration into Eurasia, including Central Asia, are high, and the potential profitability great and more promising than the integration of Russia and Central Asia into some eastward-oriented "Chinese regimen."

Trans-continental or trans-Asian cooperation involves many paradoxes, among them Russia's non-participation to date in such leading international organizations as the powerful Eurasian network ASEM (Asia-Europe meeting). ASEM was formed in 1996 and now includes twenty-five European Union states and thirteen Asian states. Soon some sixty percent of the world's population will be involved in this Eurasian entity. Russia should become a full member of ASEM by 2008, which will strengthen its geopolitical voice and enhance the prospects for reorganizing Eurasian trade and transport in a manner consistent with Russia's methods.

### **Russia and India**

The proposed GCA partnership project is certainly inclusive in that it involves the five former Soviet states of Central Asia, Afghanistan, and the main neighbor states including Russia and Iran. Yet its main focus is on Central Asia's links to Asia. Will this foster Russia's connection with the southern states of Asia as well?



Russian-Indian ties have a long history – Afanasii Nikitin’s early journey led eventually to the growth of Russian interest in India under Peter the Great. Peter’s goal was to establish a direct route to India via Central Asia’s turbulent lands. The first military-reconnaissance expeditions to Central Asia (to Yarkand and Khiva; both failed) were organized in 1715 and 1717. Their aim was to explore possible water routes to India via the Caspian Sea and Amu Darya River. Russian attention later turned from India to Persia as a means of gaining a southern “window”. In due course this project failed, but meanwhile Russia-India linkages were being facilitated by Indians themselves. From the seventeenth century a community of Indian traders in Astrakhan controlled the route from Russia to India. By the 1730s Indian turnover of textiles, silk, jewelry, etc. via this “terminal” exceeded all Russia’s Eastern trade.<sup>11</sup> It is interesting to note that in the eighteenth century Indians preferred to send goods northbound via Afghanistan and Iran rather than through Central Asia, which was rendered insecure by the raids of Kazakh nomads.

Russian and then Soviet ties with India multiplied in the twentieth century, especially following World War II, even though there were many problems and tensions in what was in reality a marriage of convenience. The breakup of the USSR brought deep changes to the Russian-Indian partnership, and not all of these changes were comfortable for both sides. Commodity turnover between Russia and India fell by four-fifths in the early 1990s and annual bilateral trade (not counting military items) fell to less than \$1 billion until 1994, as compared to \$ 5.5 billion before 1991. By 1999 - 2000 the annual trade between the countries reached only \$ 1.5 billion.

By this time India had become a dynamic Asian superpower, yet one that is dependent on energy resources and raw materials from abroad. Russia is one of India’s most favorable sources for both. The export of Russian energy grew, and Moscow meanwhile is moving to diversify its commercial and economic relations with India. Both partners are

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<sup>11</sup> Petrukhintsev, N.N., “Orenburgskaia ekspeditsiia i ‘indiyskie’ plani I.K.Kirillova,” *Rossiiia-India: perspektivy regionalnogo sotrudnichestva (Lipetskaia oblast)*, Moscow, 2000, , p. 206-207.

planning to reach and surpass the scale of trade of the Soviet era. India imports Russian fertilizers, iron and steel, scrap metal, paper and energy.

Nuclear power engineering, information and communication technologies, medical research and space exploration, and energy deliveries constitute the main areas of the emerging high-tech partnership. High-tech, transportation, and energy, according to the Indian analyst Allister Maunk, are the “Three Wedding Rings” of Russia-India cooperation, a view with which Russia concurs.<sup>12</sup> By 2003, commodity exchanges reached \$3.3 billion with a peak of \$5 billion being predicted soon. Recently the balance of trade started to lean again in Russia’s favor, as it did during Soviet times. Russian exports exceed imports by five times (\$2.7 billion against \$584 million in 2003). But Russia’s exports to India still lag behind its exports to the USA, China, Great Britain, Germany and Japan.

Russia’s initiative in developing the “South-North” *international transport corridor (ITC)* from Europe to India and Southeast Asia marks a significant new phase of Russian-Indian cooperation.

Officially opened in 2000 by Russian, Iranian, and Indian representatives, this transport corridor connects EU countries via Russia, Iran, and India to the South and Southeast Asian states and the Middle East. ITC shortens the traveling distance from India to Russia from 16,000 km to 6,000, greatly reducing the transport time of Indian goods to Europe. Thanks to the “South-North” ITC, Russia is becoming the main intermediary of economic relations between the EU and India.

### **The Road from Central Asia: Ties with Russia and Pakistan**

Pakistan’s former, current and future role in the Greater Central Asia partnership is a key variable and will be determined by many domestic and external factors. This country is now internationally isolated due to its Cold War era heritage and recent controversies with both Afghanistan

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<sup>12</sup> “Economic Cooperation Between Russia and India,” <http://www.axisglobe.com/article.asp?article=1>

and India. Nevertheless, Pakistan might come to play a central role in trans-Asiatic economic networking.

The USSR welcomed the emergence of Pakistan, but opposed its participation in SEATO and CENTO, which it saw as part of a US policy to contain Moscow. It also viewed with great concern Pakistan's close alliance with China. Against this background of suspicion engendered by Pakistan's partnerships and alliances, there were instances when both the Soviet Union and Pakistan took significant steps to improve their relations. President Ayub Khan's visit to Moscow in April, 1965, was the first direct personal contact between the top leaders of Pakistan and the USSR. The visit resulted in the signing of three agreements on trade, economic cooperation and cultural exchanges. April 1968 saw the visit of Soviet Premier Kosygin to Pakistan. As a consequence of that visit, Moscow announced a limited quantity of arms to be supplied to Pakistan. According to recently released Soviet archival documents, the Soviet leadership viewed Pakistan's domestic developments with tolerance. However, Moscow's decision to send military forces to Afghanistan in 1979 greatly worsened its relations with Islamabad.

Despite the ready availability of Russian arms, Pakistan has failed to secure arms sales from Moscow, mainly because the pro-Indian lobby in Russia is very strong and active. Another important point of tension between the countries is Islamabad's intention to build strategic ties with the Central Asian republics, which Russia interprets as an attempt to limit its own influence in that region.<sup>13</sup> However, it is in the long-term interest of Pakistan to establish mutually constructive relations with Russia. Russia already took steps to involve Pakistan in the SCO.

Henceforth, Russian leaders would do well to realize that Pakistan is marginalized internationally by the charge that it is clandestinely hosting the Taliban forces, and that it is overshadowed by its larger neighbor, India. Both Moscow and Islamabad could learn from the example of

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<sup>13</sup> Ali Shah, Adnan. "Pakistan-Russia relations: and the Post-Cold War era," [http://www.issi.org.pk/journal/2001\\_files/no\\_2/article/6a.htm](http://www.issi.org.pk/journal/2001_files/no_2/article/6a.htm)

China and Russia, which were adversaries during the Cold War yet their relations have become highly prospective in the twenty first century.

There is much scope for trade and scientific cooperation between Pakistan and Russia. During former Prime Minister Nawaz Sharif's visit to Russia in April, 1999, the two sides signed an agreement to create an inter-governmental commission for trade and economic cooperation, replacing the bilateral accord of 1956. The Russians also showed interest in the construction of power plants, roads, and bridges in Pakistan and in supplying power, engineering, and road construction equipment. Russia also evinced its desire to modernize the steel plant in Karachi, built by the Soviet Union in 1975, with a credit of \$525 million to purchase machinery and technology. More recently, the possibility of setting up joint ventures in Pakistan's free trade zones, as well as direct interaction between Pakistani exporters and Russian regions, has emerged. Russian engineers were already participating in the modernization of the Pakistan Steel Mill, and a tank production deal between Uralvagonzavod plant and Islamabad was signed in 2004, while KAMAZ, one of the Russia's biggest truck makers, has announced its intentions to begin production in Pakistan. Meanwhile, many items of future mutual trade between the two countries have been identified. To advance this relationship further it is important that Russia, Pakistan and the Central Asian states resolve their outstanding issues, and that they do so in a regional framework.<sup>14</sup> The decision to allow Pakistan to become an observer in SCO is therefore a meaningful step towards ending that country's international isolation.

### **Russia-Iranian Intimacy**

Iran figures centrally in Russia's plans to link Greater Central Asia and the broader world. But despite its own geopolitical ambitions and economic growth, Iran today still suffers from the legacy of the political-religious reforms of late 1970s-1980s and is struggling with the challenges of globalization. Russian-Iranian bi-lateral and multilateral relations have

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<sup>14</sup> Ibid

long been based on mutual accommodation and compromise. Unfortunately, Russia-Iran nuclear deals overshadow other aspects of their cooperation, which extends to many fields. Trade and economic cooperation is undertaken in accordance within the inter-government agreement of 14 April 1997. A main motor of Russian-Iranian ties is the Permanent Russo-Iranian Commission on Trade and Economic Cooperation, the Russian chair of which is Sergey Kirienko, the head of Rosatom. Currently the two countries are planning projects worth \$ 8 billion total.

*Table A: Russia-Iran trade turnover, according to data of the Federal Customs Service (mln USD)*

	2000	2001	2002	2003	2004	January- November 2005
Total turnover	661,4	933,5	803,0	1390,5	2012,4	1,906
Export	607,8	899,1	753,5	1327,8	1910,2	1796,8
Import	53,6	34,4	50,0	62,7	102,2	109

Potential large-scale projects include the construction of a coal-driven power station “Tabas”, with the simultaneous development of the “Mazino” coal field at an estimated cost of \$ 1 billion; Iran’s purchase of five Russian TU-204-100 airplanes; and the building of a 375 km railroad line from Qazvin via Resht and Enzeli to Astara within the framework of the North-South transport corridor. In November 2005 both countries signed memoranda to establish a Russian-Iranian business council.<sup>15</sup>

A major Russian-Iranian initiative is for “Gazprom” and its Iranian counterpart to construct a trans-continental gas pipeline from Iran via Pakistan to India, a distance of 2,700 km and at a cost of \$ 4.1 billion. But

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<sup>15</sup> <http://www.mid.ru/ns-rasia.nsf/1083b7937ae580ae432569e7004199c2/f59eef21d4cb660043256a54002a62ae?OpenDocument>

for now this project is stalled, with India shifting its main interest to a proposed project from Turkmenistan via Afghanistan and Pakistan. Separate from this, Gazprom is already getting dividends from its joint exploitation of Iran's important South Pars gas field, although it has yet to get the right to export gas from it. Russia's proposed pipeline could also be used to export Turkmenistan gas but Turkmenistan prefers instead an alternative gas pipeline to India via Afghanistan.<sup>16</sup>

There are fears in the West that if Russia and Iran were to combine forces, a "gas OPEC" will be born. Russia's gas reserves in 2005 were 48 trillion cubic meters, and Iran's 27.5 trillion, which together comprise 42% of world reserves. A Russian-Iranian consortium for gas production would differ from OPEC, however, in that it would monopolize not only the production of gas but also its transport to world markets.

### **Russia-Central Asia Relations: the Impact of History<sup>17</sup>**

Analysts point out the "absence in Russian historical writings of a general conception of Central Asia that includes Kazakhstan and South Siberia".<sup>18</sup> Such a vision could not be developed by Soviet historiography, with its focus on only a few politicized topics and its artificial divisions among sub-disciplines. The current state of research has improved, but there exists no broad historical-geographic approach to the region as a whole. However, it is worth considering the idea of Harvard professor R. Frye who agreed that Central Asia constitutes a cultural unity, but one made up of the dichotomy of nomadic and sedentary peoples and states. Accordingly, constituent parts of Central Asia, such as Eastern Persia and Eastern (Chinese) or Altai Turkistan are nothing but "border" zones/cultures in between the main sedentary areas of Russia, China, India and the semitic Near East. Very specific patterns in such areas as

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<sup>16</sup> "Gazprom" tianet trubu v Indiiu iz Iran," <http://i-r-p.ru/page/stream-event/index-6009.html>

<sup>17</sup> Kaushik, Devendra, "Russia and Central Asia relations: reassertion of Russia's Eurasian identity," *Contemporary Central Asia*, vol. 8 no. 1-2, 2003, pp. 1 – 31.

<sup>18</sup> Verkhoturov, D.T, "Osnovi sibirskoi kulturnoi samostoatelnost," <http://www.dialog.kz/print.php?lan=russian&id=139&pub=1149>

irrigation, trade, and commerce give meaning to the whole and assure its survival as an entity.<sup>19</sup>



Map of trade routes from Siberia to Bukhara and China in XVI - XVIII. - Drawn from: Burton, Audrey. "Bukharan trade 1558 - 1718." Papers on Inner Asia # 23, Bloomington, Indiana, 1993

In accordance with this and some other frameworks, certain parts of Russia and Central Asia belong in many respects to the same civilizational, geopolitical and geo-economic space, e.g. Eurasia or Central Eurasia. This point may be proven historically as well as by the map.<sup>20</sup>

<sup>19</sup> Richard N. Frye, "The Meaning of Central Asia, in: Conference on the Study of Central Asia," March 10-11, 1983, Woodrow Wilson International Center for Scholars, Washington, 1983, pp. 11 - 13; see also the transcript of his presentation "Pre-Islamic and Early Islamic Cultures in Greater Central Asia" at seminar "Central Asia as a Cultural Area", Papers of Richard Frye, Harvard University Archives, box 12933

<sup>20</sup> See appendix A (Central Asia in Eurasian context)

When the Russian state shifted eastwards and southwards in the XVI – XVIII centuries, it brought not only territorial expansion but also ethnic interactions and mixings, which in turn brought social, economic, and cultural interaction with Tatars, Bukharans, etc.<sup>21</sup>

The nineteenth century witnessed Russian expansion and colonization of the vast territories to the south, producing a cohesive yet socio-politically and ethno-culturally diverse system that endured in various forms for a century and a half. Today new forms of cooperation and integration within the area that was once the Soviet “hyper-state” are under discussion, even though it is recognized that parts of the Central Asian periphery have gained much from independence. Indeed, the bitter debates among scholars do not question the achievements of the Soviet model, even though it eventually failed.

### **Russia and Post-Soviet Central Asia**

There is widespread but not universal agreement among analysts and scholars that Russia has the potential to become again a global pole in the economic, cultural and political spheres. The main object of criticism is the CIS, but others say that this body never aimed at real integration, but only for a peaceful divorce from the Soviet Union. Still others argue the need for a step-by-step reintegration, which is in fact occurring. For the moment, the ideological base of many of the new sovereign states is their independence from Russia, whereas integration is occurring on the basis of their geographical, political, economic commonalities with Russia. President Nazarbayev of Kazakhstan has offered the idea of Eurasianism as the mixture of Slavic, Byzantine, Turco-Mongolian, and European cultures. But this idea is too abstract to serve as a basis for integration. More relevant would be to find solutions to concrete issues faced by all countries in the region. But, again, there are many alternative national schemes for achieving this, not to mention pressures and attractions from the US and EU.

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<sup>21</sup> Sherstova, L.I., *Turki i russkie v Yuzhnoi Sibiri: etnicheskie protsessy i etno-culturnaia dinamika v XVII – nachale XX vv.*, Novosibirsk, 2005



International experience suggests that the success of integration projects is conditioned by the formation of a nucleus of states. In Europe, these were Germany, France and the UK. Lacking powerful businesses, integration efforts must be driven by governments, but state-run activities do not suffice for economic development. The most applicable model for CIS integration today is not the EU but the North American Free Trade Association (NAFTA), especially its umbrella organization under US leadership. Also relevant to CIS integration is the experience of the South-Eastern Asia area.

### *Russia-Uzbekistan*

Russian-Uzbek trade and economic cooperation proceed on the basis of bilateral and multilateral (i.e., CIS) agreements. The main bilateral ones are the 1992 and 1998 agreements on trade and economic cooperation. In the early 2000s trade fell by 20% for both sides, due mainly to falling cotton production in Uzbekistan, unfavorable weather, and falling world prices for cotton. Since 2003 a steady expansion of trade is evident. By now about 18% of Uzbekistan's external trade is with Russia. Russian exports focus on mechanical and electrical equipment, transport, finished metals, chemicals and pharmaceuticals. Besides cotton, Uzbekistan sells Russia machinery, small cars, and farm produce.

*Table B: External trade of the Russian Federation with CIS (in real prices; mln \$)*

	Export							Import						
	1995	2000	2001	2002	2003	2004	2005	1995	2000	2001	2002	2003	2004	2005
Total	14530	13824	14617	15711	20498	29471	32594	13592	11604	11202	10163	13139	17713	18935
Including trade with EurAZes states <sup>1)</sup>	5815	7974	8278	8497	11172	16335	17257	5128	6236	6169	6063	7528	10140	9164
From total amount per country:														
Azerbaijan	85,6	136	133	277	410	621	858	107	135	81,1	86,8	93,1	139	206
Armenia	127	27,5	75,5	94,5	126	135	191	75,1	44,0	51,8	56,6	78,8	73,7	101
Byelorussia	2965	5568	5438	5922	7602	11219	10118 <sup>2)</sup>	2185	3710	3963	3977	4880	6485	5716 <sup>2)</sup>
Georgia	48,9	42,3	58,2	91,4	153	230	353	57,9	76,6	83,4	69,0	84,2	107	158
Kazakhstan	2555	2247	2778	2403	3281	4664	6526	2675	2200	2018	1946	2474	3429	3209
Kyrgyzstan	105	103	83,3	104	161	268	397	101	88,6	61,9	74,2	104	150	145
Moldova	413	210	240	269	306	372	448	636	325	347	281	404	496	548
Tajikistan	190	55,9	69,4	67,9	129	183	240	167	237	130	66,0	70,0	75,9	94,9
Turkmenistan	93,1	130	140	143	222	242	224	179	473	39,1	32,1	28,4	43,2	77,2
Uzbekistan	824	274	409	453	512	767	861	889	663	584	344	485	613	904
Ukraine	7149	5024	5282	5885	7598	10770	12403	6617	3651	3845	3230	4438	6100	7777

The data drawn from Russian Federal Statistical Service web-site: [http://www.gks.ru/free\\_doc/2006/b06\\_13/24-08.htm](http://www.gks.ru/free_doc/2006/b06_13/24-08.htm)

*Table C: Foreign trade of Russian Federation with Asia (beyond CIS) (in real prices; mln\$)*

	1995	2000	2001	2002	2003	2004	2005
Asia							
Afghanistan	17,6	11,2	7,8	32,3	54,5	75,9	104
Vietnam	322	168	163	321	357	707	739
Hong Kong	311	136	153	184	322	318	349
Israel	624	1045	945	1095	1454	1437	1538
India	998	1082	1123	1630	2735	2502	2314
Iran, Islamic Republic	249	633	904	757	1312	1912	1927
China	3371	5248	5596	6837	8252	10105	13048
North Korea	70,1	38,4	61,8	68,7	111	205	228
Korean Republic	747	972	1108	1271	1324	1963	2361
Mongolia	197	182	216	232	284	363	443
United Arab Emirates	194	178	248	386	270	479	690
Pakistan	41,1	62,7	57,3	81,5	70,8	227	231
Singapore	490	477	575	522	158	190	309
Syria	75,4	95,5	131	143	209	321	440
Thailand	389	80,2	71,4	96,0	130	373	547
Taiwan	463	404	258	463	837	1987	1438
Turkey	1644	3098	3246	3358	4807	7440	10857
Japan	3173	2764	2427	1803	2421	3404	3743

Data drawn from Russian Federal Statistical Service web-site:  
[http://www.gks.ru/free\\_doc/2006/b06\\_13/24-07.htm](http://www.gks.ru/free_doc/2006/b06_13/24-07.htm)

### *Russia-Tajikistan*

A 2006 the SCO summit document liberalized regime of road transport among member states. However, other SCO members, notably Tajikistan, were interested in curbing exports from China. At this same time Russian president Putin suggested establishing an SCO Energy club in order to unite energy producers, consumers and transit states. Russia declared its readiness to construct an energy network to buy hydro-

electricity from Tajikistan and Kyrgyzstan and transit it to the rest of Central Asia and South Asia.<sup>22</sup> This energy club is focused heavily on Tajikistan.

Among its urgent projects were the construction of the Sangtudin power station and completing the Rogun station. The Russian aluminum firm Rusal invested \$50 million in the Sagtudin project but the deal was fiercely disputed. Meanwhile, Lukoil approached Tajik authorities with an offer of cooperation in oil and gas, promising to construct a textile factory, supermarket, and business center in Dushanbe. The total of Lukoil's proposed investments could reach \$1 billion. But the Rogun project, only recently called a symbol of Russia-Tajik strategic partnership, is now stopped, with the Tajik side accusing Rusal of breaking its agreement, and the World Bank upholding Tajikistan's charges. Instead, Tajikistan decided early in 2007 to complete the project on its own, seeking foreign investments elsewhere as necessary. Clearly, this breakdown has political as well as economic implications.<sup>23</sup>

### **Russia and Afghanistan: from allies to conflict, and now renewed cooperation.**

The American idea of promoting Afghanistan as the connecting bridge between Central and South Asia is fully justified from both economic and other perspectives. Its role as a crossroads has continued over the millennia and seems a natural path forward today. Indeed, involvement in continental trade over the vast space of Central and South Asia presents Afghanistan options for resolving its social and political problems. Thus, the construction of a gas pipeline from Turkmenistan through Afghanistan to Pakistan and India would allow Afghanistan to serve as an energy bridge between Central and South Asia, garnering transit fees in the process. But some observers assess this project as part

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<sup>22</sup> Aliakrinskaia, Natalia, "Soyuz razumnich egoistov. Rossiia rasschiriaet svoi ekonomicheskie sviazi v SOS,"

<http://centrasia.org/newsA.php4?st=1158915000>

<sup>23</sup> Kozhevnikova, E., "Rogunskii tupik. Kto postroit krupneyshuiu GES Tajikistana?" <http://centrasia.ru/newsA.php4?st=1170482160>

of Western geopolitical scheme to move Turkmenistan from under Russian influence.

Meantime, the role of Afghanistan itself should be re-assessed from a more positive and creative perspective. When Afghanistan regained its independence in 1919, the new Afghan king Amanullah-Khan failed to fulfill his ambitious reform scheme, yet he also aspired to unite major parts of Central Asia under a federative or confederative umbrella. This project of regional political integration under Afghan leadership eventually failed, too, as the Soviet forces established control over the formerly tsarist political space after 1920.<sup>24</sup> Yet, in spite of the numerous political failures of the Afghan elite in the twentieth century, Afghanistan has demonstrated an impressive national coherence and ability at self-governance and, also, significantly, the inclination and skills to cooperate at the national and regional levels.<sup>25</sup>

When speaking of the recent renewal of Russia's interest in Afghanistan, one should note that Russia could come to play a far more considerable role in Afghan affairs even than in the past. The so-called "Afghanistan syndrome" in Russian public life has been partially overcome, not least because the Afghans themselves have reassessed the Soviet presence in their country and recognized some positive elements in it. Few Russians today are inspired by neo-imperialist dreams of ruling others. Most illuminating in this respect is the nationalist A.Prokhanov's recent interview "Russians enjoy the Orient,"<sup>26</sup> in which even he distances

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<sup>24</sup> Boyko, V., "Afghanistan na nachalnom etape nezavisimogo razvitiia (1920-e gg.): tsentralnoaziatskii kontekst vnutrennei i vneshnei politiki", *Afghanistan I Bezopasnost' Tsentralnoy Azii*,. Knyazev, A.A.. VYp. I, Bishkek, 2004 .

Boyko, V., *Separatizm I regionalism v Bolshoy Tsentralnoy Azii v XX – nachale XXI vv. – Etnicheski separatizm i regionalism v Tsentralnoi Azii i Sibiri: proshloe i nastaiashshee*. Barnaul, 2004.

<sup>25</sup> "Regionalizm v Afghanistane: "Heratskaia respublika," in Rahuima, Abdul, *Musulmanskie strany u granitsy SNG*, Institute of Oriental Studies, , Moscow, 2001.

<sup>26</sup> A.Prokhanov, the well-known nightingale of the Soviet presence in Afghanistan in the 1980s, is still the imperialistic Kipling-like poet of the East: "As every Russian, I am attracted by Asia as a whole. The Russian consciousness, especially that of a Russian military officer, is captured by the mystery and magic of the Orient – whether there are yurts of Kazakh steppe or camels going across jasper-

himself from neo-imperial designs. The dominant approach today is motivated by security concerns and by pragmatic economic intents, the former being aroused by the impact of Afghanistan's domestic situation (especially drugs) on Russia, and the latter by the desire to approach Afghanistan with an eye to mutual profits from trade and other forms of cooperation.

Russia was represented at the London donors' conference for the first time in February, 2006. Foreign Minister Lavrov noted that Russia had not made any commitments at the Tokyo donors' conference in 2000 or at the Berlin follow-up conference. Nevertheless, between 2002 and 2005 Russia rendered \$30 million of assistance to Afghanistan in the form of humanitarian aid and sent \$200 million worth of supplies for the Afghan national army. Russia, according to the minister, intended to continue rendering Afghanistan the assistance necessary to ensure security and develop mutually advantageous economic cooperation. Moscow also declared its intention to consider writing off Kabul's debt, which Russia estimates at \$10 billion.<sup>27</sup>

Russian-Afghan trade turnover for the first ten months of 2005 was \$83 million, equal to the whole of 2004. Russian exports heavily prevailed in this sum: \$80 million of the total. These data do not include Russian goods sent to Afghanistan via Central Asian countries. Russian exports to Afghanistan consist mainly of machinery and spare parts, whereas Afghanistan exports to Russia dried fruits and furs. Russian-Afghan

colored Kara-kum canals, or the ardent air of Kyrgyz valleys. I have never forgotten my journey to Ust-yurt..., there was an old Kazakh graveyard and old crypts. I walked and felt myself surprisingly well. I was never sad since I felt at home and even had thoughts that perhaps Qipchaq blood is running in my veins. Russians inexplicably adore the Orient. ... I think that Anglo-Saxons, including Americans, coming to the Orient, experience the same magic. My Afghanistan experience showed me that American agents, working with the mojahedeen, similarly loved the Orient with a mysterious, Kipling-esque love. There is a kind of wish to embrace, for there is something that is very womanly, loving, mysterious, and ravishing in the Orient ..." Prokhanov ,A., "Russkie obozhaiut Vostok," <http://www.cainfo.ru/article/actual-interview/886/?PHPSESSID=5b852020b65f590da1fa3952fa1188e3>

<sup>27</sup> Korgun., V., "Konferentsiia po Afganistanu v Londone," <http://www.afghanistan.ru>

trade is far below its potential, due to the lack of information in both countries and the absence of banking institutions. The main prospects for future Russian investment are connected with the restoration and modernization of facilities built initially with Soviet assistance; which still constitute the core of Afghanistan's industrial base. There is also potential is for Russian-Afghan cooperation in the reconstruction of motor roads. Cooperation in the mining sector would also be favorable due to the rich experience and technical expertise at the disposal of Russian companies. Such qualitatively enriching relations must be supported by a new legal basis for bilateral ties, which is currently in preparation. Other agreements under consideration will protect investments and prevent double taxation.

Until recently the Russian-Afghan partnership was expressed only in military-technical assistance, since the scale of Afghanistan's debt to Russia prevented further economic agreements. By 2006 this issue was resolved thanks to the visit to Russia of the Afghan foreign minister, R.D. Spanta. Remaining issues will be resolved through the Club of Rome. Against all odds, trade turnover for 2005-2006 rose by 19% over the previous year, with Russian exports to Afghanistan still heavily dominating.

Two Russian companies have applied to take part in an international tender to develop the Ainak copper deposits. Seven other companies from India, China, the US, and Kazakhstan are also competing. The key issue will not be the actual mining but transportation, as the energy shortage requires that the copper-smelting works be built outside of Afghanistan. Hence, this project entails the whole infrastructural network, including power station, highways and railroads, a concentrating mill, etc.

Another relevant factor will be political, for Kabul is naturally interested in expanding the peace process. Russian diplomats, if involved could, provide useful support in this area.

Various uncertainties complicate Russian business activity in Afghanistan. Under the circumstances it is best not to start with large projects, as their failure would worsen the climate for cooperation. Russian businessmen should be able to compete effectively with Western

companies there, although the effect of non-economic and overly political factors cannot be minimized.<sup>28</sup>

Russia brings experience (which is not always positive) and a thorough knowledge of Afghan realities due to its long-time involvements there. Russia is also closer to Afghanistan than most developed Western countries. India and China, which also have interests in Afghanistan, do not possess the specific technologies that Kabul needs. The new Afghan leadership and business community are showing themselves to be interested in cooperation with Russia in the fields of infrastructure and transport. Several schemes are under consideration: Chelyabinsk-made tractors are being sold in the northern Afghan provinces; ZIL and *Russkie Mashiny* hope to export light trailers, medical and passenger mini-buses. Infrastructural cooperation may be furthered if the Russian firm “EES” and the Afghan government agree to export electric power from the Tajik hydro-electric station «Santgudin-1» to Pakistan.<sup>29</sup> The US government strongly supports this project and the work may go instead to the American firm AES.

The Afghans themselves are also requesting Russia’s involvement in the Afghan energy sector. Russia’s “Ruselprom” firm is already exporting hydro-electric equipment for reconstructing the “Naglu” hydro-electric station, constructed in 1965 with the assistance of the USSR. This deal entails the provision of four sets of hydro-generators, modern digital systems, assembling of equipment, and the training of local staff. Further, in August, 2006, the Afghan Ministry of Energy and Water Resources signed a contract with the Russian company “Technompromexport” valued at \$32 million. With funding from the World Bank, this project will reconstruct and modernize the “Naglu” hydro-electric station.<sup>30</sup>

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<sup>28</sup> Verkhoturov, D., “Rossiisko-afghanskoe ekonomicheskoe sotrudnichestvo doshlo do konkretnih proyektov,” <http://www.afghanistan.ru/doc/7496>

<sup>29</sup> Pakhomov, N., “Sotrudnichestvo s Rossiei mozhet pomoch Afghanistanu stat silnee,” /3.1.2007. - <http://www.afghanistan.ru/doc/7651.html>

<sup>30</sup> “Nachalis postavki oborudovaniia dlia vosstanovleniia GES “Naglu,” /26.1.2007 <http://www.afghanistan.ru/doc/7828.html>



*Russian-Afghan cooperation from a regional perspective*

Russia's regions were involved in international trade since early Soviet times, but the devastated post-civil war economy and Stalin's autocratic regime made difficult any cooperation with such similarly weak adjacent countries as Afghanistan. However, extraordinary opportunities for Soviet firms arose during the 1929 Afghan civil war as Afghanistan's breakup into several centers of power severed the northern regions from their traditional British-Indian markets. It was then that Soviet state-run agencies successfully penetrated the northern Afghan karakul wool and agricultural trade. This zone of influence was maintained during the post-WWII years when Afghanistan benefited from a short-lived USSR-US cooperation that extended to their relations in distant Afghanistan. During the 1980s Soviet-Afghan trade took place at the inter-state, inter-regional, and sometimes even inter-city levels. For example, Russia's Altai province maintained ties in various fields with the Afghan province of Baglan. In 1980s many cooperative agreements were signed. Thus, the "Altaistroy" state construction company operated for many years in Afghanistan's northern areas.

After the Soviet breakup new opportunities for inter-regional Russian-Afghan ties re-emerged. For instance, the Afghan community in Altai (in all about 300 people)<sup>31</sup> offered themselves as intermediaries for economic linkages between Asiatic Russia and Afghanistan, Pakistan, the UAE, etc. Some of the Afghan emigres had money at their disposal, so this would have been advantageous for all. But this sensible proposal was rejected by local Altai business circles. Primarily former Communist party activists or government officials, they preferred to make money on a family/corporate basis. This short-sightedness disappointed many entrepreneurial Afghans and prompted them to flee to the West.

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<sup>31</sup> Boyko, V.S., "Vihodtsy iz Azii v torgovo-ekonomitcheskoi zhizni I vneshnikh svyazakh Zapadnoi Sibiri v XX .- Sibir v strukture transaziatskikh svyazei," *Problemy prigranichnoi trgovli i mezhhregionalnogo vzaimodeistviia*, Barnaul, 2000; and also his "Afghanskaia obshshina na Altae: osnovnye cherty sotsio-kulturnogo profilia.,"

*Etnographiia Altaia i sopredelnye territorii*, Barnaul, 1998.

In spite of this recent history, Afghanistan is increasingly attractive to Russian businessmen in the Russian East. Even small firms with modest foreign exports are managing to export Altai limber by railway or truck to Afghanistan. This business requires good working relations with Central Asians and Afghans, and smooth custom procedures. There are many further prospects for Russian-Afghan trade -- agricultural machinery, domestic, flour, etc -- but these will not develop until the high transport tariffs are reduced.

### **Russia-Greater Central Asia Cooperation from a Regional/Sub-Regional (Siberia/Altai) Perspective**

Since the middle of the first millennium Siberia was populated by Turkic peoples, who came there a century before Slavs settled in the upper Dnepr valley and established their state at Kiev. The state of Muscovy and the Siberian khanate were both the products of the disintegration of the Mongol-Turkic Golden Horde. Russians reached Siberia in the sixteenth and seventeenth centuries and peacefully merged with indigenous patterns of life. Far more complicated were the ethno-cultural relations over the landmass of Siberia. The Siberian ethnologist L. Sherstova came to the conclusion that over time Russified groups of Turco-Siberian origin developed a new "Asiatic" regional self-consciousness, a new Russian sub-ethnicity formed by diverse migrants.<sup>32</sup>

Thus, Western Siberia, earlier a peripheral part of the Turkic world, evolved into the main base for Russian influence in Asia, a bridge for the transfer of Russian goods to the nomadic Kazakhs, Mongols and other peoples of the western Chinese steppe. Conversely, Siberian towns became centers for the purchase and processing of steppe produce. Another Siberian researcher, V. Zinoviev, argues that it was this fact that caused some Siberian cities in the 1920s to seek to join the Republic of

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<sup>32</sup> Sherstova, L.I., *Tyurki i Russkie v Iuzhnoi Sibiri*, p. 274.

Kazakhstan, since they constituted a single economical entity that included Kazakh nomads.<sup>33</sup>

Even though Siberia in Soviet times was heavily managed from above, it gained a certain experience with international trade and cross-border interaction that is of value today.<sup>34</sup>

#### *Siberian Trade with CIS countries*

In the early 2000s the Siberian Federal District (SFD) accounted for 8% of Russia-CIS trade. Siberia's main trading partners are Kazakhstan, Ukraine, Uzbekistan, and Belarus.

The level of Siberian-CIS trade expresses less the export potential of these territories than conscious decisions by regional authorities. As a result, CIS-oriented trade is 50% of all Siberian trade. The main Siberian export items are machinery and equipment, mineral products, chemical products and chemical equipment, with chemicals, minerals, food-stuffs, machinery and equipment being the chief imports.

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<sup>33</sup> Zinoviev, V.P., *Tovarooborot Sibiri I Tsentralnoy Azii v nachale XX veka*, "Sibir u Tsentralnaua Aziua: problemy regionalnikh sviazei XVIII – XX. Tomsk, 1999 , 119.

<sup>34</sup> On this phenomenon see the case study coverage by Abdusalamov, M.A., *Problemy ekonomicheskoi integratsii Tsentralnoi Azii i Sibiri*, Tashkent, 1982.

*Table D. Siberia's external trade turnover trade with CIS countries in 2002 (in million USD)*

	External turnover with CIS	Share in total external turnover	% to 2001	Country share, %
CIS countries in total	2001,8	15,7	91,9	100
Kazakhstan	1055,3	8,3	86,4	52,7
Ukraine	677,8	5,3	89,6	33,9
Uzbekistan	106,6	0,8	96,3	5,3
Belorussia	57,2	0,4		2,9
Kyrgyzstan	41,6	0,3	114	2,1
Tajikistan	23,7	0,2	90,8	1,2
Turkmenistan	18,5	0,1		0,9
Azerbaijan	11,5	0,1	160,6	0,6
Armenia	4,1		80,9	0,2
Moldova	3,7		69,2	0,2
Georgia	1,8		90,7	0,1

(Data from the Siberian Customs Department)

Trade with Uzbekistan is particularly relevant to Southern Siberia, since the Siberian industrial complex was planned in Soviet times to supply Central Asia with equipment and machinery. Since the early 2000s Siberian enterprises have participated in Uzbek privatization. Siberian universities are training Uzbeks, and new trading houses and joint transport companies are being organized. Thus, in Samarkand a joint venture with the Novosibirsk Instrument Plant has been established to manufacture optical instruments; a joint-stock company with Yurga Machine-building Plant is purposed for making automobile cranes; and another joint stock company set up by Prodmash in Kemerovo province

produces equipment for grain mills and elevators. The result of all this effort has been to increase Uzbek-Siberian trade turnover to \$ 2 billion.<sup>35</sup>

These and other projects are being carried out in accordance with WTO requirements. These include liberalizing custom procedures, unifying indirect custom rules, etc. One more constructive change has been the mutual adaptation of improved custom codes by Russia, Kazakhstan, and Ukraine. The Russian code reduces custom procedures to a maximum of three days, and establishes trans-shipping points on transit states for onward deliveries to third countries.

*Table E: Russia-Asia ties: Siberia's economic cooperation with more distant countries.*

Turnover, thousands USD	2005 (January – November)	2004	2003	2002	2001
Iran	75468,7	20982,0	2117,8	201,1	175,4
Japan	30130,4	42841,7	10896,3	8368,4	-
Cyprus	23230,8	47927,0	103035	10487,5	0
India	21520,8	45905,0	18976,1	1769,7	4263,5
Mongolia	13134,6	14622,0	15472,2	10712,5	2703,9
Slovakia	9703,3	4400,8	8144,1	81,4	183,9
Germany	9459,5	14902,2	12343,7	1493,4	1415,1
China	9493,8	17134,4	15504,4	16599,9	18803,9
Italy	2261,5	3607,6	3674,5	-	2233,7

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<sup>35</sup> Tikhomirov, S., "Siberia and Uzbekistan: the beginning of integration," *Siberia and East of Russia Quarterly*, 2002, Nos. 1-2, pp. 14 – 15.

Table F: Siberia's country turnover, 2006

Country	Turnover, thousands USD	Share %	% to 2005
Total	36984549.3	100	133.0
Including (selectively):			
Distant abroad (selectively)	31858456.1	86.1	134.2
Afghanistan	53073.4	0.1	129.4
Vietnam	113771.4	0.3	60.0
Germany	1437069.8	3.9	139.0
Israel	53540.4	0.1	B 5.0p
India	671268.3	1.8	203.7
Iraq	7350.7		82.4
Iran, Islamic Republic	245865.5	0.7	79.8
China	8418865.4	22.8	145.5
Korea, Peoples- Democratic Republic	150871.7	0.4	178.8
OAE	13216.2		B 3.8p
Pakistan	20477.7	0.1	B 7.8p
United Kingdom	799746.2	2.2	111.6
USA	2122751.4	5.7	155.2
Japan	2148980.6	5.8	143.8
CIS	5126093.2	13.9	125.7
Azerbaijan	27551.0	0.1	138.0
Armenia	13678.4		218.7
Georgia	5585.9		133.6
Kazakhstan	2713369.6	7.3	135.6
Kyrgyzstan	301169.0	0.8	176.7
Tajikistan	117714.7	0.3	138.7
Turkmenistan	15400.2		54.7
Uzbekistan	391218.3	1.1	154.9
Ukraine	1537530.6	4.2	102.1

<http://www.sibfo.ru/stu/stat.php?action=art&nart=3144>

*Table G: Cooperation with CIS countries*

Turnover, thousands USD	2005 (January- November)	2004	2003	2002	2001
Kazakhstan	294822,1	305900,0	173837,1	107154,7	190146,3
Ukraine	161309,4	173733,9	100711,4	78438,1	30640,1
Uzbekistan	78283,5	75319,1	50722,9	29798,4	44920,9
Belarus	51317,9 (January- October)	43825,1	39939,9	44672,0	36204,3
Tajikistan	26898,0	19726,0	17659,7	8355,6	11024,7
Kyrgyzstan	23135,5	38376,2	17498,4	10717,3	12521,3

*Altai-Kazakhstan*

In September 1990 the legislature of the Russian Altai region established a free economic zone to link Altai province and what became the Altai Republic with the world economy. The goal was to develop mining and build up new industrial enterprises in close cooperation with external partners. However, legal and organizational uncertainty and a new Russian customs law in 1991 alienated foreign investors. Only in the late 1990s did a more progressive format for foreign trade emerge with a new department of foreign economic ties and new internationally oriented business, both looking mainly to Asia.<sup>36</sup> Kazakhstan is now the main trade partner of Russia's Altai province, with 30% of the total turnover.

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<sup>36</sup> Distinctive patterns of external cooperation and integration are being introduced on the sub-regional level, within the so called Greater Altai area. See below.

*Table H: Altai-Kazakhstan trade turnover, 2000-2005:*

	Turnover, thousands USD	Export, Thousands USD	Import, Thousands USD	share % to previous time frame
2000	168109,4	129152,2	38957,2	193,4
2001	190146,3	145464,7	44681,6	113,1
2002	107154,7	80942,2	26212,5	56,3
2003	173837,1	110937,3	62212,5	162,2
2004	303442,1	189009,4	116890,6	176
2005 (Jan- Sep)	237763,3	171600	66163,3	104,6

### **Impediments to inter-regional cooperation**

Altai's cross-border trade is impeded by the fact that automobile and railway border check-points are still poorly organized and not properly equipped. Many are even at a distance from the actual borders, resulting in delays at border crossings and reduced trade. Since January, 2001, the State Customs Committee of the Russian Federation heavily bureaucratized the rules on goods traffic from East and South-East Asia. In Altai province only one check-point was permitted for highways, and transport was re-directed to Moscow. As a result, Altai shuttle-traders were forced to buy goods in remote Eastern Siberia or in Moscow, which naturally reduced trade and increased smuggling.

The following steps are now essential if Altai is again to play a role in regional trade: establish industrial ties between Altai and Kazakhstan enterprises and organize industrial complexes as necessary to build on complementarities; seek investments from abroad for the Altai economy; develop border tourism; and organize trade links between China and Russia via the Altai sector of the Russia-Kazakhstan border.

Altai also has significant trade with Belarus, other CIS countries, and Asia. Top level visits of Altai and Belarussian delegations have resulted in many recent agreements. In the same spirit, a 2005 Uzbek delegation to



Altai charted out extensive possibilities for trade, ranging from cotton yarn and agricultural produce to wood and spare parts.

### *Altai-Tajikistan*

Tajikistan is among the ten top trading partners of Russia's Altai province. Altai province leads Siberia in trade turnover with Tajikistan and stands third among Russia's regions in this regard.<sup>37</sup> This trade, however, is subject to abrupt changes. In 2004 alone the export of lumber doubled, flour grew by six times, while several other products fell sharply. The most stable and important Altai exports to the Tajiks are lumber, farm tractors (from the Alltrac factory), and electric power generators (including for the Dushanbe and Khojent airports).

Fruits and vegetables are the main export items from Tajikistan, although this trade is dominated by Novosibirsk-based intermediaries. Altai entrepreneurs and state agencies actively recruit Tajik labor for construction, the building trades, and agriculture. In nine months of 2005 more than 600 work permits were issued to Tajikistan citizens, with the actual number of migrant laborers being far larger.

### *Eurasian regionalism and the "Greater Altai" project<sup>38</sup>*

The proposal to establish a "Greater Altai partnership" in the field of trade and transport offers an illuminating case-study of both opportunities and impediments for regional interaction in this larger zone of Asia.

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<sup>37</sup> Nozhkin S., Report at presentation of economic, scientific, and cultural potential of Altai province in the framework of the Russia-Tajikistan economic forum (01.12.2005, Dushanbe)

<sup>38</sup> One of the first detailed coverage of this project was done by O. Barabanov, then senior researcher at the

Institute of Strategic Studies in Moscow, "Greater Altai: a proposed alliance of the regions bordering Central Asia and Siberia.,"

<http://www.iiss.org/publications/russian-regional-perspectives-journal/volume-1--issue-2/greater-altai-a-proposed-alliance>

The Russian Altai region, consisting of the Altai province and Altai Republic, lies in the strategically important border of the Russian Federation and Kazakhstan.

The Russian Altai, together with Novosibirsk and Tomsk provinces, constitutes one of the main elements of the current Russian heartland. Altai's political situation is stable, but its economy remains stagnant. The Altai business community and many politicians consider China as the most promising international trade partner. Whether the region advances economically well depends on whether or not proposed highways and gas pipelines to China are actually constructed. However, serious environmental arguments against these projects may in the long run undermine their viability. Meanwhile, ties between the Russian and Mongolian Altai zones are weak and even decreasing, in spite of mutual demands for economic and cultural cooperation. At the same time, the delineation of the Russian-Kazakhstan state border is proving a challenging process, the outcome of which will also affect trade and security. Against this background, it is surprising that Tajikistan, northern Afghanistan, and even Pakistan and India present tremendous opportunities for the Russian Altai, thanks to the mutually complementary nature of their economies.

The Russian Altai belongs historically, culturally and economically to Central and Inner Asia and is in turn part of a larger Altai region that is sometimes called "Greater Altai," which includes also the East Kazakhstan province of Kazakhstnan, the Xinjiang-Uyghur autonomous Region of China, and the Bayan-Ulgy and Khovd *Aymaks* of Mongolia. This term was introduced long ago but is now gaining currency, thanks to the new spirit of regionalism that is developing there.

This unique Eurasian regionalism manifests some features of European integration, but is more reminiscent of the "soft" interrelationships that have developed in South-East and South Asia. The history of sub-regional cooperation among adjacent territories of Russia, Kazakhstan, China, and Mongolia is short, but encouraging. There were Chinese who in 1996 raised the idea of forming an East Central Asia economic zone uniting East Kazakhstan, Russia's Altai Republic and Altai province,

Bayan-Ulgy and Kobdo *Aymaks* of Mongolia, and China's Xinjiang region. This idea was furthered in 2000 when representatives of these six regions signed in Urumchi a Declaration on International Cooperation in the Altai Mountain Region. Since 1998 the Chinese-Russian initiative to build a transport corridor via Kanas pass (the so-called "Eurasian continental bridge" framework) has been under discussion. This project is complemented by the Mongolian initiative of 2000 to create a "Eurasian continental bridge."

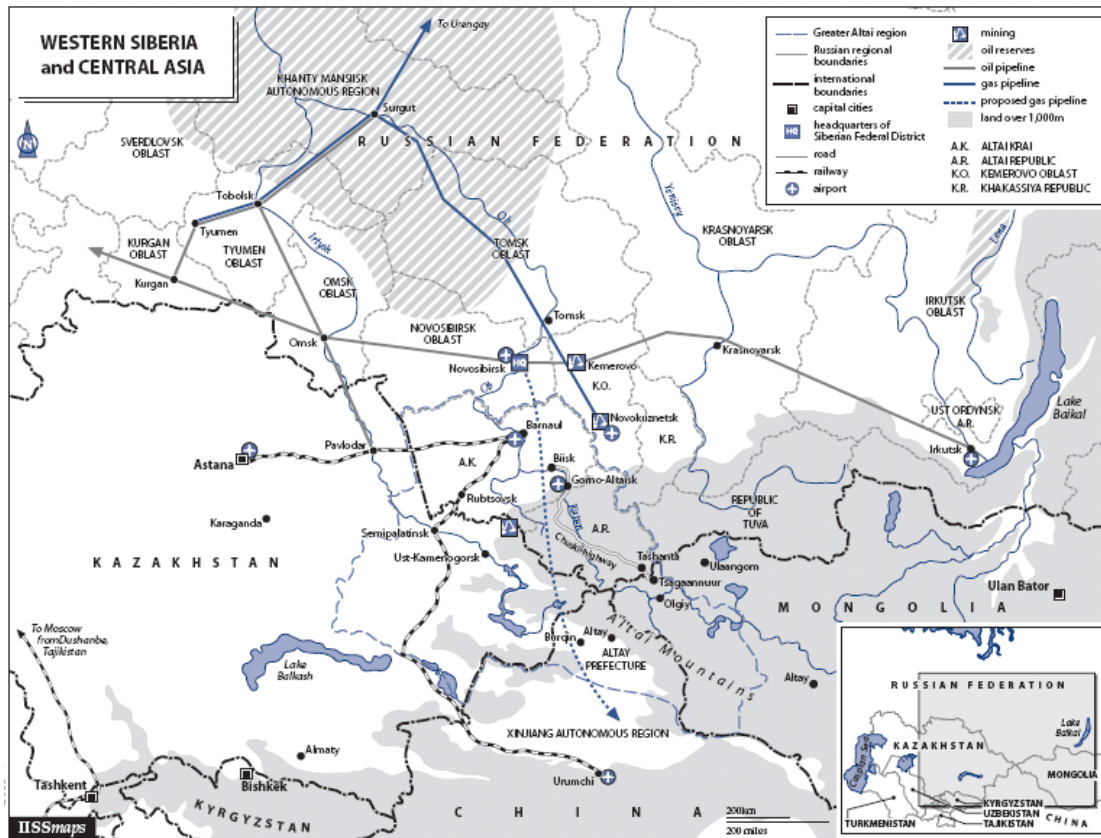
Whereas proponents of Altai economic development have merely suggested certain ideas on international transport, environmentalists have already implemented some integrative ecological projects, among them the "Long-Term Protection of Bio-Diversity of the Altai-Sayan Ecoregion" (1997), and UNDP's "Development and Implementation of Local Strategies of Sustainable Development in the Altai Republic" (2001). At the moment researchers and government agencies from Mongolia, China, Kazakhstan, and Russia, with support from the German government and UNESCO are developing the concept of a trans-border bio-sphere territory for sustainable development in Altai. The authors of this project suggest that it might eventually mesh with such economic projects such as the "Eurasian trans-continental bridge."

In September, 2002, Russia, Kazakstan, and Mongolia, and China established a joint committee, called "Altai: Our Common Home," to develop the resources of the Alta mountain range and link them with the broader world. The signatories agreed to focus on trade, transport, tourism, environmental protection, and education. The goal is to develop the entire region as an eco-tourism destination with world-class agriculture and a base for new technologies.

This quadripartite project of regional cooperation has now become an institutionalized network involving the academic communities and legislators, with the support also of the business communities and governments. The expert who has contributed the most and also to this idea since the late 1990s is S. Nozhkin, currently the vice-head of the Department of International Cooperation in the government of Altai Province. It was he who energetically encouraged not only the process

itself, but its informational support by starting the web-site <http://www.altaiinter.info>, one of the best and most dynamic websites in the field.

*Map A: Western Siberia and Central Asia*



Source: Russia's New Southern Border: Western Siberia–Central Asia. The IISS Russian Regional Perspectives Journal for Foreign and Security Policy, Issue no. 2. London, 2003, <http://www.iiss.org/showdocument.php?docID=165> (accessed 6 February 2006).

### *The Altai-Altai project for roads and gas pipelines*

One of the most controversial aspects of the development of the Altai region is the proposed construction of a highway from Barnaul, the administrative center of Altai province, to Urumchi, the capital of the Xinjiang Uyghur Autonomous Region of China. The project to build a road connecting Russia and China through the Altai was developed by Russia and China and is supported by Western development

organizations. However, it has foundered on the massive opposition mobilized by local Russian environmentalists and nationalists. The length of this new trans-national transport line will be 260 km, of which 140 km is already constructed. The Xinjiang government is ready to allocate funds to build the remaining 120 km.<sup>39</sup> There is still no checkpoint on the 55 km, western border sector between China and Russia, and all cargos are going instead through Kazakhstan, leading to increased costs.

The proposed highway connecting China and Russia will go via the Ukok plateau and will cross the border at the Kanas pass. Opponents point out that the Ukok plateau is included among UNESCO's World Heritage Sites because of its many archeological sites. For example, it is here that the archeologist N. Polosmak found the famed "Altai princess" mummy. Many ethnic Altaians consider the region to be holy and explain the earthquake of 2003 as being the consequence of the "princess's" spirit having been disturbed. Altai Republic authorities are also opposed to the idea of road construction and are offering to build a link to China via Mongolia, using the alternative route Tashanta-Ulgiy (Mongolia)-Kobdo (Mongolia)-Taikishken in China.

Nor is the highway the sole bone of contention. In March, 2006, President Putin announced in China Russia's plans to construct two pipelines from Siberia to China. Russia hopes to export to China 60-80 billion cubic meters of gas annually by this route. The Chairman of Gazprom, Aleksei Miller, stated that the cost of this new gas pipeline could reach \$10 billion and that it might be completed by 2011. Greens strongly oppose this project. In April, 2006, the matter was discussed by Russian Prime Minister Fradkov, the presidential representative in Siberia, Kvashnin, and the governor of the Altai province, Karlin. While the Prime Minister cautioned that all relevant data must be taken into

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<sup>39</sup> "V blizhayshie 1 – 2 goda Kitai postroit dorogu k Altaiu,  
"http://www.altaiinter.org/news/?id=10396

account, including relevant ecological issues,<sup>40</sup> Altai's Governor Karlin told the media that the project will definitely go forward with direct financing and will cross 450 km of Altai territory.<sup>41</sup>

## Conclusions

Since the breakup of the Communist system in the early 1990s Russia has become a dynamically developing state and society, where democratic norms and patterns of economic and political life are steadily gaining strength. Due to historical factors and to its geographic location, Russia is a Eurasian power, with a substantial part of its territory located socially and economically in Asia, and with certain southern border-belt regions falling within Central Asia proper. Russia's Asianness (or Central Asianness) while shifting over time, has always been a factor in its domestic and external politics. This fact, as well as geo-political and geo-economic factors, assures the permanence of Russia's interest in the East and her cooperation with its Asian neighbors, whether China, Kazakhstan, India, or Japan, etc. Integrative projects in the strategic and economic sphere are important for Russia. Of particular importance are the states of Central Asia – the vast landmass that includes five former Soviet republics and other states with similar ethno-cultural roots including China's Xinjiang region, the Turco-Tajik north of Afghanistan, the Turkic north of Iran, and India and Pakistan, with their Central Asian territories of Kashmir.<sup>42</sup>

Any partnership framework for Greater Central Asia should involve Russia fully and give it a key role. This includes the exploitation of North- and Western Siberian energy resources and related pipelines between Siberia, Central Asia, and South Asia (the Siberian-Indian corridor). It should not be forgotten that Russia, while burdened by her

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<sup>40</sup> Interview with M.Fradkov on 14 April 2006 see at:  
<http://www.altaiinter.org/news/?id=10463>

<sup>41</sup> <http://www.altaiinter.org/news/?id=15117> 1 December 2006

<sup>43</sup> Schneider-Deters, W. , "Bezopasnost i ekonomika: neobkhodimost regionalnogo sotrudnichestva v Tsentralnoy Azii. – Tsentralnaya Aziya v XXI: sotrudnichestvo, partnerstvo i dialog," Proceedings of the international conference on this theme, Tashkent, 2004, p. 6

own domestic problems, has not yet begun to play its full role in the region, which constituted the borderlands of both the Russian imperial and post-imperial states. In the future Russia will surely play a bigger role in reframing the broader geo-political and geo-economic space than it has for the past fifteen years and, in doing so, will demonstrate its capacity for cooperation with its culturally and economically akin neighbors. One of the most illuminating proofs of this cooperation on a regional and sub-regional level is the Greater Altai partnership project, which is an expression of a trans-national Asiatic regionalism.

Returning to the chief concept and program under discussion, that is the Greater Central Asia partnership (GCAP), one may conclude the following: it obviously offers a viable alternative to existing and emerging patterns of regional integration. Acknowledging this, the GCAP plan should include a decisive roles for out-of-region players, first of all the USA. This important regional partnership is justified by the stagnating economy, which requires extraordinary initiatives from out-of-region investors.

Even though it would achieve them through technological means (transport and trade), GCAP's goals are bold, even radical. It would bring about the fundamental alteration of archaic and in some cases deliberately preserved socio-political institutions at the local and regional levels. Such traditional forms as nomadism and tribalism, and various autonomous or semi-autonomous ethno-political structures such as those which exist on the Afghan-Pakistan border, and even the world-wide drug smuggling networks, would all be eliminated by the technological force of trade.

Perhaps GCAP's goal is too radical, a romantic notion that is ahead of its time. In proposing to modernize economic and social patterns it lays bare too many "blank spots" that endure in the complex world of Central Asia.

Viewed from a purely scholarly perspective, one can say that the GCA project partially ignores or comes into frontal conflict with earlier theoretical ideas regarding the regions and countries that might be termed Central Asia proper. Above all, it would significantly impact the

territories on Russia's southern flank, China's western province of Xinjiang, Kashmir, and other areas.

The notion of a Greater central Asia assumes that Afghanistan should be included as part of Central Asia, even as it is simultaneously to be incorporated into South Asia by means of its Pashtun population. The point is not that Afghanistan, with its ongoing conflicts, is alien either to Central or South Asia. But for a century very different conditions prevailed there, which included its status as a tribal state which a reforming monarchy had formed into a kind of federation, a quasi-republic, etc, etc. The GCAP concept proposes to correct all this through a scheme based on mutual collaboration.

There is a basis for this. The Afghan clergy, for example which includes knowledgeable and authoritative personalities and groups, was educated not only at Al Azhar in Egypt and at the Deobandi schools of Pakistan, but at Bukhara, Tashkent, and other Central Asian centers of Islamic education and learning. The ties of these Afghans with their counterparts in Central Asia endured even through the Soviet era. Beyond this, the northern areas of Afghanistan belong to Turkic Central Asia, and their population includes many descendents of people who emigrated from the southern USSR during the 1920s.

It cannot be denied that the potential for cooperation and integration between the Central Asian republics and Afghanistan is severely reduced by the differences between them today and by political instability. All the same, the imperatives of world economic developments and the growth of new linkages within Asia and globally render closer ties between Central Asia and Afghanistan inevitable. An opening to the Indian Ocean of great significance to the future of all Central Asia. It is therefore in the interest of all Central Asia to re-establish economic links with Afghanistan and the Indian sub-continent, as well as with Iran. Given this, the extension of Central Asia's regional cooperation southwards would appear to be the first commandment of the twenty-first century.



## Biographical Sketches of Participating Authors

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Masood Aziz is a Counsellor at the Afghanistan Embassy in Washington. He is the founder and acting Executive Director of the Afghanistan Policy Council, a think tank providing a distinct voice to challenging policy issues pertaining to Afghanistan. Mr. Aziz has over 19 years of experience in executive management, international management consulting, banking and institutional investment management. He holds the French Baccalaureat, a Bachelor of Science degree and an MBA from the United States and is a frequent speaker and writer on economic and political matters related to Afghanistan and the greater Central Asia.

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Dr. Vladimir Boyko is Director of the Center for Regional Studies and Associate Professor of Asian Studies at Barnaul State Pedagogical University in Barnaul, Russia. He obtained PhD from the Institute of Oriental Studies, USSR Academy of Sciences (Moscow), and has held fellowships at Harvard University, Ruhr University, and the London School of Economics. Dr Boyko is the author/co-author or editor of ten books on Afghanistan and Central Eurasia.

### **Dennis de Tray**

Dennis de Tray serves as Vice President at the Center for Global Development (CGD). Before joining CGD, de Tray directed the World Bank's Mission for the five Central Asian republics from Almaty, Kazakhstan. Previously, he served as IMF senior representative to Vietnam in Hanoi, and as the World Bank's Director, Resident Staff and

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### **Guljan Ermekbaeva**

Guljan Ermekbaeva is a graduate of Kyrgyz State University and received an MBA from the International Academy of Management, Law, Finance, and Business. An expert on regulatory reform, Ms. Ermekbaeva is executive director of the Junior Achievement Kyrgyzstan Foundation.

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Rafkat Hasanov is executive director of “The Investment Round Table,” which gained renown for its contribution to economic reform in the Kyrgyz Republic. He carries out applied and policy-relevant research in the areas of fiscal reform, tax legislation, budgetary issues, macro-economic modeling, revenue forecasting, foreign investment, deregulation, and poverty reduction.

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Dr. Aftab Kazi is professor of International and Comparative Politics, American University of Central Asia, Bishkek, the Kyrgyz Republic. He completed his doctoral degree in International Studies at the University of Pittsburgh. He is the founder and first editor-in-chief of the Journal of

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### **Abbas Maleki**

Abbas Maleki completed his undergraduate and master's degrees at the Sharif University of Technology in Tehran, where he holds the post of assistant professor. With a PhD in strategic management, he has taught courses on Iranian foreign policy, the Islamic revolution, and Iran and its neighbors. In 1985-89 he was Director General of the Institute for Political and International Studies at the Foreign Ministry of the Islamic Republic of Iran, and then Deputy Foreign Minister for Research and Education, in Iran's Foreign Ministry, to 1997. Since 1997 he has served as Director General of the Institute for Caspian Studies in Teheran and in other senior advisory capacities.

### **Djoomart Otorbaev**

After working in various Kyrgyz research institutes, Djoomart Otorbaev became a visiting professor at Eindhoven University, The Netherlands, 1992-1996. In 2001 he was appointed as a special representative of the President of the Kyrgyz Republic for foreign investments, and at the same time he founded the Investment Round Table. Between 2002 and 2005 he served as a Vice-Prime-Minister of the Kyrgyz Republic with responsibility for economic development. From April 2006 Djoomart

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Martin Raiser holds a PhD in Economics from the University of Kiel, Germany, and a master's degree in Economics and Development Studies from the London School of Economics. Until 2003 he worked at the European Bank for Reconstruction and Development as lead economist for Central Asia. He then served as country manager for the World Bank in Tashkent, Uzbekistan, before being named to the World Bank's regional office for Belarus, Moldova and Ukraine in Kiev. Mr. Raiser is on the editorial board of the *Journal of Comparative Economics*.

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