

# The Central Asian Security Dynamic: A Key Cross-roads Region in Global Politics



# THE CENTRAL ASIAN SECURITY DYNAMIC: A FULCRUM OF STRATEGIC SIGNIFICANCE

Introduction	3
New Geopolitical Realignment in the Heart of Eurasia?	3
Kazakh-Chinese Security Ties	6
Time for the US to Move in the South Caucasus	9
Russian Radars and Global Politics: American Legitimization of Russian Military Presence?	12
Azerbaijan and Russia: The Lingering Impact of the Georgian War?	15
Nagorno-Karabakh: Azerbaijan's Strategic Lodestar	19
Azerbaijan and Iran: Cousins in Conflict	22
Azerbaijani Defense Policy and Military Power	24
Doctrine	25
Military Modernization	26
The Armenian Challenge	28
APPENDICES	28
Comparative Military capabilities of Armenia and Azerbaijan	30
Azerbaijan's Regional Allies	31
Israel	31
Turkey	31
Uzbekistan and Russia: Cooperation at Arm's Length	33
Uzbekistan and Kazakhstan: The Taliban Threat Driving Them Together?	36

The Delicate Dance: Uzbekistan and NATO	39
Uzbekistan's Military Reform and Partner Potential	42
The Central Asian Nuclear Free Zone Agreement: A Russian End Run?	46
Sino-Uzbek Economic and Energy Ties: A Growing Partnership	49
Expanding the Envelope	50
Expanded Presence	51
Averting Eurasian Water Wars: The View from Uzbekistan	52
The Tail Waging the Dog or How Logistics Support to Afghanistan Gets Harder	56
The China-Russia Gas Conflict	59
China's Central Asian Energy Strategy: A Central Role for Kazakhstan	62
The Central Role of Kazakhstan	62
The Roles of Uzbekistan and Turkmenistan	64

# Introduction

Central Asia has become more visibly significant as the West has engaged in Afghanistan. The logistics routes to support Afghanistan often reached through Central Asia.

But as the big Afghan engagement draws down, it would be a mistake to return to benign neglect of this region. The US and the West have significant interests in the region. And the significant role which Russia and China play here as well are important elements of the evolving Russian and Chinese global presence.

However challenging it is to work with the Central Asians, there interests in independence is clear. And their efforts to shape their role in the world can work to the advantage of the United States and the West and be key elements in shaping a policy to constrain any Russian or Chinese adventurism in the neighborhood and beyond.

And clearly Iran sees a key role in shaping its influence in the region for its global agenda. As Robert Kaplan has argued:

*Imagine an Iran athwart the pipeline routes of Central Asia, along with its substate, terrorist empire-of-sorts in the Greater Middle East. Clearly, we are talking here of a twenty-first-century successor to Mackinder's Heartland Pivot.*

Kaplan, Robert D. (2012-09-11). *The Revenge of Geography: What the Map Tells Us About Coming Conflicts and the Battle Against Fate* (Kindle Locations 4383-4384). Random House, Inc.. Kindle Edition.

In this special report, Richard Weitz looks at various aspects of the evolution of policy in the region and how the dynamics of change might play out in the period ahead.

## New Geopolitical Realignment in the Heart of Eurasia?

2012-10-29 by Richard Weitz

Kazakhstan and Uzbekistan are the two most influential of the “stans,” having the largest land mass and population in Central Asia.

Uzbekistan is also Kazakhstan’s major trading partner within Central Asia.

Yet, the two countries, along with their presidents, are commonly seen as perennial competitors for regional primacy. Uzbekistan has the largest population (some 30 million compared with Kazakhstan’s 16 million), but Kazakhstan has the richest natural resources (especially oil) and most successful economy (measured in terms of comparative growth rates and levels of foreign investment).

In September 2012, in his first official bilateral visit to Kazakhstan since April 2008, President Islam Karimov and other senior Uzbekistani officials sought to dispel this image of perennial rivalry. They discussed a range of important bilateral, regional, and international issues with their Kazakhstani counterparts in Astana. These topics included boosting two-way economic ties, discouraging other Central Asian countries from taking actions that threatened their water supplies, and discussing how to manage the ongoing civil war in Afghanistan.

Mutual concerns regarding Afghanistan are clearly driving the two countries together.

Karimov cited the ongoing withdrawal of NATO forces from Afghanistan and other regional challenges as requiring that Tashkent and Astana to formulate joint policies aimed at “preserving and strengthening stability and general well-being in our region.”

Karimov and Nazarbayev accordingly pledged to coordinate their activities in regional and international organizations in areas of mutual interest. These include the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organization (SCO), and the United Nations. With respect to the SCO, the presidents agreed to work to expand the SCO’s capacities to effectively meet the contemporary challenges and threats.



*Kazakhstan and Uzbekistan are the two most influential of the stans having the largest land mass and population in Central Asia. The interests of Kazakhstan and Uzbekistan seem to overlap most on national security issues, especially countering threats from Muslim extremists in Afghanistan and elsewhere. Credit Image: Bigstock*

The two presidents expressed grave concern about the situation in Afghanistan and their support for resolving the conflict as soon as possible. They reaffirmed their commitment to contribute to the socio-economic reconstruction of Afghanistan. Uzbekistan has more interests at stake in the Afghanistan conflict than Kazakhstan. Not only do they share a common border as direct neighbors, but many ethnic Uzbeks reside in Afghanistan. Even so, Kazakhstan has been assuming a leading role in offering young Afghans scholarships to study in Kazakhstan. Uzbekistan has helped construct Afghanistan’s infrastructure, including its Internet and incipient railway network.

The interests of Kazakhstan and Uzbekistan seem to overlap most on national security issues, especially countering threats from Muslim extremists in Afghanistan and elsewhere.

On April 23, 2008, Nazarbayev affirmed the commitment of both countries to “combine efforts in the fight against extremism and drug trafficking from Afghanistan.”

The two countries’ economic ties are also strengthening.

Kazakhstan has become Uzbekistan’s major trading partner in Central Asia. Economic ties between the two countries are currently on the rebound. In 2011 bilateral trade exceeded 2.7 billion US dollars, a 47 percent increase over the

same figures for 2010. During the first six months of 2012, bilateral trade reached \$1.4 billion, an 18% increase over the first half of 2011. More than one half of Uzbekistan's trade turnover with Central Asian countries is with Kazakhstan. They aim to double their trade within the next few years.

Furthermore, Kazakhstani and Uzbekistani investors have established hundreds of joint business ventures. According to Kazakhstani sources, more than seven hundred small and medium scale enterprises operate in Kazakhstan with some Uzbek investment. These joint ventures operate in such commercial sectors as food, pharmaceuticals, construction, chemicals, and manufacturing. In Uzbekistan, Kazakhstani capital is concentrated in the cotton fiber, construction, and chemical industries.

The two countries are engaged in various multinational projects that would increase the flow of gas from and through their territories to Russia, China, and other countries.

Kazakhstani firms already use Uzbekistan's territory as a transshipment route for some non-energy exports. Kazakhstani and Uzbekistani officials have coordinated their energy policies to induce Russian firms to pay more for their oil and gas exports, which Russian middlemen often resell to European consumers with a hefty markup.

Since both countries became independent in 1991, their governments have signed more than one hundred bilateral agreements. The most important of these documents include the Program of the Economic Cooperation between Kazakhstan and Uzbekistan for 2006-2010 and the Strategy of the Economic Cooperation between Kazakhstan and Uzbekistan for 2007-2016. Nevertheless, many of their bilateral agreements have not been fully implemented. Nazarbayev said at their September 2012 summit that the two governments should review these existing documents with the aim of consolidating them by discarding those that are outdated or of little value while adding new ones to address new issues.

During Nazarbayev's March 2006 visit to Tashkent, Nazarbayev also underscored the importance that improving Kazakh-Uzbek relations would have for his ambitions to increase wider regional political and economic cooperation: "The geopolitical situation in our region and the future of integration processes among our neighbors depends on Kazakh-Uzbek relations."

When Karimov conducted an official visit to Astana in April 2008, the two leaders agreed to authorize their government to prepare a draft agreement on a bilateral free trade zone, which Karimov said would "increase volume of mutual trade significantly" by unifying customs duties and other trade practices of both countries. A working group headed by the prime ministers of both countries was created to establish the terms of the bilateral free trade zone and how it would integrate with the region's other multinational economic frameworks. Kazakhstani and Uzbekistani officials have noted how their two countries' transportation and communications infrastructure is mutually supporting.

Nonetheless, the similar economic profile of both countries, along with their excessive customs duties and border controls, unduly constrain their bilateral commerce.

Kazakhstan and Uzbekistan are competing to become the preeminent transit country for pan-Eurasian commercial and transportation networks (including a possible Europe-Asian highway).

Another earlier source of tension that has faded over time is that some Uzbek nationalists have asserted claims to territories in southern Kazakhstan that once belonged to medieval Uzbek Khanates. In 2000, Uzbekistani border guards unilaterally moved border markers deep into Kazakhstan's territory. Kazakhstan's contentious and difficult border demarcations with Uzbekistan were finalized only in August 2002. Even so, in September 2003, the Ka-

Kazakhstani Foreign Ministry issued a statement claiming that its border service had detected 1,127 border violations “by the Uzbek side” since the previous November. Another complication is the large number of illegal immigrants from Uzbekistan that work in Kazakhstan, especially at urban construction sites and in the cotton fields of southern Kazakhstan.

Kazakhstani leaders see establishing good ties with neighboring Uzbekistan as essential for advancing their regional integration agenda. In March 2006, Nazarbayev observed, “The geopolitical situation in our region and the future of integration processes among our neighbors depends on Kazakh-Uzbek relations.”

Yet, Karimov has dismissed the Kazakhstani concept of a Central Asian Union as premature.

Karimov’s pessimism regarding Nazarbayev Union of Central Asian States may reflect the difficulties the two countries experienced after they agreed to establish a bilateral customs union in 1994. Karimov recalled during his April 2008 trip to Astana that problems with this structure led the two governments to join additional regional economic structures (e.g., the Central Asian Cooperation Organization and the Eurasian Economic Community), which also proved largely ineffective. We’ve been through it already,” he remarked to journalists.

## Kazakh-Chinese Security Ties

2/26/12 by Richard Weitz

China and Kazakhstan have generally achieved a harmonious relationship in which the two countries can engage in mutually beneficial economic, energy, diplomatic, and security partnerships that produce a “win-win” outcome for both parties.

For centuries, Kazakhstan’s leaders perceived China as their main security threat, inducing them to ally with Russia as a great power balancer. During the Cold War, Kazakhstan served as a forward base for potential Soviet military operations against the People’s Republic of China (PRC). After the USSR’s collapse, the initial focus of Astana and Beijing, after establishing diplomatic relations in 1992, was to delineate their new 1,600km (1,000 miles) common border.

The two national governments progressively resolved their frontier differences in their joint communiqué of November 23, 1999, their bilateral protocol on border demarcation on May 10, 2002, and their comprehensive border agreement of December 20, 2006. The two governments also signed a bilateral accord to govern the use and protection of their cross-border rivers on September 12, 2001. In 2002, the Kazakhstani and Chinese governments signed a “Good Neighbor Treaty of Friendship and Cooperation,” an “Agreement on Cooperation Against Terrorism, Separatism, and Extremism” and an “Agreement Between the Chinese Government and the Kazakhstani Government on Preventing Dangerous Military Activities.”

In May 2004, the two countries established a China-Kazakhstan Cooperation Committee, which has served as a major governmental mechanism for developing their bilateral relationship. The Kazakhstani and Chinese presidents typically meet several times a year in bilateral and multilateral gatherings; other senior government officials often meet more frequently.

At these, Chinese and Kazakhstani leaders have taken care to express their support for the other country’s security, internal stability, and territorial integrity. While PRC leaders fear secessionist movements and religious extremism among its national minorities, Kazakhstani leaders worry about imported religious extremism and militancy.



In line with Chinese preferences, Central Asian governments regularly profess solidarity with Beijing's counterterrorist concerns, which center on the Uighur-based East Turkestan Islamic Movement.

For example, when Chinese President Hu Jintao visited Astana in June 2004, the two governments issued a joint declaration that stated: "The two sides are determined to continue to take effective measures and work together in cracking down on all forms of terrorism, including the terrorist force of the 'Eastern Turkestan Islamic Movement' in order to safeguard the peace and stability in the two countries and this part of the world." In addition, the communiqué affirmed that, "The two sides maintain that the crackdown on the terrorist force of the 'East Turkestan Islamic Movement' is an important part of the international fight against terrorism."

The Chinese government has employed primarily diplomatic initiatives and direct security assistance to bolster Central Asian governments against mutual terrorist threats. By 2004, Beijing had signed bilateral counter-terrorism agreements with all four of its Central Asian neighbors. They include provisions for joint law enforcement operations, bilateral police training, and enhanced intelligence sharing.

To bolster ties with these governments as well as enhance their counterterrorist capabilities, Beijing has supplied Central Asian governments with defense equipment, military training, and intelligence information regarding terrorist threats.

The National Security Committee of Kazakhstan and the Public Security Ministry of China regularly conduct joint anti-terrorist exercises in border regions. Kazakhstani and PRC law enforcement agencies also collaborate against trafficking in narcotics and weapons. China's defense academies now enroll Kazakhstani military personnel in their classes.

One unique factor differentiating China's relations with Kazakhstan from those with the other Central Asian countries is their large overlapping ethnic groups.

About 180,000 ethnic Uighurs reside in eastern Kazakhstan. In addition, as many as one million ethnic Kazakhs live in China, especially in Xinjiang. Many ethnic Kazakhs have moved to Kazakhstan during the past decade as the country's independence and reconciliation with China has generated new opportunities for travel between the two countries.

A major Chinese concern in relations with Kazakhstan is securing Astana's support for Beijing's efforts to curb "separatism" among China's Uighur population. Central Asians often sympathize with the Uighurs' separatist aspirations, especially since ethnic Uighur activists may have been inspired by the Central Asians' own successful drives for independence and share the same Muslim faith as do many Central Asians.

Nevertheless, Kazakhstan and other Central Asian governments, while allowing Uighurs to practice limited degrees of political activity, do not permit Uighurs to engage in unauthorized activities in China and have deported Uighurs accused of terrorism by the Chinese. At Beijing's urging, Chinese pressure forced the dissolution of the independent associations of Uighurs that had existed in Kazakhstan as well as the closure of the Institute of Uighur Studies that had been based at the Institute of Oriental Studies in Almaty.

Joint Kazakhstani-Chinese declarations also normally include a clause affirming the mainland's position regarding Taiwan — that Beijing is the only legitimate government of China and that Taiwan is an inseparable part of Chinese territory. The communiqué issued when Hu visited Astana in August 2007, for instance, states that, "On the Taiwan issue, the Kazakh government reiterated its steadfastness in upholding the one-China policy and throws its support



behind China for all efforts it has made to realize national reunification, recognizing that the Taiwan issue is China's internal affair."

When Taiwan held a referendum on March 22, 2008 on Taiwan's joining the United Nations as a separate country, the Kazakh Ministry of Foreign Affairs declared Astana's opposition to Taiwan's independence aspirations and any attempt to create "two Chinas."

In 2008, when various international groups have called on foreign government leaders to boycott the Summer Olympics in Beijing, or at least the opening ceremonies, to signal disapproval of China's policies regarding Darfur, Tibet, or other issues, the Chinese government solicited the endorsement of friendly governments of Beijing's plans for the Olympics. The governments of Central Asia, including Kazakhstan, obliged. After Kazakhstani Prime Minister Karim Masimov met with Chinese Premier Wen Jiabao in April 2008, they issued a communiqué declaring that, "Kazakhstan supports China's efforts in the preparations of the Beijing Olympics and will enhance coordination with China on strengthening the Olympic security work to ensure the successful and smooth holding of the Beijing Olympics."

Kazakhstan's close ties with Russia have constrained Sino-Kazakhstani cooperation.

On the one hand, much Russia-China trade goes through Kazakhstan. On the other hand, Russia has sought to prevent the newly implemented Russia-Kazakhstan-Belarus Customs Union from serving as a backdoor for the smuggling of cheap Chinese goods into Russia. Moscow has therefore pressed Kazakhstan to tighten controls at the Kazakhstani-Chinese border before Russia and Kazakhstan eliminated their joint border checkpoints. Some Kazakhstanis complain that they can no longer buy cheap Chinese imports but must now spend more to buy often inferior quality goods from Russia and Belarus. Vladimir Putin's proposed Eurasian Union, which the Kazakhstani government has said they would join, could erect further economic and perhaps other barriers between China and Kazakhstan.

China's soft power resources in Kazakhstan are also weaker than those of Russia. The continuing dominance of Russian culture, the Russian media, and the Russian language has also limited Chinese influence in Kazakhstan. Although some 3,000 Kazakhstani students are studying in Chinese universities and colleges, the number of Chinese speakers in Kazakhstan is miniscule compared to the many Kazakhs who are fluent in Russian. Chinese is not one of the languages supported by the Kazakhstani government's trilateral (Kazakh-Russian-English) language competency program.

China's recent advancement into Kazakhstan's economy has brought benefits to Kazakhstan, but it has also raised questions over increasing Chinese influence and its implications. Kazakhstani residents located near China complain about the expanding water use by the growing Chinese population in border regions, which has been reducing fresh water river flows to Central Asian communities located further from the rivers' sources. Many Kazakhstanis do not believe that they have greatly benefited from China's economic activities in their region, citing PRC managers' tendency to hire Chinese workers even when operating in foreign countries.

Although many Kazakhstanis welcome China's increasing involvement in their economy, especially as a supplier of cheap consumer goods and a potential market for Kazakh products, they also fear Chinese long-term ambitions in their country. A widespread worry is that demographic imbalances—Kazakhstan has the lowest population density in Central Asia—could entice Chinese immigration that would eventually lead to China's de facto annexations of Kazakh territory. A related anxiety is that PRC's growing wealth will result in Chinese ownership of important sectors of Kazakhstan's economy.

These concerns became most evident in 1999, when the media criticized the decision by the national legislature to ratify what many Kazakhstani residents deemed as excessively generous concessions to Beijing regarding where to demarcate the China-Kazakhstan border. Popular concerns about “peaceful Sinification” of Kazakhstan’s under-populated regions compelled Kazakhstani authorities to re-impose visa requirements on Chinese nationals seeking to enter Kazakhstan. Concerns also have arisen in Kazakhstan about the bilateral trade imbalance—with Kazakhstanis urging the Chinese to buy (and help develop) Kazakhstan’s non-resource sectors.

Yet, Kazakhstan’s leaders likely admire their Chinese counterparts’ ability to achieve both high rates of economic growth and preserve their authoritarian political system. They also see ties with China as a useful counterweight to Moscow’s still dominant presence in their region.

Furthermore, Kazakhstanis anticipate that enormous size and commercial prowess of the Chinese will invariably give them a prominent place in their national economies, so most of their policies aim to channel the Chinese presence rather than constrain it. As Nazarbayev observed about China in his March 2006 annual address to the Kazakh parliament and nation, “There is no alternative to mutually advantageous ties with that dynamically developing country.”

The relationship between China and Kazakhstan is clearly a “win-win” for both sides.

Mutual benefits derive from their cooperation in trade, transport, energy, and telecommunications. The Kazakhstani government is keen to maintain balanced relations between China, Russia, Europe, and the United States to avoid domination by any single actor.

PRC leaders have also been restrained about antagonizing Russia by appearing to threaten Moscow’s interests in Central Asia. In many cases, these coincide or at least do not conflict with China’s core regional interests. Yet, this harmony also results from Kazakhstan and the rest of Central Asia’s being of lower strategic priority to Beijing than does Moscow. The PRC’s expanding interest in securing Central Asian energy and economic opportunities could lead Beijing to reconsider its policy of regional deference.

## Time for the US to Move in the South Caucasus

10/11/12 Although Americans and Azeris have a long history of friendship, this year marks the 20th anniversary of diplomatic relations between the United States and the post-Soviet state of Azerbaijan.

The U.S. government and U.S. companies were eager to develop newly independent Azerbaijan’s oil and gas fields through their foreign direct investment. The U.S. government has also seen Azerbaijan as an important ally in its efforts to build the Baku-Tbilisi-Ceyhan, which bypasses Russian territory.

Following the 9/11 terrorist attacks, Azerbaijan was among the first countries to offer the United States unconditional support in the war on terrorism, opening its airspace to the U.S.-led Operation Enduring Freedom in Afghanistan.

Since then, Azerbaijan’s airbases have provided landing and refueling support for U.S. military transports to Afghanistan.

Azerbaijan was also the first Muslim nation to send its troops to serve with U.S. forces in Iraq.

Nonetheless, in 1992, the United States Congress banned direct aid to the government of Azerbaijan – the only exception to the United States’ contribution of aid to the post-Soviet governments – as a response to the Azerbaijani block-

ade during the Nagorno-Karabakh War. Azerbaijan viewed this as unfair legislation, given that Armenia had taken portions of Azerbaijani territory.

It was only in 2002 that the Congress, responding to Azerbaijan's support in the war on terror, authorized the president to waive Section 907 of the 1992 Freedom of Support Act, which prohibits direct U.S. military aid to Azerbaijan's government, on national security grounds. The United States has sold the Azerbaijani surveillance and border security equipment under this exception and engaged in some limited training activities.

For example, U.S. Navy SEALs have trained Azerbaijan's Special Forces. In addition, Azerbaijan works with the Oklahoma National Guard through the State Partnership Program (SPP). The United States also can use Azerbaijan's airspace for medevacs. Since the beginning of 2012, the United States has medevaced 2,200 patients over Azerbaijan to the theatre medical system, where they have a 95% chance of survival.

The United States has also been seeking to strengthen Azerbaijan's maritime defense and surveillance capabilities.

In 2005, Azerbaijan began participating in the U.S. European Command's Caspian Guard Initiative (CGI), an effort to coordinate U.S. activities with Azerbaijan and Kazakhstan in countering terrorism, nuclear proliferation, and drug and human trafficking. Through the CGI, the Azerbaijan navy has received training in maritime special operations, WMD detection, communication, rapid response, border control and naval infrastructure.

Following some recent strains that emerged following what many Azerbaijani strategists saw as Washington's defeat in the 2008 Georgia War, tensions over human rights, and a political deadlock over confirming the proposed U.S. ambassador to Baku, relations with the United States have improved in the last year, with the U.S. Senate finally confirming an ambassador to Azerbaijan (Richard Morningstar) and Secretary of State Hillary Clinton making an official visit to Azerbaijan in June.

Despite recent improvements, section 907 remains a serious obstacle in relations between the two countries, especially from the Azerbaijani perspective, which objects to being discriminated against compared with Armenia. Azerbaijan does not believe the temporary waive of Section 907 sufficient, as it leaves open the opportunity to cut off Azerbaijan from aid in the future.

The U.S. and NATO troop surge in Afghanistan has had the beneficial effect of stabilizing the military situation there and giving the Kabul government a fighting chance of bringing peace to that long-troubled land.

But the extra troops have required extra supplies. Fortunately, Azerbaijan has assumed a lead role in allowing NATO countries to deliver material to their troops in Afghanistan through the Northern Distribution Network that passes through its territory. Railways and trucks convey fuel, food, and construction supplies through its territory, while almost all American soldiers that enter Afghanistan fly over Azerbaijan's territory.

Azerbaijan is also quietly helping prevent Tehran from expanding its influence in Eurasia.

Located on Iran's northern border, Azerbaijan is understandably leery of a direct confrontation with the Tehran regime, in part because of a large population of ethnic Azeris. But Azerbaijan is bravely if quietly providing the United States and Israel with intelligence on Iran's nuclear activities, and has even sought to reduce tensions between Washington and Moscow over the Iranian missile defense issue by offering them shared use of the Russian military radar based in Gabala.

Energy security depends on having reliable suppliers that refrain from manipulating energy deliveries for political reasons. Not only does Azerbaijan export enormous amounts of natural gas from its own production, but it serves as a vital land corridor for Caspian and Central Asian energy deliveries to our European allies. These deliveries reduce Europeans' dependence on Russian and Iranian energy sources and also help decrease the cost of U.S. energy imports by dampening the effect of Iranian threats to close the Strait of Hormuz or curtail its own oil exports.

Close commercial relations between Azerbaijan and the United States were established with the signing of the "Contract of the Century," which required the member companies to develop Azerbaijani oil fields. U.S. energy firms have a major presence in Azerbaijan's energy sector thanks to the government's preferential treatment of U.S. energy companies. This partnership has helped propel the country's GDP from \$1.2 billion in 1992 to \$54.4 billion, an astounding 4,533% increase.

Azerbaijan was recently elected to become one of the few countries to serve on the UN Security Council. Already its diplomats have supported U.S. efforts, opposed by Russia and China, to force the brutal Syrian government to end its killing of innocent civilians. In the next two years, the United States could need Azerbaijan's vote to impose additional sanctions on Iran, roll back North Korea's nuclear program, and sustain peace in the Middle East.

One means to ensure that this U.S.-Azerbaijani strategic partnership continues is to help resolve Azerbaijan's territorial dispute with its western neighbor Armenia. Both fought a brutal war in the early 1990s over a region called Nagorno-Karabakh. The conflict continues to fester, as Nagorno-Karabakh's status remains uncertain and both nations confront each other in a dangerous face-off. Each side has deep-seated grievances about the other's behavior as well as competing territorial and historical claims. The 2008 Georgia War shows how these supposed "frozen conflicts" in the former Soviet Union can abruptly thaw and explode.

The next U.S. administration should make a vigorous effort to promote a Nagorno-Karabakh settlement as a means to prevent any collateral damage to U.S. security and energy interests in Eurasia that would ensue from another Armenia-Azerbaijani war.

The current structure seeking a negotiated settlement, the Minsk Group of the Organization for Security and Cooperation in Europe, has failed to make enduring progress despite more than a decade of efforts. The administration should appoint a high-level envoy of the sort that it is routinely sent to the Middle East, to propose concrete bridging proposals directly to the parties in conflict.

Congress can support this effort by repealing an outdated provision of the 1992 Freedom of Support Act (Section 907) that prohibits direct aid to Azerbaijan's government. Whatever its value in ending the original Nagorno-Karabakh war, the provision is now impeding U.S. diplomatic flexibility and weakening U.S. influence in both Armenia and Azerbaijan, including efforts to promote their democratic development and sustain their autonomy from foreign influence.

Ideally, Congress and the administration should support a negotiated settlement to the Nagorno-Karabakh conflict with financial and diplomatic support to both states, ranging from enhanced trade benefits to full-scale U.S. diplomatic representation to U.S. efforts to promote Armenian-Turkey reconciliation.

# Russian Radars and Global Politics: American Legitimization of Russian Military Presence?

2012-10-03 by Richard Weitz

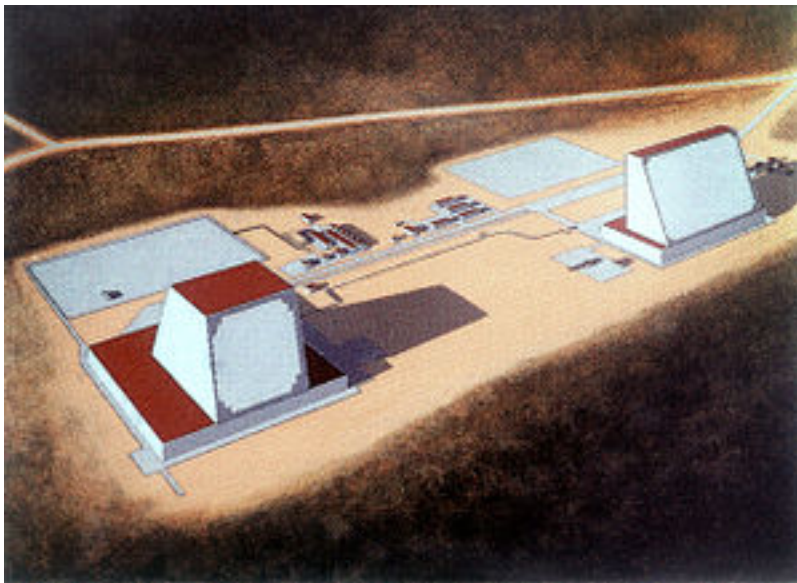
According to the Russian media, the Azerbaijani government is about to renew Russia's lease of a radar station at Gabala in Azerbaijan.

The station, built in 1985, can detect missile launches at a distance up to 6,000 kilometers, or much of the Middle East.

It became famous in 2007 when, at the G8 summit in Heiligendamm, Russian President Vladimir Putin surprised his fellow heads of state by offering to provide the United States with unprecedented access to real-time data from Gabala. Putin described the proposal as an alternative to the U.S. plans to build an entirely new ballistic missile defense (BMD) radar in the Czech Republic.

Putin's suggestion followed months of escalating U.S.-Russian disagreements over a proposed U.S.-run BMD battle management radar in the Czech Republic as well as American plans to establish a related base in Poland for launching defensive interceptor missiles. The Gabala gambit failed to resolve the dispute since the Russian government demanded a cancellation of these deployments in return for access to the radar, something the Bush administration was unwilling to accept.

Now that the Obama administration and NATO have cancelled these planned deployments, they have confirmed that they are still considering various joint BMD architectures with Russia that might see U.S. and NATO access to the radar, which can provide early warning data for Iranian missile launches.



*According to the Russian media, the Azerbaijani government is about to renew the Russian lease of a radar station at Gabala in Azerbaijan. The US Government is looking to join in with the Russians in using this facility. But popular support for hosting a Russian base remains minimal. Credit: [http://en.wikipedia.org/wiki/Gabala\\_Radar\\_Station](http://en.wikipedia.org/wiki/Gabala_Radar_Station)*

The Russian government currently leases several ground-based early warning radar stations in the now independent former Soviet republics. These complexes employ obsolete technology, are costly to maintain, and were designed to identify only warheads carried on approaching ICBMs.

The Daryal radar facility in Gabala began operating as part of Russia's early-warning network in February 1985. Its original purpose was to enable the Soviet military to detect ballistic and some cruise missiles launched from the Southern Hemisphere. These included launches from Asian and African countries as well as from U.S. strategic missile-launching submarines (SSBNs) operating in the Indian Ocean. The Gabala radar was designed to work in conjunction with the USSR's extensive network of space-based surveillance systems, with both the ground and space-based sensors feeding data into the Soviet strategic command.

Following the USSR's dissolution, the issue of continued Russian military use of the radar, whose territory now belonged to an independent and sovereign country of Azerbaijan, became contentious.

Though the Russian armed forces continued to operate the radar as their own military facility in Azerbaijan, the Boris Yeltsin administration pressed Azerbaijani government to agree to a long-term leasing arrangement that would regularize continued Russian military access to the complex. As leverage, Russian negotiations threatened to curtail cheap energy exports to Azerbaijan or restrict the commercial activities of the approximately two million Azerbaijan nationals working in Russia. Many of them remitted a substantial share of their earnings to family members in Azerbaijan, a process which helped sustain the Azerbaijani economy.

Despite these considerations, the protracted negotiations did not result in a deal until 2001. The lease signed on January 25, 2002, granted Russia access for a 10-year period at an annual payment of, by various estimates, \$7-\$14 million. Hundreds of Russian troops belonging to the Federal Space Forces work at the complex.

With a range of 6,000 kilometers, the Gabala radar can potentially monitor India, Iran, Iraq, Pakistan, Turkey, and parts of China and Africa. According to Russia sources, during the Iran-Iraq war, the station detected over 150 launches of short-range Skud missiles. The Gabala radar also detected test launchings of Shahab-3 missiles from the Iranian Hamadan target ground in January of this year.

Yet, the functionality of the radar is called into question by the fact that the Russian government has already decided to replace Gabala and other Soviet-era early-warning BMD radars with new radar complexes that provide more comprehensive coverage of all types of missile launches, including strategic and tactical ballistic missiles and cruise missiles.

The first new "Voronezh-M" radar station became operational in late December 2006 in the Leningrad Region, near St. Petersburg. It closed the gap in coverage of the sector facing northwest Russia that arose in 1999 when Moscow abandoned its obsolete Dnestr-M Skrunde radar station in Latvia. Then Defense Minister Sergei Ivanov indicated that Russia plans to build additional radar stations in order to end dependence on the stations located in the other former Soviet republics. He told the Duma in February 2007 that, "We should not depend on anyone on this issue and should control everything ourselves."

At the G-8 summit, Putin said that he had discussed the Gabala issue directly with Azerbaijani President Ilham Aliyev a day before his statement. On June 14, Aliyev gave a lengthy interview to the Japanese media in which he ex-



plained his reasons for agreeing to consider Putin's proposal. First, Azerbaijan already had good relations with both Russia and the United States, cooperating with both countries on many issues. Second, the Putin proposal would help "reduce potential danger in the world and contributes to global security" and Azerbaijan is already "participating in many programs with respect to the provision of security and predictability in our region." Third, he observed that his nation's rights and interests would be respected since the 2002 lease agreement "clearly states that any additional agreement by Russia with any third parties with respect to the use of the radar station must also be agreed to by Azerbaijan."

On June 15, Aliyev cautioned that, while his government was willing to discuss joint Russian-American use of the Gabala radar, he opposed establishing additional foreign bases in Azerbaijan. He also rejected deploying "foreign military contingents" on Azerbaijani territory, a prohibition that would leave the radar's defense up to Azerbaijan.

Other Azerbaijani leaders were more explicit in the benefits that might accrue to their country from possible joint Russian-U.S. military use of the Gabala radar.

Aydin Mirzazade, deputy chairman of the parliamentary defense and security committee, said that a joint Russian-American operation at Gabala would "strengthen the geopolitical position of Azerbaijan, since the station belongs to our country."

Azerbaijanis seeking to move closer to the United States and farther from Russia endorsed Putin's proposal because it would, in the words of opposition supporter Rasim Musabekov, "mean diversification of this base and would increase the strategic weight of Azerbaijan." From this perspective, inviting the U.S. military to use Gabala would have the advantage of strengthening Azerbaijani-American relations without being perceived in Moscow as an unfriendly act.

In contrast, before Putin's G-8 statements, the American and Azerbaijani dialogue on the issue had, in the words of Foreign Minister Elmar Mammadyarov, been "rudimentary." Security ties between Baku and Washington are good if complex. On the one hand, U.S. policy makers have complained about government restrictions on political freedoms and corruption among government employees. Congressional legislation also constrains U.S. military aid to Azerbaijan.

On the other, they recognize the pivotal importance of having a friendly secular government in a predominately Muslim country rich in energy resources. Azerbaijani oil exports underpin the Baku-Tbilisi-Ceyhan pipeline, which U.S. policy makers see as an essential element of their strategy to diversify the source and routes of energy exports from the former Soviet Union.

In terms of concrete security cooperation, Azerbaijan is one of only two Muslim countries (the other is Kazakhstan) that have contributed troops, if in small numbers, to the U.S.-led peacekeeping operations in Kosovo, Afghanistan, and Iraq. The Azerbaijani law enforcement, military, and intelligence communities have provided useful data and other assistance to the United States in the American counterterrorist campaigns in Afghanistan, Central Asia, and the Caucasus.

The United States has spent tens of millions of dollars as part of its Caspian Guard Initiative to enhance the ability of the Azerbaijani navy and coast guard to counter regional nonproliferation and terrorist threats, including against Caspian Sea energy sources (e.g., terrorist attacks against oil platforms).



In particular, the U.S. government has helped construct radar stations in Azerbaijan that, unlike the Gabala complex, which monitors missile launches and flights, are designed to detect the potential movement of weapons of mass destruction and their means of delivery by sea or air.

Hosting a joint U.S.-Russian military base could also help strengthen Azerbaijan's ties with NATO.

If the three countries agreed on trilateral or bilateral Russian-American use of the facility, however, the new arrangement could lock in a Russian military presence in Azerbaijan for a long time since now the Americans could see Russian participation as essential for legitimizing their own use of the facility.

At present, Moscow describes the radar as a core component of its air defense system.

Popular support for hosting a Russian base remains minimal.

Azerbaijani nationalists have long seen the base as an affront to the country's sovereignty. Citizens' groups express unease about the Russian military's traditionally lackadaisical approach to the environmental impact of their activities on local communities.

Nevertheless, Azerbaijani policy makers seem willing to brook this popular discontent in return for the perceived advantages of hosting a now even more important strategic facility. Some people have indicated they hope that the Americans would provide jobs and other compensation for use of the facility.

Many Azerbaijanis hope to leverage the base to gain support in their dispute with Armenia over Nagorno-Karabakh.

The two countries fought a bloody war over the region during the early 1990s, which resulted in Armenian troops occupying most of the territory and the displacement of over half a million Azeris.

Despite years of talks conducted within the framework of the OSCE Minsk Group (co-chaired by France, Russia, and the United States), the Azerbaijani and Armenian negotiators remain divided over several fundamental issues relating to the region's future status.

Whereas Azerbaijani leaders remain adamant that Nagorno-Karabakh return to their control, Armenian representatives insist on legalizing the region's independence. In addition, the two armed forces continue to engage in frequent firefights along the ceasefire line.

## Azerbaijan and Russia: The Lingering Impact of the Georgian War?

2012-10-05 by Richard Weitz

According to the Russian media, the Azerbaijani government is about to renew Russia's lease of a radar station at Gabala in Azerbaijan. Russia is now paying \$7 million dollars annually to lease the radar. Until recently, Azerbaijan was demanding \$300 million yearly rent to extend the lease beyond December 2012.

The Russian press says that the two sides will now agree to a 2-3 year renewal, which might be renewed, at the current low rate.

Azerbaijan's decision becomes more understandable in light of the country's history.

Azerbaijan regained its independence in 1991 after the collapse of the Soviet Union and for the first time since 1918, when a short-lived republic broke free from the Russian Empire only to be subsumed into the Soviet Union as the Azerbaijani Soviet Socialist Republic in 1921. Azerbaijan and the rest of the Caucasus region have been an object of rivalry between the Persian, Ottoman and Russian empires.

During the tenure of Ayaz Mütallibov, Azerbaijan's last Communist first secretary and first president (1991-92), Azerbaijan followed a pro-Moscow stance. Mütallibov tried to secure his positions with Moscow's help against the Azerbaijani Popular Front (APF) and sought Russian help against Armenia in the Nagorno-Karabakh conflict.

But his successor and first democratically elected president, Abulfaz Elcibey, led an APF government that pursued a pro-Western, pro-Turkish, and anti-Russian and anti-Iranian foreign policy line. Elcibey wanted to make Baku independent from Moscow, and intensified negotiations with Western oil companies about exploiting Azerbaijan's Caspian oil fields, and aimed to hitch Azerbaijan to what was then prematurely seen as Turkey's rising star in the former Soviet republics. Elcibey's lost power to a military-backed coup due to Azerbaijan's complete defeat in its war with Armenia, which enjoyed Russian military support, and Azerbaijan's economic collapse.



*Fear of provoking unilateral Russian intervention probably also explains why Azerbaijan permits Russia to send men and supplies to its bases in Armenia. Otherwise, Russia would have a pretext to carve out one or more transit routes through Azerbaijani or Georgian territory. Credit Image: Bigstock*

After a military coup against Elcibey, Heydar Aliyev became Azerbaijan's president in 1993 and pursued a balanced foreign policy toward regional and extra-regional countries. He helped stabilize Azerbaijan's foreign relations, attract foreign direct investment to develop the country's energy reserves, and consolidate political power in the hands of a strong presidential administration.

He also presided over the so-called “Contract of century” in 1994 with the Azerbaijani International Operating Company (AIOC).

In keeping with Aliyev’s balanced foreign policy, this was a consortium made up of eleven U.S., European, Saudi and Japanese companies, but Aliyev placated Moscow by involving Russia’s influential energy firm Lukoil in the project

His son, Ilham Aliyev, has held power since 2002 and pursued the same balanced policy of seeking good ties with Turkey, Russia, Iran, Georgia, and the West.

The May 1994 ceasefire with Armenia left 14% of the territory of Azerbaijan under Armenian occupation and some 700,000 internally displaced Azerbaijanis with unresolved status. Their presence has meant that even Azerbaijan’s strong president cannot make major territorial concessions without risking serious domestic political costs. Armenia also physically separates Azerbaijan from its exclave of Nakhchivan.

Although Azerbaijani officials have emphasized they would like to settle their territorial disputes with Armenia through peaceful means, they have indicated that they cannot accept Armenian occupation of Nagorno-Karabakh and neighboring lands indefinitely. The 2008 Georgia War shows how these supposed “frozen conflicts” in the former Soviet Union can abruptly thaw and explode. In the standoff between Armenia and Azerbaijan, the former is supported by Iran and Russia; the latter enjoys backing from Turkey, Georgia, and Israel.

Nonetheless, Russia, Iran, the United States, and European governments continue to seek to influence Azerbaijan’s foreign and often domestic policies.

Azerbaijan has sought to balance and manipulate these rivalries while pursuing its own regional objectives, which focus on recovering territories occupied by Armenia, averting a war with Iran, minimizing foreign leverage over Azerbaijan’s domestic policies, and establishing Baku, the national capital and a major port city, as a center for regional commerce.

Energy revenue constitutes a significant portion of Azerbaijan’s GDP. Until recently, Azerbaijan has had one of the world’s fastest growing economies. Azerbaijan gains diplomatic leverage from its natural energy resources as well as its pivotal geographic position for many energy transport projects. Baku also uses energy revenue to purchase weapons and develop its military. In 2011, Azerbaijan became the second highest defense spender in the Commonwealth of Independent States (CIS); only Russia has a bigger defense budget among the former Soviet republics.

In addition to its conflict with Armenia, Azerbaijan faces threats from Iran and disputes over the legal status of Caspian Sea. Conversely, U.S. oil companies have invested heavily in the country’s oil infrastructure, including the vital Baku-Tbilisi-Ceyhan (BTC) pipeline which runs from Baku, through Georgia, to the Turkish port of Ceyhan. This has become Azerbaijan’s main oil export pipeline since its opening in 2005. Azerbaijani strategists view the BTC as a guarantee of their country’s independence, as it makes it impossible for either Russia or Iran to control its top export commodity.

As one of many forms of retaliation, Iran has joined with Russia in refusing to confirm the legality of the trans-Caspian pipelines that transport oil and gas through Azerbaijan to Europe and the Mediterranean. The littoral states have also not agreed on their coastal borders or how to legally define the Caspian.

The Azerbaijani government has sought to develop good ties with the West without overly antagonizing Russia.

The fact that Heydar Aliyev tempered his predecessor's anti-Russian policies has also helped matters. Aliyev had been part of the Soviet elite but has sought to balance the country's foreign policy in relations with West and Russia.

Russians and Azerbaijanis have good economic and social ties. Russia is Azerbaijan's sixth largest trade partner, with annual bilateral trade approaching \$500 million. Azerbaijan has recently become a major natural gas exporter to Russia with the agreement signed between the State Oil Company of Azerbaijan (SOCAR) and Gazprom, Russia's leading energy conglomerate, in 2009. In 2010, for the first time, post-Soviet Azerbaijan exported some 0.8 billion cubic meters of gas to Russia.

Last year, gas exports to Russia rose to 1.5 billion cubic meters a year. In January of this year, the two sides signed an agreement to double gas purchases from 1.5 to 3 billion cubic meters every year. Before the most recent agreement, Russia was Azerbaijan's third largest natural gas customer after Turkey and Georgia. After this deal between SOCAR and Gazprom, Russia has surpassed Georgia, with exports running at around 3 billion cubic meters of gas a year.

Azerbaijan has the largest Russian Diaspora in the Caucasus region. Major Russian migration into Azerbaijan started in the 19th century with the development of the petroleum industry in Azerbaijan. In 1939, Azerbaijan's Russian population reached its highest point, with 500,000 people. Since then, the population has steadily declined. By the end of the 1990s, it amounted to 170,000 people.

Meanwhile, several hundred thousand Azerbaijanis live in Russia. Many have played a very active role in developing the Russian economy as well as economic ties between Russia and Azerbaijan. Today the owner of the Russia's biggest oil company, Lukoil, is an ethnic Azerbaijani. These economic and social ties helped cushion the sometimes tense political ties between the two countries.

But political-military relations have been strained due to Moscow's closer ties with Armenia as well as suspicions that the Kremlin wants to see the Nagorno-Karabakh conflict continue indefinitely as a means of ensuring Russia's continued preeminence in the region through arms sales and diplomatic influence.

Azerbaijan is not a member of NATO, the Moscow-led Collective Security Treaty Organization (CSTO), or any other regional military alliance. Russia has made great exertions since the 2008 Georgian War to strengthen the CSTO, which includes Armenia as well as other former Soviet states. By showing how rapidly the so-called frozen conflicts in the former Soviet Union can melt, that war made Azerbaijani threats to use force to recover its lost territories more credible. However, it also made the prospect of Russian military intervention on Armenia's behalf more probable.

Azerbaijan has also bought considerable military equipment from Russia, including T-72 tanks and S-300 air defense systems, though Moscow has consistently provided Armenia with more arms than Azerbaijan. Through bilateral and CSTO arrangements, Armenia can purchase military equipment from Russia at discounted rates. Meanwhile, various sanctions have limited Azerbaijan's receipt of Western weapons and military assistance.

Although Armenia's army is smaller than Azerbaijan's, its ranks are bolstered by about 3,000 Russian-commanded troops on its territory. Russia would not find it difficult to send additional troops to Armenia in a crisis. The two countries recently signed an agreement to extend the Russian military's lease on its Gyumri base in Armenia until 2044.

Clearly, Armenia sees Russia's military presence as a strong deterrent to Azerbaijani aggression, especially given the Georgia War, where Russian "peacekeeping" forces in Georgia's breakaway region of South Ossetia intervened to defend the separatists against the Tbilisi government.

Many analysts thought Azerbaijan would not renew the lease since Baku has no strong need for a Russian military presence on its territory while Russia has constructed additional radar stations in the last decade, including a more advanced radar facility in southern Russia in the Krasnodar Krai.

But Azerbaijani probably agreed to an extension simply to avoid antagonizing Moscow.

Fear of provoking unilateral Russian intervention probably also explains why Azerbaijan permits Russia to send men and supplies to its bases in Armenia.

Otherwise, Russia would have a pretext to carve out one or more transit routes through Azerbaijani or Georgian territory.

For a look at the impact of the Georgian War, see our interview with the late Ron Asmus

<http://www.sldinfo.com/the-impact-of-the-georgian-war/>

## Nagorno-Karabakh: Azerbaijan's Strategic Lodestar

2012-10-07 by Richard Weitz

A defining feature of Azerbaijan's foreign policy since independence has been its territorial dispute with its western neighbor Armenia.

Both fought a brutal war in the early 1990s over a region called Nagorno-Karabakh. The conflict continues to fester, as Nagorno-Karabakh's status remains uncertain and both nations confront each other in a dangerous face-off. Each side has deep-seated grievances about the other's behavior, as well as competing territorial and historical claims. The conflict has had a strong influence on Azerbaijan's strategic posture.

At the heart of the Nagorno-Karabakh conflict is the issue of control between ethnic Armenians and Azeris over the landlocked region.

Fighting erupted in 1988 when separatist authorities in Nagorno-Karabakh, a semi-autonomous enclave located inside Azerbaijan but with a predominantly ethnic Armenian population, claimed independence from the Azerbaijan state and then sought to join Armenia. The Karabakh Armenians have been in full control of the territory and its surrounding regions since 1994, when the defeated Azerbaijanis, in political and economic disarray and with inadequate military capabilities, accepted a ceasefire despite their loss of the entire region as well as the occupation of additional Azerbaijani territory by the Armenian military.

The pro-Armenian separatists in Nagorno-Karabach insist that the region be recognized either as an independent entity or as part of Armenia.

The Azerbaijani authorities, who have used their country's energy riches to finance a major military build-up, maintain that Nagorno-Karabakh remains a part of Azerbaijan and must be recognized as such. They also demand a return of the Armenian-occupied regions to Azerbaijan and the right of the hundreds of thousands of ethnic Azeris who fled Nagorno-Karabakh and the surrounding area during the fighting to finally return.

Various international mediators have failed to resolve the conflict.



*Clockwise from top: remnants of Azeri APCs; internally displaced Azerbaijanis from the Armenian-controlled territory; Armenian tank memorial at the outskirts of Stepanakert; NKR soldiers. Credit: [http://en.wikipedia.org/wiki/Nagorno-Karabakh\\_War](http://en.wikipedia.org/wiki/Nagorno-Karabakh_War)*

The Organization for Security and Cooperation in Europe (OSCE) Minsk Group arose more than a decade ago to encourage a negotiated resolution that would culminate in a peace conference. It is headed by a co-Chairmanship that consists of France, Russia and the United States. It also includes Belarus, Germany, Italy, Sweden, Finland, and Turkey as well as Armenia and Azerbaijan and on a rotating basis the OSCE Troika.

The OSCE, like the rest of the international community, has found it hard to reconcile how conflicting principles of the Helsinki Final Act apply in this case—primarily a member's territorial integrity versus the right of self-determination, but also freedom of movement versus non-use of military force.

The Basic Principles for a Peaceful Settlement of the Nagorno-Karabakh conflict, known as the Madrid principles, were presented to Armenia and Azerbaijan by the foreign ministers of France and Russia and the U.S. assistant secretary of state in the Spanish capital in November 2007. They envisage a stage-by-stage resolution of the Armenian-Azerbaijani conflict that should start with the gradual liberation of parts of Azerbaijan bordering Karabakh that were occupied by Karabakh Armenian forces during the 1991-94 war. In return, Karabakh would retain a corridor to Armenia and be able to determine its final status in a future referendum.

Despite many efforts by the leaders of Armenia and Azerbaijan, as well as international mediators in the form of the OSCE Minsk group, the problem still seems far from a solution.

At trilateral talks hosted by Russia in January 2010, Azerbaijani President Ilham Aliyev and Armenian President Serge Sarkisian accepted an updated version of the Madrid principles developed by the Minsk Group. On June 18 of that year, Russian President Dmitry Medvedev convened a meeting in St. Petersburg on the Karabakh settlement between the Armenian and Azerbaijani presidents, who agreed to continue talks in line with the revised Madrid principles. Medvedev's press secretary Natalia Timakova said that the presidents of Azerbaijan and Armenia confirmed their readiness to continue dialogue aimed at finalizing the document with the mediation of Russia, the U.S. and France as co-chairs of the OSCE Minsk Group.



One reason for Medvedev's initiative was to assess the damage caused by the legislative elections held in Nagorno-Karabakh in May 23, 2010. The Free Homeland Party headed by Prime Minister Ara Aratunyanyan won 64% of the vote for the 33-seat parliament, with a voter turnout of almost 68%. Azerbaijani officials termed the elections illegal and a threat to peace efforts. Since the OSCE does not recognize the independence of Nagorno-Karabakh, it did not recognize the election results.

Four days later, however, the most serious cease-fire violation in the past two years, in which four Armenians and one Azerbaijani died in an exchange of fire near the village of Chaylu in the north-eastern Mardakert district of the Nagorno-Karabakh. Four Armenians were also injured in the June 18-19 nighttime incident along the Line of Contact.

According to the Karabakh Defence Ministry, the incident was triggered by a reconnaissance mission by some 20 Azerbaijani servicemen behind the Line of Contact separating Azerbaijani and Armenian forces. Armenia launched a retaliation attack during the night of June 20 on Azerbaijani positions in Fizuli, southeast of the disputed enclave, killing one Azerbaijani serviceman. Of the seven Azerbaijani districts neighbouring the disputed Nagorno-Karabakh area, Fizuli is one of the two that Baku is reportedly demanding should be returned to Azerbaijani control. The Minsk Group condemned the incident, saying that it represented "an unacceptable violation of the 1994 Cease-Fire Agreement and was contrary to the stated commitment of the sides to refrain from the use of force or the threat of the use of force." While visiting Yerevan in June 2010, Secretary of State Hillary Clinton stressed the position that the conflict must be resolved on the basis of the Helsinki Principles – that is, the non-use of force, peoples' right to self-determination and territorial integrity.

Unfortunately, the Minsk Group negotiations remain deadlocked.

Some observers have argued that this is perhaps indicative of deeper problems with the negotiations; namely that the traction required to resolve a conflict of this size is nearly impossible when the negotiation framework itself is so narrow.

Essentially, the critique is that the resolutions currently on the table are profoundly limited by the fact that there is almost no Track Two process involving the two societies. This is only compounded by the fact that there are very few international resources being expended to support the U.S., French and Russian mediators. Finally, the Karabakh problem is related to the issue of normalizing Armenian-Turkish relations. Both Azerbaijan and Turkey seek to link this process to the Karabakh issue, insisting that progress regarding the latter is a precondition for the ratification of the Turkish-Armenian protocols in the Turkish Parliament. Meanwhile, representatives of the co-chairs stress that these two processes are formally independent, although they recognize that progress in one of them would also help progress in the other.

More recently, the Armenian government has been promoting a freedom referendum in Nagorno-Karabakh as a solution to the dispute. Having witnessed a mass exodus of refugees from Nagorno-Karabakh during the war and ethnic cleansing of Azerbaijanis left behind, the government and citizenry of Azerbaijan are vehemently opposed to the referendum now that almost the entire Nagorno-Karabakh's population is ethnically Armenian. They view the ballot as a nominal vote through which the so-called Nagorno-Karabakh Republic would obtain a *de jure* independence in defiance of the international law.

At present, the large number of Internally Displaced Persons (IDPs) represents about seven percent of Azerbaijan's population, amounting to one of the highest percentages of IDPs in any country. Initially, the plight of these people was very grave since the government simply did not have the capacity to deal with such a large influx of IDPs and did not want to take measures that implied the refugees would not return to their original. But in recent years condi-



tions for the IDPs have markedly improved. The poverty rate among Azerbaijani IDPs has dropped from 75% ten years ago, to perhaps one quarter.

Although Azerbaijani officials have emphasized they would like to settle their territorial disputes with Armenia through peaceful means, they have indicated that they cannot accept Armenian occupation of Nagorno-Karabakh and neighboring lands indefinitely.

The 2008 Georgia War demonstrated how these supposed “frozen conflicts” in the former Soviet Union can abruptly thaw and explode.

The issue could easily become one of the urgent diplomatic challenges facing the next U.S. Administration.

(For a background on the Nagorno-Karabakh from 1988-1994 war see

[http://en.wikipedia.org/wiki/Nagorno-Karabakh\\_War](http://en.wikipedia.org/wiki/Nagorno-Karabakh_War)).

## Azerbaijan and Iran: Cousins in Conflict

2012-10-08 by Richard Weitz

Azerbaijan shares extensive historical and cultural ties with Iran. In addition to about 500 miles of border, the two countries share common religious and ethnic ties.

Both Iran and Azerbaijan have majority Shiite Muslim populations, in contrast to most Muslims in the world, who belong to the Sunni denomination. About 25 million ethnic Azeris live in Iran, its largest ethnic minority, and easily twice the population of the Republic of Azerbaijan.

Since 1991, these ethnic and cultural connections have proven to be trouble for the two countries’ relations.

In addition, Azerbaijan’s strongly secular government, its general orientation towards the West, and some of its energy and military policies have aroused Iranian hostility. Nonetheless, their economic and security interdependence has led Baku to limit its tensions with Tehran. Azerbaijan must send gas to its Nakhchivan enclave via Iran in order to bypass hostile Armenian territory. Furthermore, Iran has a more powerful military.

Iran is home to a large number of ethnic Azeris who reside in northern Iran, also known as “Southern Azerbaijan.” They constitute one of the country’s largest ethnic groups, whose members include Supreme Leader Ayatollah Ali Khamenei. This region became a part of modern Iran after the Turkmenchay Treaty divided Azerbaijani Khanates between the Tsarist Russia and Iran. The region’s population is around 17 million and is significantly more religious than the secular population of Azerbaijan.

Azerbaijan’s independence rekindled old fears about separatist and independence movements there. Immediately after the World War II, Stalin tried to annex northern Iran to Soviet Azerbaijan in what many consider the opening act of the Cold War. The Republic of Azerbaijan’s first post-Soviet president, Abulfaz Elchibey, publicly advocated the unification of northern and southern Azerbaijan. Depending on how repressive Tehran becomes and how badly the national economy suffers from foreign sanctions, they might well prefer to join what some Azeri nationalists refer to as “Northern Azerbaijan” rather than remain as Iran’s largest ethnic minority.

Given the differences in the size and culture of the two populations, the Azerbaijani government is reluctant to show interest in reunifying the Azeri nation.

Nevertheless, Turkey's close ties with Azerbaijan have at times strained ties with Tehran, which worries that the two countries are encouraging separatist sentiments among Iran's large Azeri minority. It is hard to keep Turkish support for Azeri culture and nationalism in Azerbaijan from having any impact among Iran's Azeris, though neither Ankara nor Baku formally support Iranian Azeri separatism.

The Iranian government seeks to curtail Azerbaijan's influence in the region, such as by banning education in Azeri language. Tehran is also conducting a counteroffensive through its "Seher" TV channel, specifically aimed at propagating Iranian views in the Republic of Azerbaijan.

Iran and Azerbaijan do share some common interests.

For example, Azerbaijan depends on Iran to supply its isolated enclave of Nakhichevan with energy and other supplies. Azerbaijan supplies Iran with gas in compensation. But Iran has manipulated this interdependence to exert pressure on Baku. For example, Iranian officials threatened to curtail gas shipments to Nakhchivan when Azerbaijan seemed prepared to establish a visa-free system with Turkey but not with Iran.

Iranian threats against Azerbaijan have sharply escalated in recent months.

Recent Iranian provocations towards Azerbaijan have included Iranian warnings that it would strike U.S. nearby allies in the event of an U.S. attack on Iran, recalling the Iranian ambassador to Azerbaijan because of a visit by the Israeli president, allegedly trying to orchestrate the assassination of Israel's ambassador to Azerbaijan, and flying an Iranian warplane through Azeri airspace. The plane incident prompted joint Turkish-Azeri military exercises in Baku, which appeared to deter further military incursions from Iran.

In January 2012, Azerbaijan received 24 cyber attacks from Iran. The websites that were hacked were central government sites, such as the official website of the president of Azerbaijan ([president.az](http://president.az)), the country's Communications Ministry's website ([rabita.az](http://rabita.az)), the Interior Ministry's website ([din.gov.az](http://din.gov.az), [mia.gov.az](http://mia.gov.az)), and the Constitutional Court's website ([constcourt.gov.az](http://constcourt.gov.az)). A notice was placed on some of the sites accusing the Azerbaijani authorities of "serving Jews." Iranians claim that Azerbaijan served as a transit route for Mossad agents who have assassinated several Iranian nuclear scientists. In August 2012, Tehran began requiring that Azerbaijanis acquire a visa to enter Iran.

Furthermore, the Iranian Foreign Ministry have accused Azerbaijanis of assisting an Israeli-U.S. campaign to assassinate Iranian nuclear scientists and complained about Israel's selling Azerbaijan \$1.5 billion in arms. Azerbaijani officials have argued that the purchase was not directed against Iran, that they would never allow foreign governments to use their territory to threaten Iran, and that they only sought foreign weapons and support to strengthen the Azerbaijani military's capacity against Armenia, whose troops occupy Azerbaijani territory. Even so, in addition to drones, air defense systems, and a missile defense radar, Israel is also providing Azerbaijan Gabriel anti-ship missiles. Given that Armenia does not have a navy, these weapons would prove most useful against the growing number of Iranian warships in the region.

For their part, the Azerbaijani authorities worry about Iranian-backed religious extremists among Azerbaijan's own predominately Shiite population.

Although the government banned the pro-Iranian Islamic Party of Azerbaijan in 1995, the party remains active underground and continues to attack the authorities' secular policies, such as their prohibiting the wearing of the hijab in schools.

Azerbaijani officials claim that Iranian agents had recruited the suspects starting in 1999 to help Iran's secret services gather intelligence on foreign embassies, organizations, and companies in Azerbaijan and stage attacks against them. Iran's Revolutionary Guard Corps supposedly trained them in espionage and combat techniques at military camps in Iran. Tehran has denied any effort to subvert Azerbaijan, but some Iranian officials claim to represent and defend Shia Muslims throughout the world.

When Baku hosted the Eurovision song contest in May 2012, a storm of vitriol erupted from Iranian clerics, railing against the "anti-Islamic" nature of the contest, especially a planned Gay Pride parade. In June 2012, an aide to Ayatollah Khamenei was refused entry at the Baku airport, an event that fueled an already intense public relations conflict.

Relations between the two countries reached a level where a spokesman for the Ministry of Foreign Affairs of Azerbaijan Elman Abdullayev, warned Azerbaijanis that a "visit to Iran may be not safe for them." This statement came after the Iranian authorities detained two Azerbaijani poets, Shahriyar Hajizade and Farid Huseyn, and initially did not allow Azerbaijani consulate staffs meet with them.

Iranian-Azerbaijani tensions have also related to the Nagorno-Karabakh dispute.

Iran and its territory have provided Armenia with a commercial lifeline for Armenia, allowing the country to circumvent to Azerbaijani-Turkey double blockade. Armenia's borders with Azerbaijan and Turkey have remained closed since the early 1990s, requiring that all international trade pass through Georgian and Iranian territory. Armenian-Iranian trade consists mostly of energy products, food, and chemicals. It is thought that Iran provides some arms to Armenia, partly to counter those weapons Israel provides Azerbaijan. Some Shiite fundamentalists in Iran want Tehran to adopt a more balanced or even pro-Azerbaijani stance in the Nagorno-Karabakh dispute, but thus far realpolitik has won out over any principle of Islamic or Shiite solidarity. Russian has also been warning that Azerbaijan might use the opportunity presented by an Iran-U.S. war to seize the disputed Nagorno-Karabakh region and other Armenian-occupied territories claimed by Azerbaijan.

Nonetheless, it is hard to believe periodic media claims that Azerbaijani is plotting with Israel to facilitate an attack against Iran's nuclear facilities.

The Iranian military is much more powerful than Azerbaijani forces, and Iran could also intensify efforts to destabilize the Iranian government, blockade the Nakhchivan enclave, or launch a two-front war with Armenia, perhaps with Russian support.

## Azerbaijani Defense Policy and Military Power

2012-10-18 by Richard Weitz

The lingering impact of the Georgian war remains.

NATO's failure to intervene to prevent Russia's occupation of Georgian territory in 2008 reminded all that the geography of the South Caucasus limits the possibilities for Western military support.

This has shaped Azerbaijani defense policy and approach to military power.

## Doctrine

On June 8, 2010, the Azerbaijani Parliament approved a military doctrine that identified Armenia's occupation of Azerbaijani lands, regional military imbalances, extremist religious movements, and claims of neighboring states on Azerbaijan's territory as major threats.

The doctrine affirms that Azerbaijan would not start a military operation against any country unless Azerbaijan is a victim of aggression, but it also affirms Azerbaijan's right to use all necessary means to liberate its occupied territories. Although the doctrine characterizes Armenia as an enemy, it did not list any state as an ally. Both Georgia and especially Turkey have close ties and mutual military and economic commitments with Azerbaijan, but not a formal military alliance.



*Fear of provoking unilateral Russian intervention probably also explains why Azerbaijan permits Russia to send men and supplies to its bases in Armenia. Otherwise, Russia would have a pretext to carve out one or more transit routes through Azerbaijani or Georgian territory. Credit Image: Bigstock*

The doctrine does not mention Azerbaijan's desire to integrate into NATO. Azerbaijan has consistently worked with NATO for the past two decades to achieve greater integration with the Euro-Atlantic community and to modernize its armed forces. Azerbaijan joined NATO's Partnership for Peace program in 1994, which laid the foundation for future cooperation. Since then, Azerbaijan has contributed troops and supplies to NATO operations in Kosovo and Afghanistan, and it has prepared multiple Individual Partnership Action Plans. About a third of all supplies for the International Security Assistance Force (ISAF) in Afghanistan are now transported through Azerbaijan. The country is a critical stopover point for ISAF troops as well. Azerbaijan currently has almost one hundred of its own soldiers deployed in Afghanistan.

Azerbaijan has since stated it has no plans to join NATO, a stance that seeks to avoid alienating Moscow and also avoids NATO's requirements for civilian control of the military and democratic oversight and other membership obstacles

Azerbaijan has consistently suffered from poor civil-military relations. The armed forces originally consisted of popular militia loyal to various parties, people, and localities. The military overthrew the country's second president, and the current political leaders see another military coup as a potential threat. For this reason, political and familial connections can influence whom is appointed to the most senior military positions.

Despite its exclusion from any multinational military alliance, the extraordinary rapid growth of Azerbaijan's economy has allowed the country to achieve a sustained military buildup. Defense spending rose from \$135 million in 2003 to \$3.12 billion in 2011. Azerbaijan's current military budget, which constitutes one-fifth of the national budget, now stands at \$4.4 billion, about 6.2% of GDP and a 45% increase from 2010. This figure exceeds the entire budget of Armenia's national government, which in 2011 amounted to only \$2.8 billion, with \$386 million earmarked for defense (or 4.1% of GDP).

### **Military Modernization**

Azerbaijan's main goal for now is to modernize its military, which hitherto has relied heavily on outdated Soviet equipment. Between 2005 and 2010, Azerbaijan was second only to Algeria in purchase of T-72 tanks from Russia, Ukraine, and Belarus. Azerbaijan also purchased missile and artillery pieces from Ukraine, anti-tank guns from Belarus, and several S-300 anti-aircraft missile systems from Russia.

Azerbaijan has used much of this budget to make large-scale weapons imports.

Azerbaijan's foreign military shopping spree has encompassed many sources, including Ukraine, Belarus, Israel, Russia, Turkey, and South Africa. According to the Stockholm International Peace Research Institute's (SIPRI) Arms Transfers Database; between 2003 and 2011, Azerbaijan purchased 17 different types of military equipment from Ukraine: 45 T-72M1 Tanks, 12 BM-9A52 Smerch self-propelled Multiple Rocket Launch systems, 2 BMP-1 IFVs, 85 M-43 120mm Mortars, 2 BTR-3U Guardian IFVs, 12 L-39C Albatros trainer aircrafts, 15 Mig 29/fulcrum-A fighter aircraft, 18 BTR-80 APC, 4 BTS AVR, 55 D-30 122 mm Tower guns, 43 R-27/AA-10 Alamo BVRAAM, 54 2S1 122mm Self-propelled guns, 3 2S7Pion 203mm Self-propelled guns, 12 Mi-24V/Hind-E Combat Helicopters, 18 Strela-3/SA-14 Gremlin Portable SAM, 16 2S3 152mm Self-propelled guns, and 400 R-2 Ant-Tank missiles.

Azerbaijan also bought considerable military equipment from Belarus and Russia, though Moscow has consistently provided Armenia with more arms than Azerbaijan. According to SIPRI, between 2006 and 2011, Russia sold some 62 T-72M1 tanks, 70 BTA-80 A IFVs, 100 9M133 Kornet/AT-14 anti-tank missiles, 75 48N6E2/SA-10E SAMs, and 24 Mi-24VM/Hind-E combat helicopters to Azerbaijan. Belarus delivered some 60 T-72M1 tanks between 2005 and 2006. Between the years of 2008 and 2010 Azerbaijan purchased twelve 2S7 Pion 203mm self-propelled guns, thirty D-30 122mm Towed guns, and six Su-25/Frogfoot-A ground attack planes. Azerbaijan currently owns 180 T-72 tanks.

Azerbaijan has developed a deep military partnership with Israel in recent years.

According to SIPRI, Azerbaijan has received many defensive and offensive weapons from Israel: 6 Lynx self-propelled MRL, 50 SSM for Lynx self-propelled MRL, 4 Aerostar UAV, 5 ATMOS-2000 155 mm self-propelled guns, 5 CARDOM 120mm self-propelled mortars, 10 Hermes-450 UAV, 100 Spike-MR/LR Anti-tank missiles, and 10 Sufa APV.

The two countries recently signed a \$1.6-billion arm deal, which was the biggest in Azerbaijan's history. It included: 1 Barak-8 SAM system, 75 Barak 8 SAM, one EL / M-2080 Green Pine Air search radar, Gabriel-5 Anti-ship missile, 5 Heron UAV, and 5 Searcher UAV.

In response to Iranian complaints about Azerbaijan's massive arms deal with Israel, Azerbaijani officials have argued that the purchase was not directed against Iran, that they would never allow foreign governments to use their territory to threaten Iran, and that they only sought foreign weapons and support to strengthen the Azerbaijani military's capacity against Armenia, whose troops occupy Azerbaijani territory. Even so, in addition to drones, air defense systems, and a missile defense radar, Israel is also providing Azerbaijan Gabriel 5 anti-ship missiles. Given that Armenia does not have a navy, these weapons would prove most useful against the growing number of Iranian warships in the region.

Traditional ally Turkey also provides weapons.

Last year, the Turkish company "Otokar" delivered 35 Cobra armored fighting vehicles, 37 ZPT armored personnel carrier vehicles and 51 Land Rover vehicles. In contrast, U.S.-Azerbaijan defense collaboration is limited to training and U.S. use of Azerbaijan's airspace for medical evacuations (medevacs).

The Azerbaijani government is also developing a national defense industry. President Aliyev signed an order in 2005 establishing a Ministry of Defense Industry. The ministry has developed partnerships with Israeli, Turkish, and South African companies. Israel's Elbit Systems is upgrading Azerbaijan's T-72 tanks. The South African company Paramount Group is producing 60 mine resistant ambush resistant vehicles in Azerbaijan. Azerbaijan has purchased Cummins-6VDiesel engines from the United States for these "Marauder" and "Matador" vehicles. Azerbaijan and Turkey signed several agreements on joint military equipment production and on military research. In February 2012, for instance, Azerbaijan signed an agreement with the Turkish company ROKETSAN to manufacture 20-millimeter reactive missiles.

The previous year, Azerbaijan's Defense Ministry and Turkey's Machinery and Chemical Industry Organization (MKEK) agreed to conduct joint research on the modernization of Azerbaijan's large caliber mortar guns, light arms and, small caliber arms. Azerbaijan and Israel also signed an agreement to co-produce Israel's Aerostat UAVs, with some components made in Azerbaijan. According to Ilham Aliyev's 2012 congratulating speech on solidarity day of Azerbaijanis; the Defense industry sector of Azerbaijan produces around 600 different products now.

Over time, Azerbaijan hopes to reduce its dependence on foreign military supplies and technologies. Azerbaijani government is also developing a national defense industry. This effort is led by the Ministry of Defense Industry, created in 2005. In May 2011, SOCAR President Rovnag Abdullayev announced that Azerbaijan would begin producing warships in 2013, and that a shipyard for this purpose was already under construction in Baku.

Both Russia and the United States have only limited military cooperation with Azerbaijan. Russia has closer military ties with Armenia, whereas the U.S.-Azerbaijani defense partnership involves mostly military training and U.S. use of Azerbaijan's airspace for medical evacuations (medevacs). The U.S. also provides border security assistance to monitor Iranian and Russian naval activities in the Caspian as well as identify the movement of potential weapons of mass destruction through the region.

Azerbaijan has universal military conscription. Males have a two-year military service requirement unless they join the interior forces or attend college; the duration is shortened to one year for males possessing a Bachelor's degree. Male citizens between ages 18-35 remain eligible to reserve call ups. Since military service is unpopular and service



conditions can be unpleasant, including such Soviet traditions of senior soldiers hazing their more junior colleagues, draft dodging was until recently widespread. Conditions have reportedly improved in recent years. At present, the Azerbaijani armed forces currently consists of 66,940 active duty members and about 300,000 reserve personnel. In contrast, Armenia has less than 50,000 troops.

### **The Armenian Challenge**

Azerbaijani leaders have repeatedly made comments affirming that Azerbaijan is in a position to seize the territories disputed with Armenia if war became necessary. For example, In June 2011, on Azerbaijan's annual Armed Forces Day, President Aliyev declared that Azerbaijan's territorial integrity would be restored and the "occupation" of its territory would be ended.

Nonetheless, it is not certain that Azerbaijan would win a future war with Armenia, which won the initial conflict two decades ago. An International Crisis Group (ICG) report called the Azerbaijani armed forces "fragmented, divided, accountable-to-no-one-but-the-president, un-transparent, corrupt, and internally feuding."

Armenian forces have the advantage of holding the territory in dispute. Through bilateral and CSTO arrangements, Armenia can purchase military equipment from Russia at discounted rates. Meanwhile, various sanctions have limited Azerbaijan's receipt of Western weapons and military assistance.

Although Armenia's army is smaller than Azerbaijan's, its ranks are bolstered by about 3,000 Russian-commanded troops on its territory. Russia would not find it difficult to send additional troops to Armenia in a crisis. Russia recently signed an agreement with Armenian President Serzh Sargsyan extending the Russian military's lease on its Gyumri base in Armenia until 2044. Clearly, Armenia sees Russia's military presence as a strong deterrent to Azerbaijani aggression, especially given the recent Georgia War, where Russian "peacekeeping" forces in Georgia's breakaway region of South Ossetia intervened to defend the separatists against the Tbilisi government.

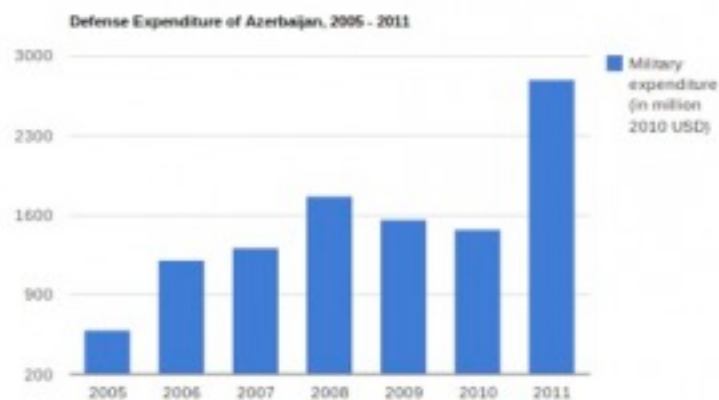
The military balance may be even less favorable in the Caspian. Azerbaijan has traditionally concentrated on its land capabilities due to the Nagorno-Karabakh dispute.

Of the 67,000 active duty members in the country's armed forces, only 2,200 belong to the Navy and 7,900 to the Air Force. But since its 2008 maritime clash with Turkmenistan, Azerbaijan has devoted considerable resources to naval buildup and dual-use maritime facilities to protect its Caspian oil fields. The Navy has 2,500 personnel and 39 warships, the second-largest fleet in the Caspian after that of Russia. It has engaged in increasingly sophisticated naval military exercises.

### **APPENDICES**

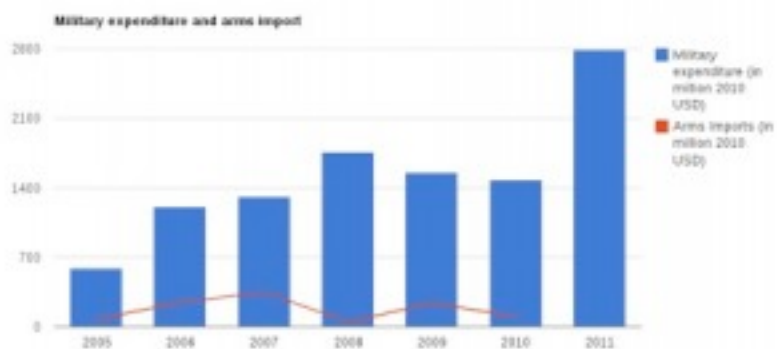
The military expenditure of Azerbaijan has seen a dramatic increase of 375% between 2005 and 2011. As the graph below illustrates, military expenditure has been steadily increasing during this time, except for a small decrease during the global financial crisis:





Source: SIPRI Military Expenditure Database

Azerbaijan spends a substantial portion of its military expenditure on arms imports. The following graph illustrates the amount spent on arms import and its relationship with the overall expenditure.



Source: World Development Indicators (WDI)

## Comparative Military capabilities of Armenia and Azerbaijan

	Armenia	Azerbaijan
Population	3,090,379	8,933,928
Armed Forces*	48,834	66,940 (+ 15,000 paramilitary)
Army	45,846 (inc. 25,880 conscripts)110 tanks (8 T-54/55, 102 T-72)240 armored combat vehicles(104 AIFVs, 136 APCs)239 artillery, inc. Tochka tactical missiles	56,840339 tanks (95 T-55, 244 T-72)468 armored combat vehicles (111 AIFVs, 357 APCs)458 artillery, inc. Smerch rocket launcher & Tochka tactical missiles
Border Guards	approx. 70 armored combat vehicles	5,000187 armored combat vehicles (168 AIFVs, 19 APCs)
Air Force (& AirDefence)	1,0611 MiG-25 and 15 Su-25 aircraft,30+ helicopters inc. 8 Mi-24 P and10 Mi-H17	7,90041 aircraft, inc. 14 MiG-29, 4 MiG-21, 10Su-25 and 5 Su-2435 helicopters inc. 15 Mi-24, 13 Mi-8 and 7Mi-24 UAVs (ISR)SAM: S-75, S-125/S-200, S-300
Reserves	poss. 210,000 with military service within 15 yrs	300,000 with military service within 15 yrs
*Armenia also has around 3,300 Russian service personnel stationed on its territory, as well as a significant amount of military equipment. AIFV = armored infantry fighting vehicle, APC = armored personnel carrier.Source: The Military Balance 2012, The International Institute of Strategic Studies. (Oxford: Oxford University Press, 2012)		

# Azerbaijan's Regional Allies

2012-10-28 by Richard Weitz

Israel and Azerbaijan have found each other to be attractive partners.

## Israel

Israel's deepening ties with Azerbaijan have helped compensate for its deteriorating relations with Turkey over the Freedom Flotilla crisis. Meanwhile, Israel has provided Azerbaijan with important assistance in many areas.

Azerbaijan has a history free of virulent anti-Semitism and a sizeable Jewish population of up to 40,000, a number that has tripled over the last fifteen years. Israeli experts have cooperated with their Azerbaijani colleagues in many sectors, from agriculture to military technologies. Furthermore, approximately one-sixth of Israel's oil imports come from Azerbaijan.

With its military spending increasing 20-fold in the past eight years, Azerbaijan has developed an especially strong defense partnership with Israel.

In February 2012, Baku and Tel Aviv signed a highly publicized \$1.6 billion arms deal that provides Azerbaijan's military with the advanced defense technology including drones, anti-aircraft systems, and missiles.

Israel has been active in training Azerbaijani security and intelligence services. There are rumors of Israeli listening posts on the coast of the Caspian near Iran's border. In addition, Israel has lobbied for Azerbaijani interests, and helped induce Washington to grant a waiver to the Freedom Support Act that impeded U.S. government assistance to Baku.

Earlier this year, there was a flurry of media speculation about Baku's potential support for an Israeli attack on Iran. One story reported that Azerbaijan had granted Israel use of several airbases for a possible strike on Iran. Azerbaijani officials denied the claims by pointing to Baku's long held refusal to host foreign military bases. Baku's assertions would not technically prohibit Azerbaijani territory from supporting a strike. For example, Israeli warplanes could still land on Azerbaijan's runways in the aftermath of an airstrike.

Nonetheless, considering the already tense relations between Azerbaijan and Iran, Baku's support for an Israeli strike is improbable. Iran can retaliate by destroying Azerbaijani infrastructure in the Caspian Sea and elsewhere. Iran enjoys conventional military superiority over Azerbaijan and could well be joined by Armenian forces.

Indeed, it is far more likely that the Israeli weapons are intended for use against Armenia, not Iran. This is not much of a source of comfort, since a reawakening of the Nagorno-Karabakh conflict would destabilize the region and also result in massive destruction of vital infrastructure (gas pipelines, terminals) in any case. Turkey would be considerably less likely to support Azerbaijan against Iran if Israel initiated the confrontation.

## Turkey

Relations between Turkey and Azerbaijan have remained strong for decades. The two countries share cultural, religious, and ethnic ties (Azeris are a Turkic people). Many people of both nations colloquially refer to Azerbaijan and Turkey as "one nationality and two governments," reflecting the deep connection that has been encouraged by various Turkish governments and nongovernmental organizations. Turkey and Azerbaijani diplomats cooperate regard-

ing Armenia, Georgia (reciprocal recognition of territorial integrity), the pipeline transit of oil and gas (which includes Georgia), and other matters.

For the past two decades, Turkey has imposed a trade ban on Armenia in solidarity with Azerbaijan over the Nagorno-Karabakh dispute. The May 1994 ceasefire with Armenia left 14% of the territory of Azerbaijan under Armenian occupation and some 700,000 internally displaced Azerbaijanis with unresolved status. Armenia also physically separates Azerbaijan from its exclave of Nakhchivan.

Yet, the most serious source of tension between Azerbaijan and Turkey in recent years has been Turkish efforts to reconcile with Armenia.

Following a year of “football diplomacy,” Armenia and Turkey signed protocols in October 2009 designed to re-open their border and eliminate other tensions between the two countries. Although the reconciliation could help Azerbaijan by enhancing Turkey’s long-term influence in Armenia as well as encouraging greater regional trade and investment, many Azerbaijanis considered the initiative at best counterproductive since it could reduce Armenia’s near-term incentive to compromise on the occupied territories.

Azerbaijani threats to curtail gas shipments to Turkey along with lobbying by Azerbaijanis backers in Turkey and Armenia’s refusal to make even a symbolic territorial withdrawal have prevented the Turkish parliament from ratifying the protocol until the Nagorno-Karabakh conflict is resolved.

Turkey allows Azerbaijani citizens to enter its country without a visa, but Azerbaijan refuses to reciprocate since Baku would then feel obliged to offer the same privilege to Iran; otherwise Tehran will deny Azerbaijan use of Iranian territory to communicate with its separated region of Nakhichevan.

Thanks to their energy partnership, Turkey and Azerbaijan have good economic ties, with growing levels of trade and mutual investment. The Baku-Tbilisi-Ceyhan (BTC) pipeline that runs from Azerbaijan to Europe (circumventing Russia and Armenia) has conveyed more than one billion barrels of oil into Europe since it was finished in 2007. The two countries are now finalizing plans to create a parallel gas pipeline and a Baku-Tbilisi-Kars railway, which will further reduce both countries’ economic dependence on Russia.

Azerbaijan and Turkey signed many military training agreements. In June 1996, the two countries signed the treaty on cooperation in the military training, technical and scientific area in Ankara. A July 1999 agreement resulted in Azerbaijani peacekeepers deploying to Kosovo within the Turkish battalion. This was the first foreign mission of the Azerbaijani armed forces.

Turkey has long supplied arms and other military assistance to Azerbaijan.

More recently, Turkish and Azerbaijani companies have begun co-producing military equipment. Turkey has a modest military training program in Azerbaijan, which has proven very valuable given that U.S. and other foreign sanctions have limited the level of defense cooperation Azerbaijan enjoys with the United States and other Western militaries.

In December 2010, Azerbaijan and Turkey signed a strategic partnership agreement. One of its clauses states that the two countries would support each other in the case of a military attack or aggression against the other. However, this mutual security support does not extend to permitting Turkey to establish military bases on Azerbaijan’s territory. Furthermore, Turkey is not required to respond immediately to military aggression against Azerbaijan, but only after “additional consultations.”

Even so, this bilateral accord is especially important given Azerbaijan's non-membership in NATO, the Moscow-led Collective Security Treaty Organization (CSTO), or any other regional military alliance. Russia has made great exertions since the 2008 Georgian War to strengthen the CSTO, which includes Armenia as well as other former Soviet states. By showing how rapidly the so-called frozen conflicts in the former Soviet Union can melt, that war made Azerbaijani threats to use force to recover its lost territories more credible. However, it also made the prospect of Russian military intervention on Armenia's behalf more probable.

That said, any Turkish government would find it hard to resist supporting Azerbaijan in a renewed war with Armenia, despite the possibility of Russian military intervention on Armenia's behalf. When Iranian air and navy units violated Azerbaijan's borders in July 2001 to intimidate British Petroleum to cease operating in disputed Caspian waters, the Turkish air force made a show of force in Baku, at a demonstration attended by Azerbaijani President Ilham Aliyev, leading to the end of Iranian incursions.

## Uzbekistan and Russia: Cooperation at Arm's Length

2012-10-27 By Richard Weitz

In the immediate aftermath of the collapse of the Soviet Union in 1991, the leaders of the former Soviet republics in Central Asia, including Uzbekistan, supported various measures to preserve economic, security, and other ties with the other former Soviet republics.

Uzbekistan was a founding signer of the May 1992 Collective Security Treaty, also known as the Treaty of Tashkent, where it was signed.

But in a few years Uzbekistani President Islam Karimov, who began leading Uzbekistan during the end of the Soviet era as an ally of Soviet President Mikhail Gorbachev, and other Uzbekistani officials came to see little value in regional integration schemes that were never implemented due to the weakness of the multinational institutions in the former Soviet space, especially the Commonwealth of Independent States (CIS), as well as the continuing economic and security turmoil in most of these legacy countries.

In 1999, Uzbekistan did not renew its participation in the Tashkent Treaty, when it was to be renewed.

Instead, Tashkent joined Georgia, Ukraine, Azerbaijan, and Moldova in the GUUAM Organization for Democracy and Economic Development, a pro-Western block of former Soviet republics. Uzbekistan also began to align itself more closely with NATO countries. Uzbekistan was the first Central Asian state to offer the Pentagon basing rights after 9/11.



*Uzbekistan has a troubled relationship with NATO. And a difficult strategic relationship with Moscow. But is an important region strategically. Credit Image: Bigstock*

The Uzbekistani government largely stood aside during the formation of the Collective Security Treaty Organization (CSTO) in 2002 and 2003. The organization comprised the most pro-Moscow governments of the CIS: Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan as well as the Russian Federation.

The original declared focus of the CSTO was to counter external military aggression against member countries, but its members have since expanded its mandate for a wider range of possible missions. The CSTO now has programs to counter terrorism, Internet extremism, illegal immigration, narcotics trafficking, and other transnational organized criminal activities. Its members also pledge to coordinate their foreign and defense policies, including not to accept foreign military bases without the approval of all other members. CSTO members issue joint statements concerning various international security issues such as missile defense, Iran, and Syria. These statements almost always coincide with Moscow's position.

It was only after Tashkent broke with NATO in May 2005 over the Uzbekistani military crackdown in Andijan that Uzbekistan decided to join the CSTO in June 2006.

In November 2005, Presidents Karimov and Putin signed a mutual cooperation agreement in Moscow. Uzbekistan also agreed to join the main Moscow-led regional economic organization in the region, joining the Eurasian Economic Community (EurAsEC) in January 2006, and commit to selling Gazprom, the Russian energy giant, large quantities of natural gas at a low price.

However, Tashkent never was comfortable remaining so close to Moscow.

The Uzbekistani government refused to ratify many CSTO agreements or integrate Uzbekistan fully into the organization. Uzbekistan resisted Russian-backed initiatives to strengthen the CSTO, and Uzbekistani officials skipped important CSTO meetings, citing their ineffectiveness.

Notwithstanding Tashkent's opposition, Moscow proceeded to push for a relaxation of the CSTO's consensus decision-making procedures (weakening Uzbekistan's veto powers). Russia also pushed to develop a new rapid reaction force that could intervene in Central Asia to fight terrorists and support CSTO-led mediation and peacekeeping efforts between CSTO members in conflict. Moscow's attempts to secure additional bases in southern Kyrgyzstan, where many ethnic Uzbeks had recently been attacked by the dominant ethnic Kyrgyz majority, only poured salt into Uzbek wounds.

Tashkent eventually ended its CSTO membership in June 2012.

Uzbekistan cited its objections to the creation of the 20,000 person CSTO Collective Rapid Reaction Forces and amendments to the CSTO charter allowing military action in response to more security crises, including domestic and civil problems, based on a majority vote of CSTO members. Karimov has also indicated he will not soon join Putin's proposed Eurasian Union of former Soviet republics.

Russians worried that that, outside the CSTO, Uzbekistan no longer needs the approval of all the other members to allow NATO to establish bases on its territory.

But Tashkent moved quickly to reassure Moscow that it would continue to collaborate with Russia bilaterally and within the CIS, a less constraining multinational institution than the CSTO. The Uzbekistani Defense Ministry made the point of attending a meeting of the CIS Defense Ministers Council in Kaliningrad in July. The Uzbekistani legislature also enacted legislation prohibiting foreign bases on national territory.

In any case, Russian-Uzbekistani economic ties remain strong.

Russia is Uzbekistan's largest trading partner. According to the State Statistics Committee of Uzbekistan, its share of the country's trade turnover was 24.3% during this reporting period. Uzbekistan's total turnover in January-September 2011 amounted to \$18.874 billion (\$7.757 billion with other CIS countries). The trade between Russia and Uzbekistan grew by 5.64% year-on-year in January-September 2011, to \$4.591 billion. During this period, Uzbekistan exported \$2.927 billion worth of goods and imported \$1.664 billion. GM Uzbekistan was the tenth largest seller of cars in Russia during January-October 2011 period.

The Russian company Mobile TeleSystems (MTS) claims that Uzbek authorities unfairly deprived MTS of its subsidiary Uzdunrobita, a \$700-million concern that MTS bought in 2004.

But Lukoil, the largest foreign direct investor in Uzbekistan, is eager to help develop the country's natural gas industry.

According to the Uzbekistani government, only one fourth of the country's total hydrocarbon resources have been extracted. Lukoil's four concessions (Southwest Gissar, Aral, Kungrad and Kandym-Khauzak-Shady) account for 54% of Lukoil's total marketable gas output outside Russia. The company recently announced a major discovery at its Shurdarye field. Another constraint on Tashkent regarding Moscow is the presence of a large number of Uzbek migrant laborers in Russia, who are vulnerable to persecution and expulsion.

Putin traveled to Tashkent in early June for a summit with Karimov.



Two documents were signed at the meeting: a declaration on deepening the Russia-Uzbekistan strategic partnership and a memorandum of understanding on Uzbekistan's accession to the free trade zone that was established by most CIS members on October 18, 2011. According to the latter document, Tashkent would close negotiations on its accession to the free trade zone by the end of 2012 and join the zone from 2013 on.

For Russia it is important to enhance its relations with Tashkent after a four year long stagnation.

Uzbekistan is the most populous country in Central Asia. Furthermore, its central geographical location makes the country of key importance, especially for current Russian efforts to promote regional integration in the post-Soviet region.

Without Uzbekistan's participation, Russia cannot develop direct economic ties with Tajikistan and Kyrgyzstan, which have already expressed their intention to join the Russian-Belarusian-Kazakh Customs Union.

Tashkent, above all, is eager to retain good security relations with Moscow for now while Uzbekistani policymakers grapple with the problems presented by the impending NATO military withdrawal from Afghanistan.

At their June summit in Tashkent, Karimov and Putin urged NATO to accelerate its efforts to strengthen the Afghanistan National Security Forces to avoid creating a regional security vacuum by its departure.

## Uzbekistan and Kazakhstan: The Taliban Threat Driving Them Together?

2012-10-23 by Richard Weitz

One way Uzbekistan is responding to the new Central Asian environment is by moving closer to Kazakhstan.

The two countries are the two most influential of the "stans," having the largest land mass and population in Central Asia. Uzbekistan is also Kazakhstan's major trading partner within Central Asia.

This September, in his first official bilateral visit to Kazakhstan since April 2008, President Islam Karimov and other senior Uzbekistani officials discussed a range of important bilateral, regional, and international issues with their Kazakhstani counterparts in Astana on September 6-7, 2012.

These topics included boosting two-way economic ties, discouraging other Central Asian countries from taking actions that threatened their water supplies, and discussing how to manage the ongoing civil war in Afghanistan. Karimov cited the ongoing withdrawal of NATO forces from Afghanistan and other regional challenges as requiring that Tashkent and Astana to formulate joint policies aimed at "preserving and strengthening stability and general well-being in our region."



*The interests of Kazakhstan and Uzbekistan seem to overlap most on such national security issues, The challenge of responding to a resurgent Taliban threat may be inducing to set aside their historical rivalries to address these common challenges. Credit Image: Bigstock*

Karimov and Nazarbayev accordingly pledged to coordinate their activities in regional and international organizations in areas of mutual interest. These include the Commonwealth of Independent States (CIS), the Shanghai Cooperation Organization (SCO), and the United Nations. With respect to the SCO, the presidents agreed to work to expand the SCO's capacities to effectively meet the contemporary challenges and threats. Their agreement presumably aims to overcome the problem that arose in June 2012, when Uzbekistan prohibited Kazakhstan's troops and equipment from transiting through Uzbekistani territory to join a SCO exercise in Tajikistan, forcing the Kazakhstani troops and equipment to make a detour through the Kyrgyz Republic.

The two presidents expressed grave concern about the situation in Afghanistan and their support for resolving the conflict as soon as possible. They reaffirmed their commitment to contribute to the socio-economic reconstruction of Afghanistan. Yet, Uzbekistan has more interests at stake in the Afghanistan conflict than Kazakhstan. Not only do they share a common border as direct neighbors, but also many ethnic Uzbeks reside in Afghanistan. Even so, Kazakhstan has been assuming a leading role in offering young Afghans scholarships to study in Kazakhstan. Uzbekistan has helped construct Afghanistan's infrastructure, including its Internet and incipient railway network.

This year the two countries, which both gained independence following the collapse of the Soviet Union, have been marking the twentieth anniversary of their bilateral ties by hosting special cultural events that have seen artists from one country perform in the other.

Both presidents affirmed the strong community of interests and indivisibility of destinies of the two countries. They said they shared centuries of common history, common values, and similar native languages. Karimov observed that the leaders needed to meet more frequently. To this end, he invited Nazarbayev to visit Uzbekistan at a convenient time.

The interests of Kazakhstan and Uzbekistan seem to overlap most on such national security issues, especially on [regional water security issues](#) and on countering threats from Muslim extremists.

On April 23, 2008, Nazarbayev affirmed the commitment of both countries to “combine efforts in the fight against extremism and drug trafficking from Afghanistan.”

During his March 2006 state visit to Uzbekistan, Nazarbayev told his hosts that they “defended the peace ... not only of Uzbeks, but also Kazakhs, Kyrgyz and Tajiks” by confronting “trained extremist groups” in Andijon the previous May. A few hours after Karimov concluded his 2008 visit to Kazakhstan, moreover, the Kazakhstani authorities arrested an asylum seeker whom the Uzbekistan government had accused of participating in the Andijan events.

Even so, Kazakhstan has not always followed Uzbekistan’s lead on these issues.

In March 2006, Kazakhstani authorities allowed one of Karimov’s fiercest domestic opponents, dissident Imam Obidkhon Qori Nazarov, to leave Kazakhstan for asylum in Europe a few days before Nazarbayev visited Uzbekistan rather than accede to Uzbek extradition requests.

The two countries’ economic ties are also strengthening. Kazakhstan has become Uzbekistan’s major trading partner in Central Asia.

Economic ties between the two countries are currently on the rebound. In 2011 bilateral trade exceeded 2.7 billion US dollars, a 47 percent increase over the same figures for 2010. During the first six months of 2012, bilateral trade reached \$1.4 billion, an 18% increase over the first half of 2011. More than one half of Uzbekistan’s trade turnover with Central Asian countries is with Kazakhstan. They aim to double their trade within the next few years.

Furthermore, Kazakhstani and Uzbekistani investors have established hundreds of joint business ventures. According to Kazakhstani sources, more than seven hundred small and medium scale enterprises operate in Kazakhstan with some Uzbek investment. These joint ventures operate in such commercial sectors as food, pharmaceuticals, construction, chemicals, and manufacturing. In Uzbekistan, Kazakhstani capital is concentrated in the cotton fiber, construction, and chemical industries. The two countries are engaged in various multinational projects that would increase the flow of gas from and through their territories to Russia, China, and other countries. Kazakhstani firms already use Uzbekistan’s territory as a transshipment route for some non-energy exports.

Since both countries became independent in 1991, their governments have signed more than one hundred bilateral agreements. The most important of these documents include the Program of the Economic Cooperation between Kazakhstan and Uzbekistan for 2006-2010 and the Strategy of the Economic Cooperation between Kazakhstan and Uzbekistan for 2007-2016. Nevertheless, many of their bilateral agreements have not been fully implemented. The similar economic profile of both countries, along with their excessive customs duties and border controls, unduly constrain their bilateral commerce.

Another earlier source of tension that has faded over time is that some Uzbek nationalists have asserted claims to territories in southern Kazakhstan that once belonged to medieval Uzbek Khanates.

In 2000, Uzbekistani border guards unilaterally moved border markers deep into Kazakhstan’s territory. Kazakhstan’s contentious and difficult border demarcations with Uzbekistan were finalized only in August 2002. Even so, in September 2003, the Kazakhstani Foreign Ministry issued a statement claiming that its border service had detected 1,127 border violations “by the Uzbek side” since the previous November. Another complication is the large number of illegal immigrants from Uzbekistan that work in Kazakhstan, especially at urban construction sites and in the cotton fields of southern Kazakhstan.

Kazakhstani leaders see establishing good ties with neighboring Uzbekistan as essential for advancing their regional integration agenda.

In March 2006, Nazarbayev observed, “The geopolitical situation in our region and the future of integration processes among our neighbors depends on Kazakh-Uzbek relations.”

Yet, Karimov has dismissed the Kazakhstani concept of a Central Asian Union as premature. Karimov’s pessimism regarding Nazarbayev Union of Central Asian States may reflect the difficulties the two countries experienced after they agreed to establish a bilateral customs union in 1994. Karimov recalled during his April 2008 trip to Astana that problems with this structure led the two governments to join additional regional economic structures (e.g., the Central Asian Cooperation Organization and the Eurasian Economic Community), which also proved largely ineffective. We’ve been through it already,” he remarked to journalists.

But Karimov’s opposition also reflects longstanding Uzbekistan’s aversion to Kazakhstani-led regional integration initiatives, which Uzbekistani leaders perceive as efforts to strengthen and legitimize Kazakhstan’s primacy in Central Asia.

Uzbekistan and Kazakhstan, along with their presidents, are commonly seen as perennial competitors for regional primacy. Uzbekistan has the largest population (some 30 million compared with Kazakhstan’s 16 million), but Kazakhstan has the richest natural resources (especially oil) and most successful economy (measured in terms of comparative growth rates and levels of foreign investment).

Now the challenge of responding to a resurgent Taliban threat may be inducing to set aside their historical rivalries to address these common challenges.

## The Delicate Dance: Uzbekistan and NATO

2012-11-03 by Richard Weitz

Uzbekistan has sought to balance Russia’s military preeminence and China’s emerging economic dominance of Central Asia by cultivating ties with Western countries and institutions such as NATO.

The Alliance had developed some contacts with Uzbekistan and the other Central Asian republics before sending troops to Afghanistan after 2001.

With the exception of Tajikistan, which until 2002 was preoccupied with domestic reconstruction following its civil war, Central Asian representatives have participated in NATO’s Euro-Atlantic Partnership Council (EAPC) and its related Partnership for Peace (PFP) program since the mid-1990s.

In December 1995, Kazakhstan, Kyrgyzstan, and Uzbekistan formed a Central Asian peacekeeping battalion (CENTRASBAT) under the aegis of NATO and the United Nations. Although Central Asian governments initially expressed interest in participating in international peacekeeping missions, the subsequent increase in local terrorism resulted in their focusing their military resources to counter threats closer to home.



*Missouri Air National Guard 774th Expeditionary Airlift Squadron engine mechanics Tech. Sgt. Noel Cardona and Master Sgt. Joseph Ohmes hook up an engine at Karshi-Khanabad Air Base, Uzbekistan, on May 8, 2005, during Operation Enduring Freedom. (U.S. Air Force photo by Tech. Sgt. Scott T. Sturkol*

In 1999, Uzbekistan joined a coalition of westward leaning former Soviet republics, identified as the “GUUAM” from the first letter of its member names— Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova. This potentially competing institution never gained much influence and soon fell into disuse, but the September 2001 terrorist attacks resulted in the United States and its NATO allies deploying large numbers of military forces in greater Central Asia.

Uzbekistan proved to be an ardent backer of NATO’s intervention in Afghanistan. Tashkent allowed the United States and other NATO members to establish military bases on its territory.

Two events led to a surge in NATO’s interests and activities in Central Asia during the past decade.

First, the alliance decided on a controversial second wave of expansion to offer membership to several other countries besides Turkey that border the Caucasus/Central Asia—and are therefore very concerned about developments in the area. After most East European countries became NATO members, in effect graduating from PFP, the program shifted focus towards promoting military reform and cooperation in Central Asia and the Caucasus (as well as the western Balkans).

Second, the 9/11 terrorist attacks and the subsequent Operation Enduring Freedom in Afghanistan resulted in a substantial increase in NATO’s military presence there. When then NATO Secretary General George Robertson visited the region in 2003, he said that the events of September 11, 2001, had led the alliance to appreciate “that our security is linked closely to security in remote areas. Central Asia is now going to be very much part of NATO’s agenda.”

By taking charge of the International Security Assistance Force (ISAF) in Afghanistan in August 2003, NATO has become engaged in a protracted project of promoting long-term stability and security in Central Asia. In line with its enhanced role, alliance representatives have sought military transit agreements, secure lines of communication, and other supportive arrangements from the Central Asian governments.

At their June 2004 Istanbul summit, the NATO heads of government affirmed the increased importance of Central Asia by designating it, along with the Caucasus, as an area of “special focus” in their communiqué. They also decided to station a liaison officer there. The primary mission of the first incumbent, Tugay Tunçer, was to improve implementation of NATO’s cooperation and assistance programs in the region.

The decision to locate his headquarters in Almaty signifies the importance NATO governments ascribe to Kazakhstan in their regional strategy.

The summit participants also established a Secretary General Special Representative for the Caucasus and Central Asia. Besides explaining to Central Asian governments what activities and programs NATO has available and how they can best use them, the incumbent, Ambassador Robert F. Simmons, has strived to inform their publics about the alliance’s positive contributions to regional security, such as in Afghanistan.

The disintegration of NATO’s ties with Uzbekistan after the government’s military crackdown at Andijan in May 2005 precipitated a sharp collapse in the alliance’s influence in the region.

NATO’s North Atlantic Council issued a statement condemning “the use of excessive and disproportional force by the Uzbek security forces.” The alliance also cancelled some cooperative programs with Uzbekistan and scaled back others. In response, the Uzbekistan government told all European NATO members except Germany in late November 2005 to cease using Uzbekistani airspace or territory to support peacekeeping operations in Afghanistan.

Even before Andijan, many Uzbekistani officials had come to see the growing U.S. and Western presence in their region more as a security liability than an enhancement.

Although NATO militaries helped fight terrorist groups active in the region, and the Western presence provided welcome balance to Moscow’s primacy in the region, Western support for colored revolutions in the former Soviet republics—popular protests overthrew the governments of Georgia, Ukraine, and Kyrgyzstan in the early 2000s—aroused fears in Uzbekistan that their allies’ democracy promotion efforts threatened their rule.

But soon after Andijan, Uzbekistani officials sought to balance their ties with Moscow and Beijing by restoring relations with NATO. Indeed, even after expelling the Pentagon from its territory, they took care to allow Germany to continue using its base in Uzbekistan. Western ties allow Tashkent to balance Moscow, have a greater influence on the Afghan endgame (where NATO remained the dominant security actor), and to receive economic and security benefits from the Western powers.

At the April 2008 NATO heads-of-state summit in Bucharest, President Islam Karimov offered NATO permission to transship goods through Uzbekistan to Afghanistan, which helped launch the process that led to the Northern Distribution Network by which NATO countries and partners send non-lethal supplies through its territory to the NATO-led International Security Assistance Force (ISAF) in Afghanistan. Uzbekistan is also now negotiating with NATO how its members can remove its equipment from Afghanistan. The fastest and easiest route would be by rail across the Amu-Darya River separating Afghanistan from Uzbekistan.

Human rights remain an obvious problem in the restored NATO-Uzbekistani partnership. Uzbekistani officials have made clear that they will not change their domestic policies to address Western human rights concerns. NATO and EU officials hope that they can more effectively influence Uzbekistan’s development, including the transition to the country’s first post-Soviet generation of political leaders, through engagement than by isolating Tashkent.



Uzbekistan and the other Central Asian countries had prominent roles at the May 2012 NATO summit in Chicago thanks to the session's emphasis on Afghanistan and partnerships. On May 22, the Heads of State and Government of Afghanistan and Nations contributing to the NATO-led International Security Assistance Force (ISAF) held a special meeting. The three main issues addressed at the meeting were NATO's plans on ending its combat operations in 2014, ISAF's support for the Afghan National Security Forces (ANSF) in order to enable them to assume this leading military role, and the commitment of the international community to support Afghanistan after 2014.

The 50 nations contributing to ISAF has strongly reaffirmed the importance of Eurasian regional stakeholders such as Russia, Turkmenistan, Uzbekistan, Tajikistan, Kazakhstan, Kyrgyzstan, and Pakistan in Afghanistan's outcome. All five Central Asian countries took part in the extended ISAF members meeting.

As chairman of the meeting, NATO Secretary General Anders Fogh Rasmussen singled out the contributions Uzbekistan—along with Russia, the Kyrgyz Republic, and Kazakhstan—in facilitating the transit of ISAF cargoes into Afghanistan through the NDN.

Yet, the decision of Central Asian presidents to decline President Barack Obama's invitation to come to the most important international meeting his home town had ever hosted testifies to the preeminent role Moscow plays in constraining NATO-Central Asian partnerships.

Another factor constraining NATO's influence in Central Asia is that the alliance's priorities focus elsewhere (in the Balkans, in managing relations with the EU in the west and Russia in the east, and most recently in North Africa).

## Uzbekistan's Military Reform and Partner Potential

2012-11-05 by Richard Weitz

Uzbekistan is commonly thought to have the most powerful and capable military and especially internal security forces of the five Central Asian countries.

The London-based IISS 2012 Military Balance estimates Uzbekistan's military and security forces to be around 67,000 people, with 50,000 in the Army and 17,000 people in the Air Force. The U.S. State Department calculates that Uzbekistan has some 65,000 people in uniform out of 13 million people fit for military service.

The duration of conscription time has shortened over time and now stands at 12 months. Before 2008, it was 18 months long; before that, it stood at 24 months, as was traditional in Soviet-style forces. Uzbekistan offers an ROTC program in an effort to increase both recruitment and enthusiasm for the armed forces. It also allows students pursuing higher education to defer their conscription and serve a shorter time in the military. .

It is difficult to ascertain the exact size of Uzbekistan's military due to a lack of transparency, with government publications providing little information. Nevertheless, Uzbekistan probably spends a higher percentage of its GDP (an estimated 3-4%) on national security than any other Central Asian country, though Kazakhstan's aggregate defense expenditures may be higher since its national economy is larger.

Following independence, Uzbekistan and the other Central Asian countries had to create a new military and military system from scratch. They naturally followed the Soviet model they were familiar with, but lacked the lavish resources of the Soviet Union as well as the wide range of threats and missions. They have since sought to reduce the size of the forces but upgrade their equipment. Their military doctrine and training increasingly focus on counterterrorism missions rather than winning conventional wars.

For a few years after the fall of the Soviet Union, the newly independent Uzbekistani military sought to cooperate closely with Moscow. Uzbekistani officers continued to attend staff colleges in Russia and obtain much defense equipment from Russian firms. Defense industrial cooperation continued, focusing on the Chkalov factory (TAPO), where the large Soviet military Il-76 transporters were produced to international export standards.

But starting in the mid-1990s, Uzbekistan strived to deepen relations with the United States and major EU countries like Germany.

After 2001, several of these countries used military bases in Uzbekistan to support their military operations in Afghanistan. When Uzbekistan's relations with the West declined after 2005, Tashkent sought closer relations with the Shanghai Cooperation Organization (SCO)—and specifically its two most important members, Russia and China—for increased cooperation in security.



*Access to re-supply routes has been a key element in shaping Western policy toward Uzbekistan. In the last decade, Uzbekistan's main weapons suppliers have been mainly Russia and other former Soviet bloc countries; the United States and more recently China have also provided arms. Credit Image: Bigstock*

The Minister of Defense in 2002, Kadyr Gulyamov, launched a program to reform the Uzbekistani military along Western lines by professionalizing the armed forces and focusing on developing small unit leadership as opposed to the more Soviet and Russian style of conscription and top-down bureaucratic leadership. Gulyamov also made the SNB, MVD, and MOD more joint and interoperable. He reduced conscription to 12 months and increased the number of "contract" professional volunteer soldiers. Gulyamov made very successful strides in modernizing and professionalizing the military, but he was removed from office in 2005 and sentenced to five years in prison for allegedly selling secrets to NATO.

Uzbekistan has continued to reform the military, largely but not exclusively along Western lines, moving away from the dominant Soviet influence prevalent in the ground forces.

The country's military reform program has aimed to downsize the regular army while strengthening the border guards (the government frequently closes its borders—it adjoins every Central Asian country as well as Afghanistan) in response to regional security threats) and the Special Forces, whose mobility is useful to counter terrorist forces or religious extremists.

To strengthen inter-agency coordination of all security forces, a two-layered system of command was established in 2002. The first layer consists of the Joint Chiefs of Staff (JCS), which has operational control over all regular units as well as all SOF and other paramilitary formations subordinated to other security agencies such as the MVD and SNB. The JCS also develops operational and tactical doctrines for all SOF units. The second tier consists of the national military districts, to which all regular military formations are subordinated. Operational control over all SOF units, regardless of their parent security agency, report to the joint mobile forces command based in Fergana.

Uzbekistan has retained three of the military schools it had when the Soviet Union dissolved: the Tashkent Higher All-Arms School, Chirchik Higher Tank Engineer Command School, and Samarkand Higher Military Automobile Engineer Command School. Recently, the Academy of the Armed Forces of the Republic of Uzbekistan and the Dzhi-rak Higher Military Aviation Schools were also created. Additionally, four military lyceums in Tashkent, Samarkand, Fergana, and Urgench were established in 1993 for pre-military education for youth. Officers from the military, Special Forces, and the security agencies are trained at the Joint Service Officer Training Academy in Tashkent. It is the largest academy of its kind in all of Central Asia. Uzbekistan has its own ROTC program.

Thanks to its being the most militarily significant Central Asian republic in the former Soviet Union, Uzbekistan inherited a modern training site at "Forish" was developed as an advanced Soviet mountain-range exercise facility. Russian and Uzbek units still train there. With NATO's assistance, Uzbekistan built four training facilities for Non-Commissioned Officers (NCOs).

In recent years, following the post-Andijan rupture, Uzbekistan has tried to improve its relations with NATO, which in turn needs Tashkent's help to send supplies through the Northern Distribution Network (NDN). Uzbekistan just resumed participating in bilateral defense consultations with the United States, for the first time since Andijan.

Uzbekistani military units have participated in several joint training operations with other countries, training most often with Russia and other Central Asian countries.

The frequency of joint training seems to correlate to the current political climate of the region in regards to Uzbekistan's relations with her neighbors. Uzbekistan strives to avoid aligning too closely with a major military power or becoming militarily dependent on its military assistance.

For this reason, Uzbekistani forces do not participate in the many large exercises of the SCO, Collective Security Treaty Organization (CSTO), or Commonwealth of Independent States (CIS). Instead, the Uzbekistan government has preferred to participate in the smaller exercises offered by these organizations, which offer Uzbek military forces more concentrated training in areas in which they wish to improve, especially counterterrorism. Their lack of participation in large training exercises does, however, restrict their access to foreign education and training opportunities.

Uzbekistan strongly objected to the increasing military cooperation in the Collective Security Treaty Organization (CSTO), especially the creation of the 20,000 person CSTO Collective Rapid Reaction Forces in 2009, based on its concern regarding the amendments to the CSTO charter allowing military action in response to more security crises, in-

cluding domestic and civil problems based on a majority vote, rather than full consensus. Uzbekistan was also concerned with the relative contributions of CTSO members, advocating an equal number of troops committed by each member, with all members having joint control over their use. Other CTSO members, however, did not agree, and the final Collective Rapid Reaction Forces are primarily composed of Russian and Kazakhistani elite airborne and air mobile units. Uzbekistan has also opposed CSTO efforts to engage in Afghanistan. Tashkent eventually suspended its CSTO membership in June 2012.

Uzbekistan already has a place in the CIS air defense system and participated in the 65th meeting of the CIS defense ministries in Kaliningrad. Immediately following the suspension of its CSTO membership, Uzbekistan reaffirmed its commitment to joint air defense with CIS at one such meeting, demonstrating its commitment to CIS over CSTO. Uzbekistan is also a participant in many other security organizations besides the CIS Air Defense Coordination Committee. It also participates in the CIS Anti-terrorist Center, the CIS Military Cooperation Coordination Headquarters, and the CIS Council of Commanders of Border Troops. The CIS Council of Commanders of Border Troops (SKPV) develops relations among CIS countries' border troops and facilitates joint training programs and technical cooperation.

In the last decade, Uzbekistan's main weapons suppliers have been mainly Russia and other former Soviet bloc countries; the United States and more recently China have also provided arms.

Uzbekistan spent more than \$300 million on Russian arms between 2000 and 2010. Uzbekistan would like to reduce its dependence on Russian arms due to the rising cost of Russian equipment. The government is considering obtaining more spare parts and services from other former Soviet bloc states such as Poland and Ukraine, where the costs could be lower due to less corruption than in the Russian arms industry.

Beginning in the late 1990s until 2004, Uzbekistan received U.S. Foreign Military Financing (FMF), International Military Education and Training (IMET), and other security assistance funds. The United States provided Uzbekistan with defensive (non-lethal) equipment. The Pentagon supplied Uzbekistan's Special Forces with individual combat kits, radios and night vision goggles, and light patrol vehicles. New FMF and IMET assistance to Uzbekistan was suspended in 2004 after the Congress banned it due to concerns about the country's human rights policies. In November 2005, the EU Council banned the sale by EU members to Uzbekistan of "arms, military equipment, and other equipment that might be used for internal repression." In October 2009, the EU lifted the arms embargo, citing improvements in Uzbekistan's human rights situation.

Whatever their human rights concerns, Western governments are committed to maintaining good relations with Uzbekistan for the purpose of securing NATO supply routes to Afghanistan.

In February 2012, the U.S. Congress eased military sanctions on Uzbekistan. The Department of State could more easily waive its ban on non-lethal defense supplies to Uzbekistan, allowing Uzbekistan to import night vision goggles, personal protection equipment, global position satellite systems, and other non-lethal equipment. Supporters stressed the need to ensure that Uzbekistan is capable of countering terrorist threats to NATO's NDN supply lines. Uzbekistan has agreed to allow NATO governments to move some defense items out of Afghanistan through their territory.

In its subsequent budget documents to Congress, the Obama administration proposed that Uzbekistan receive \$1.5 million in military aid, the same as Kyrgyzstan and Tajikistan and only slightly behind Kazakhstan, which was designated \$1.8 million.

Tashkent anticipates a decrease in U.S. military aid after the 2014 withdrawal from Afghanistan. Uzbekistan expects to receive some “Excess Defense Articles” (EDA) and has already submitted a list to the U.S. government of the items it would like to receive. However, EDA are not free and Uzbekistan must pay for these items to include shipping costs from Afghanistan.

## The Central Asian Nuclear Free Zone Agreement: A Russian End Run?

10/20/12 by Richard Weitz

Although less well known than Kazakhstan, the government of Uzbekistan also has strong nuclear nonproliferation credentials.

The country’s leaders have accepted the legally binding arms control obligations of the former USSR, acceded to the Nuclear Non-Proliferation Treaty as a non-nuclear weapons state, worked with the U.S. Cooperative Threat Reduction (CRT) program to demilitarize and clean up former WMD-related facilities in Uzbekistan (Nukus and Vozrozhdeniye Island), prevent the illicit movement of WMD-related materials across its borders, made clear they oppose Iran’s acquiring nuclear weapons, and, most prominently, launched the campaign to establish a Central Asian Nuclear-Weapon-Free Zone (CANWFZ) in 1993.

The government has Drafting of the treaty began after the five Central Asian presidents unanimously endorsed the proposal in their February 1997 Almaty Declaration. In September 2002, their negotiators provisionally agreed on the language of the treaty and its protocol. They then circulated the draft to other countries for comment. After modifying the text in response to their observations, the foreign ministers of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan signed the Treaty of Semipalatinsk establishing the Central Asian Nuclear Free Zone on September 8, 2006.



*From the perspective of nuclear nonproliferation, the CANWFZ stands as a landmark development for several reasons. But does it allow Russia to deploy nuclear weapons in the zone or to transit the zone with nuclear weapons? Credit Image: Bigstock*

The signatories timed the ceremony to coincide with the fifteenth anniversary of the closure of the nuclear testing ground at Semipalatinsk, where prior to September 1991 the USSR had conducted almost 500 nuclear explosions. All five States Parties then ratified the treaty. The treaty entered into force after the Kazakh parliament approved the agreement on December 11, 2008, and Kazakhstan President Nursultan Nazarbaev officially signed the ratification decision on January 5, 2009.

The CANWFZ agreement consists of a preamble and 18 articles. Article 3 obligates the signatories not to research, develop, manufacture, stockpile or otherwise try to acquire a nuclear explosive device. The members also agree not to allow other parties to conduct such activities on their territories—which cover more than 3.8 million square kilometers—or assist them to do so elsewhere.

From the perspective of nuclear nonproliferation, the CANWFZ stands as a landmark development for several reasons.

First, the treaty established the world's fifth NWFZ solely in the Northern Hemisphere, which contains the preponderance of nuclear weapons states. Central Asia also borders South Asia and the Middle East, regions at risk of further nuclear proliferation and catastrophic terrorism. The accord is also the first multilateral security agreement to embrace all five Central Asian countries—an important accomplishment in light of Turkmenistan's traditional aloofness from such regional initiatives.

Second, Kazakhstan is the first former nuclear weapon state to adhere to a NWFZ. By some accounts, the country inherited the world's fourth largest nuclear arsenal—consisting of over 1,400 nuclear warheads deployed on heavy bombers and intercontinental ballistic missiles—when the USSR disintegrated in 1991. The other Central Asian nations also hosted elements of the Soviet nuclear program. During the next few years, Kazakhstan worked with the international community to eliminate this unwelcome Soviet legacy. Since then, Kazak leaders have taken a strong position in favor of nuclear nonproliferation efforts.

Third, the United Nations, including the General Assembly and members of the UN Secretariat, directly participated in drafting the CANWFZ Treaty's provisions. The Central Asian governments made a deliberate effort to ensure that the treaty conforms to the principles and guidelines on establishing NWFZs adopted by the UN Disarmament Commission in 1999. For example, the treaty obligates the Central Asian states to adhere to the Additional Protocol, which gives the International Atomic Energy Agency enhanced inspection rights regarding their possible nuclear activities. In addition, the accord requires its parties to adhere to international standards for the physical protection of nuclear material. All the other NWFZs currently in force were negotiated before the drafting of these provisions.

Fourth, the Semipalatinsk Treaty represents the first NWFZ to contain a provision recognizing the environmental damage associated with researching, developing, manufacturing and testing nuclear weapons. Under Article 6, its members pledge to support rehabilitation of areas damaged by past nuclear tests and other Soviet-era nuclear activities on their territories. They further commit not to import radioactive waste. The Central Asian governments also agree to support the Comprehensive Nuclear Test Ban Treaty, which prohibits all nuclear weapons tests, as contributing to environmental and nonproliferation goals.

Fifth, the CANWFZ participants must allow for comprehensive supervision of their peaceful nuclear materials and activities by the IAEA. In addition to the standard NWFZ obligation that treaty parties conclude a safeguards agree-



ment with the IAEA, Article 8 explicitly requires treaty signatories to adopt the so-called 1997 Model Additional Protocol, which grants the IAEA enhanced inspection rights at members' civilian nuclear facilities, within 18 months of the treaty's entry into force.

In recent years, the United States, Russia, and other governments have sought to strengthen the IAEA's ability to counter nuclear proliferation and nuclear terrorism by encouraging all countries to adhere to the Additional Protocol.

The treaty signatories also pledge to maintain standards of physical protection for their nuclear and radiological materials that equal or exceed those outlined in the Convention for the Physical Protection of Nuclear Material (thereby contributing to counterterrorism). They further commit not to export fissionable material to other non-nuclear weapons states that have not adopted IAEA safeguards agreements and the Additional Protocol (thereby furthering nuclear nonproliferation).

The last unique feature of the Semipalatinsk Treaty is that the CANWFZ borders two declared nuclear-weapon states, China and Russia, as well as two countries (India and Pakistan) that have developed nuclear weapons outside the NPT.

This condition has meant that the nuclear free zone could limit the spread of nuclear weapons in a volatile neighborhood.

Yet, trying to ban nuclear weapons from such a nuclear-saturated environment has required the Central Asian states to adjust their treaty requirements in ways that have aroused concern among the Western powers. The Central Asian governments needed years to reach a consensus on these issues, and they have never been able to overcome Western objections to the resulting compromises.

Beijing and Moscow have pledged to support the CANWFZ. At the August 2007 heads of state summit in Bishkek, Kyrgyzstan, of the Shanghai Cooperation Organization (SCO), which includes China and Russia as well as all the Central Asian countries except for Turkmenistan, the SCO governments endorsed the CANWFZ in their main political statement.

The Bishkek Declaration stressed the importance of bringing the Semipalatinsk Treaty into force and cited a resolution adopted by the 61st session of the UN General Assembly to illustrate how the international community "highly values the contribution of Central Asian states to the cause of consolidating the regime of nuclear non-proliferation, advancing cooperation on peaceful use of nuclear energy, as well as strengthening the international and regional peace and security."

The declaration also affirmed the support of the SCO heads of state for "the efforts of the participating states of the Central Asia Nuclear-Weapon-Free Zone Treaty on concluding a Protocol on Security Guarantees with the nuclear-weapon states, which would ensure genuine existence of a nuclear free zone in the region."

France, Great Britain, and the United States have declined to sign the CANWFZ Protocol until the treaty signatories address certain objections.

These governments are most concerned that the treaty text allows Russia to deploy or move nuclear weapons in or through the zone.

Article 12 of the Semipalatinsk Treaty declares that the proposed NWFZ would not affect the rights and obligations that its members might have assumed under prior accords, which could include the Collective Security Treaty (CST), signed in Tashkent in 1992 by members of the Commonwealth of Independent States.

Under Article 4 of the CST, members pledge to render each other “all necessary assistance, including military assistance” in case of external aggression. Four of the five CANWFZ signatories (Turkmenistan being the sole exception) still adhere to the CST, which underpins the Russian-dominated Collective Security Treaty Organization (CSTO). In the past, Russian military officials have made statements suggesting that their CST/CSTO allies—which include Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan—could fall under the umbrella of Russia’s nuclear deterrent.

In addition, some interpretations of the CST would allow Russia to deploy nuclear weapons of the other parties.

Rather than categorically prohibiting the transit of nuclear weapons through the CANWFZ, Article 4 of the treaty permits each signatory to decide independently whether to allow such transit. American, British, and French officials believe that these CST/CSTO provisions call into question the establishment of an effective and equitable NWFZ in Central Asia.

Another Western concern is the absence of a treaty clause excluding other countries from later joining the CANWFZ.

An earlier draft of the text explicitly provided for possible expansion of the treaty’s scope. Some Western analysts fear that Iran, which borders Turkmenistan, might eventually sign the CANWFZ to strengthen its claims that Tehran’s nuclear program is motivated entirely by peaceful purposes. The CANWFZ explicitly permits the peaceful use of nuclear energy.

Despite Tehran’s professions, Western officials widely suspect that Iran aspires to develop the capacity to produce nuclear weapons.

Although the government of Mongolia initiated the process that culminated in the treaty by declaring itself a nuclear-weapon-free zone in 1992, was recognized as a nuclear-weapon free state in 1998, and has expressed interest in joining the CANWFZ, the existing treaty signatories have indicated they do not consider Mongolia, which does not share a border with any CANWFZ party, as falling within the treaty’s intended geographic scope.

## Sino-Uzbek Economic and Energy Ties: A Growing Partnership

2012-10-19 by Richard Weitz

Energy security represents a major force driving Beijing’s increased interest and involvement in Uzbekistan.

A combination of a booming economy and declining domestic energy production has resulted in China’s importing an increasingly large percentage of its oil and natural gas. In particular, the PRC’s natural gas consumption will grow rapidly in line with the government’s plan to use more clean energy. According to some estimates, China’s natural gas consumption will increase from 4 percent today to 10 percent of China’s annual total primary energy consumption by 2020.

Although Kazakhstan has become the PRC’s lead energy partner in Central Asia, China has also been developing energy ties with Uzbekistan, one of the largest natural gas producers in the world. Uzbekistan’s gas production was

about 65 billion cubic meters (bcm) in 2011, of which more than one quarter (some 18bcm) was exported, mainly to Russia.

For its part, Uzbekistan is eager to diversify its energy customers beyond Russia. Until recently, a lack of investment and export pipelines has resulted in most of Uzbekistan's gas being used for domestic consumption. Uzbekistani economic planners, wary of allowing Russian companies to obtain even greater control of their energy resources, have seen Chinese investment as one way to break out of this situation.



*BEIJING – MAY 08: Natural Gas Vehicle and station exhibition hold on May 08, 2012 in Beijing, China. Credit Image: Bigstock*

According to its new contract with China in May 2012, Uzbekistan will export some 2-4bcm of gas to China this year via a pipeline the Central Asia-China transit pipeline that runs through Turkmenistan and Kazakhstan.

In December 2010, the Asia Trans Gas Uzbek-Chinese joint venture created by Uzbekneftegaz and the CNPC opened the second strand of Uzbekistan section of the Turkmenistan-to-China gas pipeline. It should allow the flow of LNG to the PRC through the pipeline to reach its expected annual level of 15 billion bcm.

PRC energy companies are helping explore and develop Uzbekistan's oil and gas fields, including those in the Aral Sea, Ustyurt, Bukhara-Khiva and Ferghana Valley. A subsidiary of the China Guangdong Nuclear Power Corporation is prospecting for black-shale uranium in Uzbekistan's Navoi Province.

### **Expanding the Envelope**

Besides securing access to Uzbekistan's energy resources, the Chinese also desire to expand bilateral commerce and increase PRC investment opportunities in Uzbekistan.

With approximately 30 million citizens, Uzbekistan offers Chinese traders and investors the largest number of potential consumers among the individual Central Asian countries. In recent years, Uzbekistan, though lagging behind regional leader Kazakhstan, has achieved rapid economic growth rates that have helped raise the country's still low per capita gross national income.

Meanwhile, Uzbekistani political and business leaders see China as potentially the region's most important engine of future economic growth, a belief that has led them to embrace the PRC's growing presence and show respect for Beijing's economic and security preferences.

Economic relations between China and Uzbekistan have dramatically increased since Uzbekistan joined the SCO in 2001. The PRC is Uzbekistan's second largest foreign trade partner after Russia, with \$2.6 billion in two-way trade in 2011.

The trade flows are fairly balanced in terms of value, with approximately one billion dollars' worth of imports and of exports recorded for China with Uzbekistan in 2010. Uzbekistan has surpassed the United States as the main source of the PRC's cotton imports. In addition to cotton fiber and energy products from the Caspian Basin, other Uzbekistani exports to China include metals, minerals, and food products. Uzbekistani customers turn to China for much of their imported machinery and equipment.

PRC enterprises have made substantial direct investments in Uzbekistan to help develop the country's natural resources, including gold as well energy.

### **Expanded Presence**

By the end of 2011, China's total foreign direct investment in Uzbekistan had reached \$4 billion. More than 400 Chinese enterprises have invested in Uzbekistan's energy, transportation, telecommunications, petrochemistry, construction, agriculture and finance sectors.

In October 2011, the two countries established inter-government cooperation committee, to study how to increase bilateral trade and investment even further. It is chaired by Uzbekistan's First Deputy Prime Minister and Chinese State Councilor. Its six sectoral subcommittees cover: trade and economy, energy, transportation, science and technology, humanitarian affairs, and mutual security. An early focus has been the expanded use of joint special economic zones, such as participation of leading PRC firms in creating a new Hi-Tech Industrial Park in Uzbekistan.

China offers the SCO's Central Asian members billions of dollars in short-term credits and other loans. Uzbekistan has used these interest-free and long-term soft loans from the Export-Import Bank of China to support some twenty infrastructure projects worth more than \$600 million. Beijing has also proposed establishing a new multi-billion dollar SCO Development Bank, with China initially lending the proposed institution most of its money.

According to the press service of the President of Uzbekistan, some 40 bilateral trade and economic, investment and financial agreements and contracts worth \$5.2 billion were signed during Karimov's visit to Beijing in June 2012. These projects encompass the energy, mining, transportation, electricity, chemical, and high-technology (IT, pharmaceuticals) sectors.

The Chinese government has been especially eager to help Uzbekistan develop its transportation and other economic infrastructure, which enhances the country's capacity to serve as a transit state for Chinese economic activities in other Central Asian states and perhaps beyond.

At the time of their independence, the major roads, railways, and energy pipelines in the new states of Central Asia all flowed northward towards Russia rather than eastward toward the PRC. During the past decade, China and Uzbekistan have launched several initiatives to overcome the legacy of the Cold War and develop direct transportation links.

For example, they are implementing plans to launch cargo flights between Tianjin and Uzbekistan's Navoi air hub as well as commercial flights between Navoi airport and Tashkent in Uzbekistan with China's major industrial centers and Urumqi.

Substantial progress has already been realized in developing new east-west energy pipelines. In April 2007, the Chinese and Uzbekistani governments announced they would construct a 500-kilometer natural gas pipeline between their countries, with an initial annual capacity of 30 billion cubic meters (bcm) per year. Even before the pipeline opened, its announcement enhanced Uzbekistan's leverage vis-à-vis Russia's Gazprom and forced that giant energy company to pay higher prices for Uzbekistan's natural gas.

China has been holding talks since the late 1990s with Uzbekistan and Kyrgyzstan on the construction of China-Kyrgyzstan-Uzbekistan railway, which would provide the shortest transport route from China to the countries of Central and South Asia. The proposed route would start in the Chinese city of Kashgar, enter Kyrgyzstan at the Torugart Pass, follow a route to Kara-Suu near Osh, and terminate at Andijan, near where the CNPC is developing oil and gas fields.

The parties are still discussing how to finance the project as well as the size of the rails. The Uzbekistani representatives are resisting meeting China's demand to use a narrow rack gauge across the entire rail line. Nevertheless, Presidents Karimov and Hu reaffirmed their construction plans when they met in June 2012.

If constructed, China would be able to sell more of its goods in Central Asian markets, leading to enhanced PRC influence in the region.

It would also provide the PLA with more efficient transportation and logistics infrastructure should Beijing ever decide to intervene militarily in Central Asia.

## Averting Eurasian Water Wars: The View from Uzbekistan

2012-10-14 by Richard Weitz

With climate change comes conflict. The collapse of the Soviet Union left in its wake a serious fault line in Eur-Asia revolving around water and its scarcity.

This security issue arose during my week-long visit to Uzbekistan last month and deserves a serious look.



*Uzbekistani officials and analysts consider having adequate access to fresh water a national security priority. The next U.S. administration might consider launching a higher-profile initiative in this domain as part of the post-Afghanistan restructuring of U.S. diplomacy in the region. Credit Image: Bigstock*

Like other Central Asian countries, Uzbekistan has suffered serious water shortages in recent years, but Uzbekistan suffers from being one of the world's few doubly land-locked states.

Uzbekistani officials and analysts consider having adequate access to fresh water a national security priority.

One water management issue of great concern to Uzbekistan and Kazakhstan is the fate of the Aral Sea, which borders both countries.

Since the 1960s, poorly planned and executed Soviet irrigation projects, primarily for fertilizing cotton production, have diverted water from its main tributaries, the Amu Darya and Syr Darya Rivers. The decreased inflows, worsened by rising demands for water due to population growth, could not compensate for natural evaporation. The water level of the Aral Sea fell dramatically while its surface area shrunk to less than one quarter of its original size. By the late 1980s, the Aral Sea had split into a small lake in the north and a larger water body in the south [See picture below].

The rapidly decreasing surface area and the increase in the salinity of the water has deprived many fisherman of their livelihood, killed or endangered several unique animal and plant species, decreased crop yields, killed forestry, increased ecological harmful atmospheric dust that adversely affects people's health, and created eerie images of rusting fishing boats situated in the middle of arid deserts.

The Amu and Syr Darya deltas, where some four million people live, are threatened by desertification, poor drinking water, dust storms, and additional environmental threats.



Numerous international actors have been engaged on this issue.

These have included the World Bank, several bodies affiliated with the United Nations, the OSCE, and national governments including the United States. The five Central Asian governments created the International Fund for Saving the Aral Sea (IFAS) in 1993. Each of them contributes funding from their state budgets to the fund, whose managers also seek third-party support. The IFAS, which in 1997 incorporated other Aral Sea intergovernmental bodies, uses these funds to support projects to rehabilitate the Aral Sea Basin, promote socioeconomic development, improve the health of the region's inhabitants, increase conservation and water use efficiency, and protect the environment.

The projected effects of climate change suggest Central Asia could see further water shortages—already a perennial problem in western Uzbekistan—that will adversely affect the region's economies and potentially lead to water-related conflicts.

The Intergovernmental Panel on Climate Change, a UN affiliated body, has led efforts to develop climate change models applicable to Central Asia and other regions. Its scientists have also discussed potential means of limiting and responding to climate change.

Another problem concerns the lack of an effective region-wide mechanism for managing Central Asian water supplies, which the International Crisis Group, the Senate Foreign Relations Committee, and other expert groups have warned could worsen regional resource conflicts.

During the Soviet period, the USSR State Planning Committee established annual water usage quotas for the five Central Asian republics. The Soviet authorities also treated the five Central Asian economies as an integrated network. They instructed the upstream republics of Kyrgyzstan and Tajikistan to store excess water in winter and then release it in summer to the downstream countries of Kazakhstan, Turkmenistan, and Uzbekistan. The latter republics would use the water to support agriculture and cotton harvesting while compensating the upstream republics with fuel supplies (especially gas and coal) distributed through Soviet central government institutions.

The USSR's demise—which abruptly transformed the USSR's administrative boundaries into more rigorous national boundaries—has resulted in each newly independent Central Asia republic pursuing autonomous water policies that do not always reflect the interests of other countries.

For example, Kyrgyzstan and Tajikistan, which lack the abundant hydrocarbon resources of the other Central Asian states, have diverted more water for hydropower to generate electricity for their own uses, leading to summer water shortages in the downstream countries.

Although the five governments signed the 1992 Almaty Agreement, which essentially maintained the Soviet-era water quotas, adherence to this agreement has weakened over time. Afghanistan was also excluded from the accord, and its government now wants greater respect for its interests.

The main source of water-related tension among Central Asian countries is that Uzbekistan and Kazakhstan use Central Asian water supplies primarily to irrigate crops as well as for direct consumption.

In contrast, Kyrgyzstan and Tajikistan seek to convert the region's water resources into electricity, which strengthens their energy and economic independence, and can also help them earn foreign revenue when they sell excess electricity to neighboring countries.

Moscow has also been involved since the republics have sought to lobby the Russian government, which has periodically offered to fund some of these projects, to support their position.

At their most recent summit in early September 2012, Uzbekistani President Islam Karimov and Kazakhstani President Nursultan Nazarbayev made a public demarche on the subject. In statements at a joint press conference, they insisted that all Central Asian countries that use transnational rivers would have to consent to the construction of dams or other hydro-power facilities. They also proposed that an expert group be formed to investigate the issue and offer recommendations in accordance with relevant UN conventions.

The issue of most acute concern to Uzbekistan and Kazakhstan is the planned construction of Rogun Dam in neighboring Tajikistan.

Soviet engineers designed this 335-meter (1,000-feet) high structure (the world's highest dam) in the 1970s to manage water flows throughout much of Central Asia. Construction began in 1982 but then halted with the USSR's breakup. The Soviet Union's disintegration also increased tensions among the formerly unified Central Asian republics.

Tajikistani authorities see the dam as essential for exploiting their main national resource (hydropower) for electricity generation, economic growth, and energy security and independence. The dam is expected to generate some 13 billion kilowatt-hours of electricity each year, enough to make Tajikistan a major regional energy exporter.

Uzbekistani analysts fear that it would disrupt their water supplies and least make them dependent on Dushanbe's goodwill, since the dam would enable Tajikistan to control the flow of the Vakhsh River, which is a major tributary of the Amu Darya River, which feeds into Uzbekistan's irrigation canals.

Uzbekistan does not want Tajikistan to start building or diverting water for the dam until the World Bank completes its feasibility studies assessing the technical, economic, environmental, and social impact of the project. Until then, Tashkent has used economic pressure to delay the project. Uzbekistan has discouraged potential foreign investors from supporting the dam, blocked the transit of Kyrgyz and Turkmen electricity through its power grid to Tajikistan, impeded the movement of rail freight into Tajikistan, and disrupted natural gas deliveries to Tajikistan.

These moves have harmed Tajikistan's economic development and encouraged Tajikistani leaders to exploit anti-Uzbek sentiment among Tajiks.

Relations between the two countries have been strained for at least a decade. There are periodic exchanges of fire along their 1283-kilometer common border. In an effort to curb illegal immigration and possible terrorist infiltration, Uzbekistan mined parts of the border in the early 2000s. Commercial ties are further weakened due to the lack of air transportation and the visa regime between the two countries.

But most recent popular attention has focused on the dam issue. With both governments' encouragement, building the dam has become a question of national pride and independence for many Tajiks, while Uzbeks fear the dam will ruin their agriculture and environment.

U.S. officials have sought to diffuse the confrontation.

There are many other disputed water bodies and countries suffering from major water shortages in the CENTCOM area of responsibility. These disputes have been caused or exacerbated by several adverse environmental trends—growing populations, regional climate change, the growth of more water-intense agricultural practices.

The United States is eager to avoid creating adverse precedents that might generate more confrontations among Middle Eastern and Central Asian countries. Washington also worries that the dispute could drive Tajikistan toward Iran, a fellow Shiite-majority country that shares cultural and historical ties with Tajiks. U.S. diplomats have sought to use the World Bank studies as a means of depoliticizing the conflict by making it a technical and economic issue subject to rational cost-benefit analysis.

The two studies for the World Bank are being conducted by multinational consultant firms contracted on a competitive basis by the Government of Tajikistan and financed through the World Bank's International Development Association (IDA), the part of the Bank that helps the world's poorest countries.

The first is a Techno-Economic Assessment Study by an international consortium of engineering firms such as Coyne et Bellier, Electroconsult, and IPA Energy & Water Consulting. The second, an Environmental and Social Impact Assessment, is being undertaken by Pöyry, a Swiss company. The World Bank has also established two independent expert panels of recognized international professionals to ensure that the studies meet international standards of due diligence, objectivity, and credibility. When he was in Washington for a World Bank meeting this May, Tajikistan's Foreign Minister Zarifi Hamrahon said that his government expects the studies to be completed by February 2013.

The problem is that the Uzbek-Tajik confrontation has become so intense that the technical issues have become less important than questions of national pride, independence, and security.

American diplomats have rightly sought to raise the issue of water-related conflicts in their bilateral and multilateral meetings with Central Asian leaders, but the next U.S. administration might consider launching a higher-profile initiative in this domain as part of the post-Afghanistan restructuring of U.S. diplomacy in the region.

## The Tail Waging the Dog or How Logistics Support to Afghanistan Gets Harder

4/11/12 by Richard Weitz

The Strategic Warning from Astana, Kazakhstan.

The logistics trail to Afghanistan is long and costly. The role of Pakistan and Kazakhstan is crucial in providing the "highway" to support Afghan operations. But both nodes are in trouble.

The problems dividing the United States from Afghanistan and Pakistan are visible for all to see.

Recent congressional hearings focused on how the United States might recover sufficient influence with their governments to secure a safe exit from the Afghan-Pak conflict in 2014.

But below the surface the United States is also alienating other key partners in the region, such as Kazakhstan.

The United States was the first country to recognize Kazakhstan, on December 25, 1991. Since then, energy and security issues have been a cornerstone in relations between the two countries. The United States provided Kazakhstan with considerable financial assistance to eliminate its nuclear warheads, weapons-grade materials, and supporting infrastructure.

The ties strengthened after the United States invaded Afghanistan in October 2001. Kazakhstani leaders immediately proclaimed solidarity with Washington in the fight against international terrorism, while the United States reciprocated by increasing its counterterrorist and counter narcotics assistance to Astana.

Kazakhstan and the United States established a formal strategic partnership in 2006, but their ties have been strong since Kazakhstan became independent in 1991. In recent years, the two countries have joined forces against terrorism, globally and in Iraq and Afghanistan. The United States will need Astana's help long after these wars end.

But at least some of these issues can be soon corrected soon through modest remedial action. But left to fester these differences will cause problems whose severity will grow over time.

The United States and its allies have undertaken a sustained effort since 2008 to develop alternative sea, ground, and air transportation routes to Afghanistan's north, through the territories of the former Soviet Union. This so-called Northern Distribution Network (NDN) now conveys large quantities of non-lethal supplies from Europe to the NATO troops in Afghanistan through Russia, the Caucasus, and Central Asia.

Without the transit routes through and the cooperation of Kazakhstan, U.S. efforts to rebuild Afghanistan cannot succeed.

Kazakhstan's ties with the West are fundamental to the smooth operation of the Northern Distribution Network that U.S. and NATO forces use to supply the International Security Assistance Force in Afghanistan. With the deterioration of relations between the U.S. and Pakistan recently, the Kazakhstani corridor has become even more important.

The NDN comprises three main land routes, all of which traverse Kazakhstan. The two belonging to NDN North both originate at Latvia's port of Riga and pass through the Russian Federation and Kazakhstan. The largest volume of supplies then goes through the city of Termez on Uzbekistan's border with Afghanistan at the Hairaton Gate, while the lower-capacity variant enters Afghanistan via Tajikistan. In contrast, NDN South runs from Georgia's Black Sea port of Poti to Azerbaijan's capital Baku. From there, NATO's goods are transshipped across the Caspian Sea to Kazakhstan and then transported by truck into Uzbekistan and Afghanistan.

The so-called "Nazarbayev-Obama agreements" reached in May 2010 include Kazakhstan's commitments on opening up its territory for the work of NDN and US commitments to purchase goods in Kazakhstan for NATO troops in Afghanistan.

In the view of Astana, by the middle of 2011, Kazakhstan fulfilled its commitments, but U.S. purchases are at a very low level. Kazakhstani diplomats believe that the Pentagon purchases and spends more on NDN-related items in Russia and Uzbekistan than in Kazakhstan, despite the fact that Kazakhstan is the key area through which all NDN routes converge regardless of their previous routes.

As pointed out in a comprehensive report on "Central Asia and the Transition in Afghanistan" published last December by the Senate Foreign Relations Committee staff, U.S. civilian assistance for all Central Asia countries amounted to only \$186.2 million in FY 2010, a low level that is on a downward trajectory.

Security assistance to Central Asia from the national defense 050 account and smaller amounts from the foreign assistance 150 account, was \$257 million in FY 2010 and also seems to be decreasing. In the aggregate, U.S. assistance to Central Asia countries is relatively modest compared with the vast sums spent in Afghanistan and Pakistan. In FY 2010, for example, total U.S. assistance to Central Asia was less than three percent of what the United States provided Afghanistan that year.

As the Senate report correctly notes, “Given the tight fiscal climate in the United States, the administration should consider using existing Afghanistan resources on cross-border projects that promote regional stability to the benefit of both Afghanistan and its northern neighbors. For a relatively small amount of money, such projects can reinforce cooperation between Afghanistan and Central Asian states and deliver immediate results.”

The administration also seems reluctant to support the development of key transportation hubs in Kazakhstan.

This transportation infrastructure is needed to assist with the withdrawal of NATO forces from Afghanistan and has a large potential to diversify NDN routes, decreasing NATO’s vulnerability to specific closures. China has established a commanding presence in Central Asian markets by directly supporting the industrial and infrastructural development of these countries. As pointed out in the February 2011 Council on Foreign Relations report, “Strengthening Fragile Partnerships: An Agenda for the Future of US-Central Asia Relations,” China’s throwing money around has allowed it to undermine traditional World Bank-style conditionality and substitute its own forms of conditionality through “buy China” and “employ Chinese” provisions.

The U.S. government needs to respond to Kazakhstani desires that the relationship focus more on trade cooperation, physical economic development, and establishing business-to-business partnerships.

Kazakhstan is geographically huge – the ninth largest country by territory, the approximate size of Western Europe. It is also a key crossroads of the world, sitting as it does between Russia and China.

Its vast natural resources have made Kazakhstan’s economy the largest by far in Central Asia. Both its gross domestic product and its trade with the United States and Western Europe are bigger than the rest of Central Asia and the Caucasus combined. But the region needs a more developed transportation infrastructure to generate further progress.

Kazakhstan has not relied exclusively on energy production to fuel its growth, but instead has diversified into many other industries, especially agriculture. It is now the fifth largest exporter of grain and is a critical part of the system that ensures international food security. Kazakhstan’s mines and refineries produce many of the metals that build modern society. It extracts substantial quantities of chromium and titanium as well as the components of steel. Its impressive reserves of rare earth metals will be key to the manufacture of high-tech devices that power modern communications.

The emphasis Kazakhstan has placed on social harmony has led the government to pour much of its energy riches into education and other societal improvements. Unemployment is low and literacy is nearly 100 percent. Oil money, which for many nations has become a curse, has benefited all 16 million Kazakhstani citizens. Kazakhstani officials see American investors as key partners for Kazakhstan’s efforts to diversify its economy. Hundreds of American firms now operate in Kazakhstan, with their direct net investments exceeding \$15 billion in 2009, although most of that is still placed in Kazakhstan’s oil sector.

From the perspective of Washington, Kazakhstan’s growing role in its extended neighborhood advances significant U.S. interests.

Through its increasing economic engagement in Eurasia—which has involved both direct investment and trade as well as support for improving regional commercial and transportation infrastructure—Kazakhstan is helping transform Central Asia and the Caspian region into an “arc of opportunity” rather than an “arc of crisis.” Hundreds of U.S. companies directly benefit from their large foreign direct investment in Kazakhstan. In addition, Kazakhstani authorities have supported the development of energy pipelines that circumvent Russian territory and have endorsed continuing the Western military presence in Central Asia even if the situation in Afghanistan stabilizes.

In accordance with its efforts to diversify its allegiance with major powers, Kazakhstan supports a U.S. economic and defense presence in Central Asia. The United States is equally interested in preserving Kazakhstan's balanced relationship with the other great powers. An effective U.S. diplomatic approach toward the region will require both reassuring China and Russia about Washington's benign objectives—to reduce the potential for a Sino-Russian condominium in the region at the expense of the West and its Central Asian partners—while reaffirming U.S. support for the political and economic independence of Kazakhstan and its neighbors.

Kazakhstan chaired the Organization for Security and Cooperation in Europe last year and hosted the group's first summit in 11 years in its capital, Astana. This year, Kazakhstan is heading the Organization of Islamic Cooperation and is hoping to promote better understanding between predominantly Muslim nations and the rest of the world. Kazakhstan has been a strategically important partner of the United States in these roles, but this is not foreordained.

Fortunately, the United States and Kazakhstan will have the opportunity to address some of these issues when they confer at the April 9-10 meeting of the Strategic Partnership Commission in Washington.

## The China-Russia Gas Conflict

2012-12-13 by Richard Weitz

The protracted negotiations concerning China's possible purchase of an enormous volume of Russian natural gas has been a prominent agenda item at Russian-Chinese leadership summits for years.

Expectations had been high for years that an agreement might soon be imminent, but the parties have proved unable to finalize the deal, further postponing the date when the pipeline might be built.



Proposed pipelines from Russia to China. [http://rbth.ru/articles/2010/10/26/slaking\\_chinas\\_huge\\_energy\\_thirst05060.html](http://rbth.ru/articles/2010/10/26/slaking_chinas_huge_energy_thirst05060.html)



PRC policy makers are eager to expand their natural gas imports.

As a result of China's surging economy, the country has become one of the world largest purchasers of natural gas and other foreign energy sources. Rapid economic growth has fueled energy demands that outstrip China's domestic energy supplies. Although the government has tried to improve energy conservation and expand the use of nuclear and renewable energy sources, the PRC will still need to import enormous quantities of oil and gas for the foreseeable future. In this regard, the Chinese are seeking to diversify their foreign energy sources to limit their dependence on any single exporting country or region.

In principle, Russia should find a natural place within this framework.

The Russian Federation possesses the largest natural gas reserves in the world. Many of Russia's new and untapped gas fields are in eastern Siberia and the Russian Far East. These locations lie closer to China than the older fields that now provide gas primarily to consumers in Russia and Europe.

Despite these natural advantages and their mutual interests in increasing bilateral energy cooperation, the Chinese and Russian governments have made only limited progress in moving beyond rosy statements of principles and vacuous memoranda of understanding to the initiation of actual energy projects.

Various technical obstacles, pricing conflicts, and mutual suspicions have historically kept Chinese purchases of Russian energy at relatively low levels. Frequent delays in shipments on the part of the Russians and attempts to leverage the competing interests of the Chinese, Asian, and European markets off each other have prevented Chinese policy makers from regarding Russia as a reliable long-term supplier.

Perhaps the most serious impediment to large deliveries of Russian natural gas to China is the underdeveloped transportation infrastructure connecting the two countries.

During most of the Cold War, the border between China and the various Soviet republics was sealed and heavily militarized. In addition, the Soviet energy pipeline network flowed from east to west since Europeans were the main foreign purchasers of the gas in Russia, Azerbaijan, and Central Asia. It has only been in the last decade that Russian energy planners have made a comprehensive effort to send gas and oil eastward toward the expanding markets of East Asia.

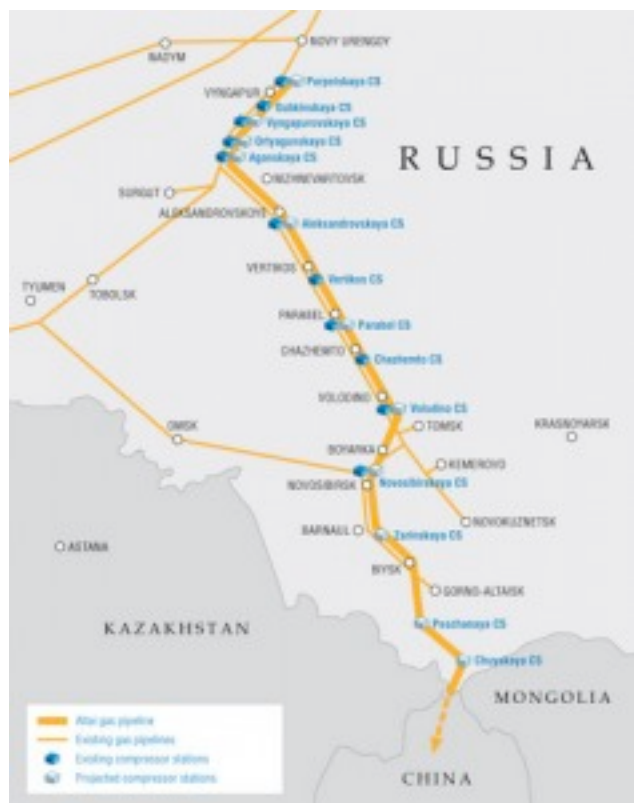
Russian energy giant Gazprom and the Chinese National Petroleum Corporation (CNPC) have been negotiating possible deals since 2004, when they signed a strategic partnership agreement. During Putin's March 2006 trip to Beijing, Gazprom and the CNPC signed a memorandum of understanding about constructing a 6,700-kilometer Altai pipeline to deliver Russian natural gas to China. The current talks envisage a 30-year contract in which Russia would supply some 68 billion cubic meters of gas annually.

But Gazprom has repeatedly delayed started construction of new gas pipelines because, despite years of negotiations, Chinese and Russian negotiators have proved unable to agree on a price formula for the gas deliveries. Without an agreed delivery price, Gazprom is unwilling to construct an enormously expensive pipeline, which, in the worst case of continued deadlock in the Russia-China negotiations, would remain idle.

According to media reports, Chinese negotiators are offering about \$250 per 1,000 cubic meters of gas, whereas Russian negotiators are demanding approximately \$350.

In essence, Russian negotiators want Beijing to pay world market prices, whereas the Chinese insist on receiving a healthy discount for their large purchases.

Given the large volumes at issue, in which even a single dollar difference could amount to billions of dollars over the life of the contract, each side is naturally fighting hard for their positions.



*The Altai gas pipeline is a proposed natural gas pipeline to export natural gas from Russia's western Siberia to northwestern China. <http://www.altaiproject.org/2011/08/altai-gas-pipeline-and-ukok-plateau/>*

To support their arguments, Russian negotiators point out that their natural gas could flow westward to Europe as well as eastward to other Asian countries besides China. They also note that Russia's natural gas supplies, while enormous, are not unlimited, with the implication that Beijing needs to compromise or risk losing out.

PRC negotiators parry by pointing to the emergence of shale gas as a major fuel source in Western countries and the growing international volume of liquefied natural gas (LNG) potentially available to PRC ports.

In addition, China has begun receiving large-scale deliveries of natural gas from Central Asia after the PRC financed construction of the first east-west energy pipeline in Central Asian history. This pipeline should deliver as much as 40 billion cubic meters of natural gas from Turkmenistan alone annually. Turkmenistan has offered China more gas than the Russians have ever considered providing the PRC.

Both parties are considering following the precedent they established by their April 2009 oil-for-loans deal. According to its provisions, the Development Bank of China lent Russia's state-run energy companies the money they needed to build and operate a 67-kilometer branch pipeline off the East Siberia Pacific Ocean (ESPO) oil pipeline to the Russian-Chinese border town of Xing'an. CNPC then built a 1,000-km pipeline from there to oil refineries in Daqing.

If Russian and Chinese negotiators agreed on a similar gas arrangement, China would lend Gazprom the money required to construct the Altai pipeline in return for guaranteed shipments of natural gas to China.

Looked at from a different perspective, this deal would involve China's purchasing the gas from Gazprom in return for Russia's committing to use some or all of this money to construct the pipeline to ship the gas to China.

## China's Central Asian Energy Strategy: A Central Role for Kazakhstan

2012-11-30 by Richard Weitz

China's growing energy needs represent another force driving its increased interest and involvement in Central Asia.

A combination of a booming economy and declining domestic energy production has resulted in China importing an increasingly large percentage of its oil and natural gas. Although China still acquires the bulk of its oil imports from the Persian Gulf and Africa, Chinese policy makers have sought to enhance their access to energy resources from Central Asia as well as from Russia.

Oil and gas from these regions can travel overland to China and obviate the need for Beijing to rely on vulnerable sea-lanes susceptible to interception by the U.S. or other navies.

In addition, the Chinese appreciate the risks that terrorism, military conflicts, and other instability in the Middle East could abruptly disrupt energy exports from the Gulf region. The Chinese government has therefore been promoting the development of land-based oil and gas pipelines that would direct Central Asian energy resources eastwards toward China.

### The Central Role of Kazakhstan

Much of China's interest in developing Central Asia's energy resources has centered on Kazakhstan, its main trading partner in the region.

The volume of Kazakhstan's trade with China now exceeds that with Russia, for the first time in centuries. China has been Kazakhstan's second-largest trade partner since 2009 and its biggest export destination since 2010. Bilateral economic ties should expand further given that both countries regularly enjoy some of the world's fastest growth rates and China's growing demand for Kazakhstani's rising exports of oil and gas.

One impediment to the development of Sino-Kazakhstani energy ties has been that Central Asian's Soviet-era energy pipelines either flow westwards towards Europe or north to Russia. Until recently, China has had to import oil from Kazakhstan by railways passing through Russian territory.

For this reason, PRC officials have been encouraging Chinese energy companies to purchase Central Asian energy assets and invest in the transportation and other regional infrastructure required to move these resources to China.

Another initial barrier to China-Kazakhstani energy relations, also now overcome, was that Western firms were initially able to block the efforts by Chinese energy companies to join Kazakhstan's largest oil and gas projects. But energy cooperation has accelerated in recent years after the Kazakhstani government fully committed to directing a share of its energy exports eastward to China. Sinopec, CNPC, and other Chinese energy firms have invested billions of dollars in oil projects in Kazakhstan and aims to increase that total, including by helping develop oil fields in the

Caspian region. The breakthrough came in 2005, when CNCP purchased Petrokazakhstan, a leading Kazakhstani energy firm.

In July 2005, President Hu Jintao signed a declaration of strategic partnership with Nazarbayev that, among other things, provided for expedited development of the 1,300-km Atasu-Alashankou pipeline to transport at least ten million tons of oil annually from Kazakhstan's Caspian coast to China's Xinjiang province.

This 50-50 joint venture between the Chinese National Petroleum Corporation (CNCP) and Kazakhstan's national oil and gas company, KazMunaiGaz, began operating on a limited basis in December 2005, marking the first eastward flow of Central Asian oil and China's first import of oil by pipeline.

During Nazarbayev's visit to Beijing on December 20, 2006, the two sides launched a multi-phase project to construct multiple oil pipelines—beginning first with an extension of the Atasu-Alashankou pipeline to the city of Kenkiyak in the Kazakhstani sector of the Caspian Sea—linking the two countries and financed by both.

When President Hu Jintao visited Kazakhstan en route to returning to China following the August 2007 SCO summit in Bishkek, he and President Nazarbayev oversaw the signing of several energy agreements. The most important was a deal between the CNPC and KazMunaiGaz that extended the existing Atasu-Alashankou pipeline that carries oil from central Kazakhstan to Xinjiang 700km westward, allowing the transportation of oil from fields in Kazakhstan's Caspian Sea region directly to western China. This pipeline now transports 10-20 million tons of oil annually and has allowed Kazakhstan to diversify its oil exports, diluting Russian control of Kazakhstan's energy policy.

China provided about \$13 billion in investments and loans to Kazakhstan's energy sector in 2009.

That year, Kazakhstan and China completed an oil pipeline from Kazakhstan's port city of Atyrau to the Xinjiang region of China that initially carries 200,000 bpd to China. At the end of October 2008, China and Kazakhstan signed a framework agreement on constructing a gas pipeline from Beyneu, north of the Aral Sea, eastward to Shymkent, where it will connect with the Central Asian gas pipeline to China. The pipeline is planned initially to supply 176.6 bcf to southern Kazakhstan and 176.6 bcf to China. Plans call for pipeline construction to begin in 2011 and to be completed by 2015.

The two presidents also announced that Kazakhstan would allow a natural gas pipeline then planned for construction between Turkmenistan, which has one of the world's largest natural gas reserves, and China to pass through Kazakhstan's territory.

In December 2009, President Hu opened the valve of the new the Central Asia-China gas pipeline transporting Turkmenistan's natural gas to Xinjiang. Its 1,833-km route originates on the Turkmen-Uzbek border, passes through central Uzbekistan and southern Kazakhstan, and then ends at the border town of Khorgos, which is part of the Xinjiang Autonomous Region in northwest China. PRC internal pipelines then move the gas to the industries and consumers located in eastern Chinese cities such as Shanghai. This pipeline is expected to deliver around 40 billion cubic meters (bcm) annually by 2015. Uzbekistan and Kazakhstan plan to construct branch pipelines that will allow them to send their own natural gas to the China.

In recent years, the Sino-Kazakhstan energy partnership has begun to extend into the realm of nuclear energy. The PRC government is committed to expanding the country's use of nuclear energy, but its domestic reserves of uranium are declining. At the same time, neighboring Kazakhstan is seeking to become the world's leading producer and exporter of natural uranium.

In 2006 and 2007, China Guangdong Nuclear Power Group Holdings (CGNPC) signed agreements with KazAtomProm, Kazakhstan's state-owned nuclear energy company, on supplying uranium and fuel assemblies to the PRC and on investing in China's growing nuclear energy sector.

The deal marked the first occasion that Beijing has permitted a foreign company to become a shareholder in the PRC's domestic nuclear power industry.

Both the CGNPC and the China National Nuclear Corporation are also investing in uranium mines in Kazakhstan. In April 2009, KazAtomProm signed a preliminary memorandum of understanding with CGNPC to assess the feasibility of forming a joint venture that would specialize in constructing nuclear power reactors for use in China.

Furthermore, in February 2011, President Nazarbayev traveled to China and met with President Hu and other PRC leaders. Among other issues, they discussed lucrative uranium deals that could be worth billions of dollars. The talks indicated that Kazakhstan could supply China with up to 40% of its uranium imports, which could be worth more to Kazakhstan than both their oil and gas exports to the PRC combined. An energy deal of this magnitude, whereby China would rely heavily on Kazakhstan's uranium for its growing nuclear-power demands, would further improve the overall relationship between these two countries.

### **The Roles of Uzbekistan and Turkmenistan**

China has also been developing energy ties with Uzbekistan and Turkmenistan.

In July 2005, China's Sinopec negotiated a memorandum on cooperation with Uzbekneftegaz, Uzbekistan's state-owned energy company, that should see it invest over \$100 million during the next five years in that country's oil industry. In June 2006, China's National Oil and Gas Exploration Development Corporation (CNODC) announced it would spend \$210 million to find energy in Uzbekistan.

In April 2007, the Chinese and Uzbek governments released a statement announcing their intention to construct a 500-kilometer natural gas pipeline between their countries, with an annual capacity of 30 billion cubic meters (bcm) per year. This figure would amount to half of Uzbekistan's annual gas production. Since China and Uzbekistan do not border each other, the pipeline would need to traverse another Central Asian country.

In April 2006, Chinese officials reached agreement with then President Saparmurat Niyazov of Turkmenistan to ship natural gas to China through a future pipeline. Current plans are to transport approximately 30 billion cubic meters of natural gas from Turkmenistan's Bagtyyarlyk field to Chinese markets through a 4,350-mile (7,000 kilometer) pipeline for at least 30 years.

For some time, Turkmenistan had been seeking alternative energy export routes to reduce its overwhelming dependence on Russian-owned pipelines.

Credit Map Image on Cover:

[http://www.google.com/imgres?imgurl=http://fs.huntingdon.edu/jlewis/syl/ircomp/Maps/AsiaCaucasus-CentralAsia.gif&imgrefurl=http://fs.huntingdon.edu/jlewis/syl/ircomp/MapsCaucasus.htm&h=1006&w=1354&sz=272&tbid=MucvNyHRJnkbeM:&tbnh=90&tbnw=121&zoom=1&usq=\\_7TAyVIqJqweFft4PbRCX4-vEGUk=&docid=q99cDhgkjjwZh8M&sa=X&ei=tUPvUNKaMoXx0gHCjYcABg&ved=0CDgQ9QEwAg&dur=474](http://www.google.com/imgres?imgurl=http://fs.huntingdon.edu/jlewis/syl/ircomp/Maps/AsiaCaucasus-CentralAsia.gif&imgrefurl=http://fs.huntingdon.edu/jlewis/syl/ircomp/MapsCaucasus.htm&h=1006&w=1354&sz=272&tbid=MucvNyHRJnkbeM:&tbnh=90&tbnw=121&zoom=1&usq=_7TAyVIqJqweFft4PbRCX4-vEGUk=&docid=q99cDhgkjjwZh8M&sa=X&ei=tUPvUNKaMoXx0gHCjYcABg&ved=0CDgQ9QEwAg&dur=474)