

# THE CHINA AND EURASIA FORUM QUARTERLY

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Central Asia-Caucasus Institute & Silk Road Studies Program

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*Volume 7, No. 2*

*May/June 2009*



*Central Asia- Caucasus Institute  
Silk Road Studies Program*



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\* August/September 2009

\* November 2009

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Printed in Singapore by Stallion Press Ltd. © Central Asia-Caucasus Institute & Silk Road Studies Program, 2007. The *China and Eurasia Forum Quarterly* (ISSN 1653-4212) is published by the Central Asia-Caucasus Institute & Silk Road Studies Program <[www.silkroadstudies.org](http://www.silkroadstudies.org)>.

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Editor-in-Chief

Niklas Swanström  
*Institute for Security and Development Policy*



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This publication was made possible with the support of



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Dear Readers,

Among the many significant developments in the wider Central Asian region (incl. Afghanistan) in the past half year, there are two parallel forces at play which promise to have profound implications for regional stability. Most important is perhaps the inclusion of Afghanistan as a central component in the U.S.-Russia "reset". Both countries have also stepped up their activities in Afghanistan. While the U.S. is sending an additional 50,000 troops to the country, Russia has boosted humanitarian aid, political contacts, and investments in Afghanistan. In addition, Russia has emerged as an important partner for the U.S. by allowing the U.S. and NATO to transit military and non-military supplies by rail through Russia and Central Asia in the so-called Northern Distribution Network.

When seen in a wider perspective, however, this U.S.-Russia "cooperation" appears more complex. American and Russian interests diverge over the post-Soviet Central Asian republics and Russia is increasingly viewing a regional presence of the United States as a direct threat towards its ambitions to preserve it as an exclusive sphere of influence. A continued presence by the United States in Central Asia is at the same time indispensable if the Afghan mission is to succeed. Thus, it is legitimate to ask whether Russia's geopolitical ambitions in Central Asia today take precedence to its wholehearted support of the mission in Afghanistan.

Recent events suggest an affirmative answer to this question. Support for this is best expressed in Russia's attempt to evict the U.S. from the Manas airbase in the Kyrgyz Republic by bribing the Kyrgyz government with \$2 billion in February this year. The fact that Russia attempted to do so in the midst of the Taliban's spring offensive is indicative to its current regional priorities. When this proved unsuccessful a Russian Foreign Ministry official was quoted in *Kommersant* as saying that Kyrgyzstan had played a "mean trick" and that there would be "an appropriate response from Moscow".

But while Russia opposes American bases in Central Asia, it has actively sought to build leverage on the U.S. and NATO by giving its approval to the Northern Distribution Network. It is supportive of this because it can control the flow of supplies and disrupt transits if it perceives a need to do so. In short, it fills the exact same function as pipelines in Russian foreign policy – if you contradict Russian interests, expect supply disruptions.

This "geopolitical turn" in Russian foreign policy has gradually developed throughout the 2000s to crystallize today. When the U.S. entered Afghanistan after 9/11, Russia gave its approval to a U.S. military presence in Uzbekistan and the Kyrgyz Republic and welcomed U.S. efforts to remove the Taliban government from power. After 2004-2005 this support



withered while Putin's ambitions to prevent any other power from exercising influence in the post-Soviet space intensified.

Concurrent with these developments is a strengthened Sino-Russian coordination of military activities in the region – with the likely target being the United States. Russian Defense Minister Anatoly Serdyukov recently noted, for instance, that China and Russia would hold up to 25 joint military exercises this year, most of which include participation of the Central Asian states. Like Russia, China has also strengthened its presence in Afghanistan by making a US\$4.5 billion investment in the Aynak copper field – the far largest investment in Afghanistan's history – and further investments are reportedly underway.

Thus, Afghanistan is today increasingly emerging as the Central Asian “final frontier” where China, Russia, and the United States all are vying for influence. The respective policies of Russia and China in this theatre are primarily determined by their goals in the areas immediately surrounding it. The goals of the United States are primarily defined by events within the Afghan borders.

All are certainly interested in a stable Afghanistan but the wider regional interests of Russia and China contradict this end. Worse, Russia's one-sided support to Northern Alliance members may upset the delicate balance of power in post-election Afghanistan and return the country to the geopolitical strife which defined it during the 1990s.

The stakes of this geopolitical maneuvering are becoming increasingly high as violence spreads north in Afghanistan and now even threaten Central Asia's Ferghana Valley. Victory in Afghanistan will require a faithful commitment from Russia and China. Continued stability in Central Asia will demand a U.S. military presence. But events so far prove that cooperation with them can only go so far as their geopolitical interests allow for; Afghanistan and Central Asia are increasingly becoming squeezed in between.

The contributors to this issue will shed light on issues deeply intertwined with the abovementioned dynamics. These include Russia's relations to Muslims in post-Soviet space; the growing naval rivalry in the Caspian sea; the potential gains of opening transport routes through Kashmir; organized crime in Central Asia; and China's economic relations with Central Asia. Our new website at [www.chinaeurasia.org](http://www.chinaeurasia.org) is now also up and running and features more than 150 long articles published since 2003. Sign up to our mailinglist online to receive regular announcements on events as well as notifications on new releases. Finally, starting from the next issue Sebastien Peyrouse will take over the position as Managing Editor of the journal. Peyrouse's expertise on the Central Asian region and post-Soviet space will undoubtedly be an asset to the further improvement of this journal.

Nicklas Norling, Managing Editor

# Why Does China Have No Business in Central Asia?

*Martin C. Spechler*\*

## ABSTRACT

Although China is very active in trying to secure energy and some other raw materials from Central Asia, there is no significant organized private business activity in any of the five post-Soviet countries there. This reflects both a lack of commercially attractive articles for exchange and the domination of state trading on both sides of the border. "Staple globalism" in Central Asia does not look to Asia; China is not yet developing foreign business capabilities.

*Keywords* • China • Central Asia • trade • natural resources

## Introduction

As many have reported, China is conducting a growing state-to-state trade and investment program throughout the world, especially to obtain resources for its rapidly growing industries.<sup>1</sup> In Central Asia the Chinese are seeking oil and gas more than anything else. Overall, trade of the PRC with Central Asia rose 5.16 times in dollar terms from 2002 through 2006, which however only makes up 1 percent of China's total trade.<sup>2</sup> Its growing energy needs – about half of its consumption of 7 million barrels per day – make securing supply a priority objective. Kazakhstan's oil reserves of 40 billion barrels, about twice those of China's, make it an attractive target for Chinese attention. Already a 960 kilometer oil

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\* Martin C. Spechler is Professor of Economics at Indiana University, United States. Expanded version of testimony before the U.S.-China Economic and Security Review Commission hearing on "The Impact of China's Economic and Security Interests in Continental Asia on the United States," May 20, 2009.

<sup>1</sup> "A Ravenous Dragon," *The Economist*, March 15, 2008, pp. 3-22.

<sup>2</sup> *Cross-Border Trade within the Central Asian Economic Cooperation* (Washington, D.C., World Bank, 2007), p. 35. Chinese Customs Statistics showed an increase of nearly five times between 2002 and 2005, while international and national statistics evidenced a somewhat slower pace. The increase in Central Asian trade with China from 1992 through 2002 was about three times. Niklas Swanström, Nicklas Norling, and Zhang Li, "China," in S. Frederick Starr, ed., *The New Silk Roads, Transport and Trade in Greater Central Asia*, Central Asia-Caucasus Institute and Silk Road Studies Program (Washington, D.C., 2007), Graph 1, p. 387. Most of Chinese trade went through XUAR, which borders Kazakhstan, Kyrgyzstan, and Tajikistan.

pipeline, constructed by the Chinese National Petroleum Company (CNPC) from Atasu, Kazakhstan, to the border of the Xinjiang Uighur Autonomous Region (XUAR) border, is pumping a modest amount of oil to that province. Within about two years this pipeline network will extend 3000 kilometers to western Kazakhstan and could allow exports of one million barrels per day.<sup>3</sup> With its access to Chinese foreign currency reserves of some US\$2 trillion, the CNPC has just lent the Kazakhstani state-controlled company, KazMunaiGas, US\$5 billion. China has bought rights to several Kazakhstani fields and made preliminary agreements for oil (and gas) development in Turkmenistan. A natural gas pipeline from Turkmenistan through Uzbekistan is also under construction. Eventually it will carry 30 billion cubic meters of Turkmen and Kazakh gas yearly to western China. To fill it, the CNPC has also recently agreed to explore for natural gas near the Aral Sea in a production-sharing arrangement with two other firms.

Nonetheless, current sources and personal contacts in Central Asia indicate that China has little *normal commercial business* in the five post-Soviet countries of Central Asia. True, there is a large amount of smuggling and informal “shuttle trade” from China’s township and village enterprises (TVE’s) to Kazakhstan and onwards to the bazaars of Kyrgyzstan and Uzbekistan, officially estimated at over US\$3 billion a year. The XUAR does export some food products and textiles to Kazakhstan. Organized commercial trade by established Chinese business enterprises, however, must be judged insignificant. Several structural reasons to expect this situation to continue will be explained here.

## Total Trade

Both the destination and the values of trade between China and the countries of Central Asia are difficult to ascertain precisely. Relevant figures are published by the International Monetary Fund in its quarterly *Directions of Trade Statistics* and by the Asian Development Bank in its *Key Indicators*. The IMF figures are estimated, for the most part, from the so-called “mirror statistics,” i.e., calculations from partners’ reports. The ADB accepts national statistics as received. Both are in millions of US dollars; hence the conversion from other currencies could be problematic. The totals in these two sources for the year 2007 (the last year published as of March 2009) can be quite different. For example, Kazakhstan’s exports are reported by *Directions* as US\$46.5 billion and by *Key Indicators* as US\$36.6 billion. Tajikistan’s imports are reported as US\$1.46 billion by the former and US\$2.54 by the latter. As for the reported destination, it is obvious that the port of entry is used, not the ultimate customer or

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<sup>3</sup> “Circumventing the Bear,” *Stratfor*, December 16, 2005.

consumer country. Otherwise, countries like Bermuda and the Netherlands would not appear so prominent in *Directions*. Hence, trade between China and Kazakhstan will be exaggerated, since much is transshipped from there to Kyrgyzstan, Uzbekistan, and probably beyond. This is simply a matter of geography and land routes in the region. Likewise, Central Asia's staple exports of raw materials ultimately reach many countries through brokers and cannot practically be traced.

Furthermore, since China's exports of goods assembled there from imported components are registered *gross* and Russia's exports are reported cash insurance and freight (c.i.f. including transit trade from European sources, the net value of both countries' sales may be overstated by an unknown factor. This would apply more to consumer electronics and capital equipment than to oil and gas, though. Finally, much low-quality clothing and footwear is brought by informal traders from China without paying duties or registering values. With all these cautions in mind, I give the ranges presented in the two available sources.

**Table 1.** Estimated Direction of Commodity Trade by Central Asian States, 2006/2007

Country	Exports to China (in %)	Exports to Russia (in %)	Imports from China (in %)	Imports from Russia (in %)	Chinese total trade, 2006 (US\$ million)
Kazakhstan	12-17	9 *	25-22	40-34	8400
Kyrgyzstan	6-8	21-18	14-61	14-16	2200
Tajikistan	1-0	7-9	11-21 **	32-21	324
Turkmenistan	nil	mostly Ukraine	9-10 **	12-8	n.a.
Uzbekistan	6	22	13-14 **	30-26	972

Note: The first figure in the range come from *Directions*, the second from ADB. If *Directions* indicates a significant decrease in the distribution for the first nine months of 2008, that is marked by a \*; an increase is marked \*\*.

In short, the Chinese sell a great deal to the states adjoining the XUAR; only Kazakhstan finds China a sizable market (mostly for oil and steel). When new pipelines open, Uzbekistan and Turkmenistan will increase their sales to China. It should be kept in mind, however, that Chinese trade with the countries of ASEAN amounted to US\$230 billion in 2006/07, more than twenty times its trade with Central Asia, including energy!

## Country Situations

In *Kyrgyzstan* (officially, the Kyrgyz Republic), the nation with the most Chinese penetration in Central Asia, much more of its imports come from China than from Russia, formerly the dominant economic partner in this remote and poor country (US\$1790 per capita at purchasing power parity in 2006). But besides wool, meat, and hides, the Kyrgyz themselves have little to offer China in exchange. A couple of small companies exist in Bishkek at the Dordoi bazaar selling ordinary consumer goods or at Kara-Suu, the famous regional bazaar near Osh and the Uzbekistan border, which is now open to customers without visas. There one can see Chinese-made textiles, footwear, plastic articles, and small machinery. There are also two or three Chinese tour operators in Bishkek. They also operate down the road in Almaty. Kyrgyz and other Central Asians can be seen at the airport in Urumqi, capital of XUAR, loaded with electronics, clothing, or even build materials waiting for the regular flights to Central Asia. Fares are high, but railroad and bus connections are very poor and vulnerable to exactions at the border. In a non-commercial transaction the Chinese delivered non-combat equipment to the Kyrgyz military from 1998 to 2001.

There are an estimated 30,000 Chinese now living in the cities and towns of the Kyrgyz Republic among a population of five million. Six thousand work permits were issued to Chinese citizens in 2008. Some of them run restaurants or work at food stalls. Chinese are said to feel safer in this tolerant atmosphere than in Russia. Quite a few have enrolled in universities upon learning enough Russian, a potentially valuable skill they prefer over Kyrgyz, a Turkic language. Evidently the Chinese intend to return to the PRC. Young Kyrgyz who are able to learn Chinese may find jobs with brick-making, plastic window, or other companies in the Chinese section of the Dordoi bazaar, but career jobs in China itself are hard to break into for ethnic Kyrgyz.<sup>4</sup>

In *Tajikistan*, the other small, fragile economy in the region, the situation is similar. China supplies about 20 percent of its modest imports, but trade the other way is very small. Aside from declining remittances, its major source of foreign exchange, mountainous Tajikistan's future development is closely tied to its water resources and hydro-electricity which may supply for its aluminum complex. These could generate exports to China, a neighbor to the east, if the requisite dams can be built. China Export-Import Bank is financing a US\$300 million hydropower project on the Zeravshan river.<sup>5</sup> At present, however, Tajikistan must import a great deal of its fuel from Uzbekistan. The Chinese National Corporation for Heavy Machinery has agreed to build

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<sup>4</sup> Dina Tokbaeva, "The Chinese Connection," *Transition Online*, April 15, 2009.

<sup>5</sup> *The New York Times*, September 27, 2008.

two alumina factories to supply TALCO, the Tajik aluminum combine. While China's credit and infrastructure activity in Tajikistan is growing, Russia and Iran are still more involved in these sectors than are the Chinese.

Supposedly, eighty Chinese companies are registered in the country, plus some joint ventures with "Chinese participation."<sup>6</sup> But a Tajik source could identify only a brickworks in Hissar, a foundry in Dushanbe, and two chemical factories at Yavan and Kurgan-Tiube.

The Interior Ministry Migration Service reported all together more than ten thousand Chinese laborers in Tajikistan, and there may be another one to three thousand illegals there. Most are employed in all-Chinese markets or state-owned companies located far from urban areas, often in shabby conditions. More than three-quarters are young men. The great majority of these workers know no Tajik or Russian and plan to return to China after a year or so. Thus, most of Chinese involvement appears temporary in nature.

*Uzbekistan's* trade with the People's Republic of China has grown rapidly in recent years, although ground transportation must be through Kazakhstan, or Kyrgyzstan. Total trade with China exceeded US\$900 million in 2006, more than double the figure for 2003.<sup>7</sup> Much of this is cotton from Uzbekistan and "engineering products" from China for Uzbekistan's state-directed industrialization. China Mobile, the giant Hong Kong firm with 223 million subscribers in China itself, is seeking expansion in Uzbekistan, as it has in Yemen and unsuccessfully Pakistan's Telecom. If successful, the Chinese firm would compete with an established Russian one and Huawei Technologies of Shenzhen, a private Chinese company which offers communication services throughout the region, according to an informant from Uzbekistan. Although President Islam Karimov's relations with the Chinese leadership are cordial, he has expressed himself crudely about the quality of imported consumer goods which mostly come from or through China via Kazakhstan. Uzbek citizens, however, favor the prices.

Since 2000 and up to mid-2008 *Kazakhstan* was the economic star of the region. With growing oil output, a convertible currency, and liberalized financial regulations, Kazakhstan was able to attract several foreign banks, almost all European, though the Bank of China and the Industrial and Commercial Bank of China also have representatives there. The credit card "China Union Pay" circulates weakly alongside VISA, American Express, and Diner's Club.

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<sup>6</sup> Saodat Olimova, "The Multifaceted Chinese Presence in Tajikistan," *China and Eurasia Forum Quarterly*, 7, 1 (2008), p. 65.

<sup>7</sup> Ministry of Commerce of the PRC.

Reportedly there are 480 joint Kazakh-Chinese enterprises, mostly in energy and trade.<sup>8</sup> The CNPC and KazMunaiGaz, already mentioned, are both effectively state companies, not normal commercial entities. “Azat,” the democratic opposition party in Kazakhstan has expressed alarm at the expanded Chinese presence in Kazakhstan’s petroleum sector. Long-time President Nursultan Nazarbaev’s regime has in fact been sounding notes of resource nationalism recently, yet has allowed China to acquire ownership rights to about one-third of Kazakhstan’s oil output. Many of Kazakhstan’s leading enterprises are reputedly owned wholly or partially by Nazarbaev’s family and associates.

High freight rates and petty interferences and delays at the border impede Kazakh-Chinese trade.<sup>9</sup> Kazakhstan sends steel to China by rail over the Druzhba-Ala pass, despite the inconveniences at the border. The Horgos road crossing for trucks has been improved, though. But most Chinese producers prefer to send containers bound for Europe by rail eastward to the Pacific rather than utilize shorter routes through Kazakhstan and Russia.<sup>10</sup>

In recent developments KazAtomProm has signed a joint venture agreement with the Guangdong Nuclear Power Co. to build an atomic power station in China. The Kazakhstani company is a leading producer of natural uranium, which will probably be its contribution to the project. Kazakhtelekom has agreed with China’s Tietong to develop a wireless network, financed by the Bank of China.<sup>11</sup>

*Turkmenistan* has few foreign investors of any origin owing to its tiny market, remote location, and difficulty in obtaining visas. China is supposed to start buying gas this year, if the pipeline is completed on time. The CNPC is also building a gas-processing plant at the Samandepi field. Most of Turkmenistan’s limited imports come from neighboring Russia.

## Regional Projects

Besides the main road crossing at Irkeshtam, which links Kashgar (Kashi) with the Fergana Valley, China is financing and building another strategically important road link from the Kashgar region of the XUAR. This road would traverse the Turugart Pass (3752km) to Kyrgyzstan. China is lending US\$75 million for that construction, but there is some

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<sup>8</sup> V. Paramonov, A. Stokov, and O. Stolpovsky, “*Ekonomicheskoe prisyststvie v Kazakhstane*,” *PostSoviet- Analytics at yandex.ru*, May 27, 2009.

<sup>9</sup> Nicklas Norling, “First Kabul Conference on Partnership, Trade and Development in Greater Central Asia,” Central Asia-Caucasus Institute and Silk Road Studies Program (Washington, D.C., 2006), p. 6.

<sup>10</sup> Swanström, Norling, and Li, “China,” pp. 385, 406.

<sup>11</sup> < www.kt.kz > (in Russian), accessed May 6, 2009.

doubt that it will be financially viable, if completed.<sup>12</sup> The road from Murghab, Tajikistan, to China over the Kulma Pass (4365m) was completed three years ago and has supposedly carried traffic of more than 9000 tons in the past.<sup>13</sup> Traffic with Tajikistan has fallen off recently, however, owing to Tajikistan's weak currency position.<sup>14</sup> When conditions improve to the south, it should be noted, these routes and others can provide land access to Pakistan and Afghanistan.

Although XUAR-Kazakhstan road crossing at Horgos (Korgas) has been improved with visa-free access for local traders in vegetables and flowers, warehouse and clearing facilities are still inadequate there for larger cargoes. There are also railroad projects to improve bulk transport from the XUAR to Kazakhstan; the railroad gauges differ and require switching the trucks or unloading cargoes at the frontier.

### Chinese Exports to the Region

Aside from energy, low-quality consumer goods, and some agricultural products in border trade, Chinese exchanges with Central Asia are unlikely to expand much into manufactures and services during the foreseeable future. After all, aside from Kazakhstan a majority of Central Asians are living below the international poverty line of US\$2 per day,<sup>15</sup> and China normally sends more than four-fifths of its exports to high-income countries with hard currencies. China has become a major producer (second to the US) of electronic and information technology products, including office equipment, communications equipment, and consumer electronics, such as DVD players, notebook computers, and mobile telephones. These products are assembled in China from components designed and manufactured elsewhere, notably Japan, South Korea, and Taiwan.<sup>16</sup> In practice, foreign firms employ cheap Chinese labor in an export platform arrangement. Among the foreign firms operating in the PRC are the Taiwanese "Foxconn" brand, owned by the Hon Hai Precision Industry Company, which produces for Sony, Apple, and Nokia. Tech Front of Shanghai is a subsidiary of Quanta Computer, Inc., of Taiwan, the largest leading producer of notebook computers. Taiwan's Asutec Computer owns China's Magnificent Brightness, another notebook computer producer. Such products may be attractive to

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<sup>12</sup> Swanström, Norling, and Li, "China," p. 415.

<sup>13</sup> Olimova, "The Multifaceted Chinese Presence in Tajikistan," p. 64.

<sup>14</sup> "Import of Chinese minivans has declined from 1000 to 8, Tajik sources report," *RFE/RL*, June 25, 2009.

<sup>15</sup> 2009 *World Development Indicators* (Washington, D.C.: International Bank for Reconstruction and Development/THE WORLD BANK, 2009), pp. 67-8.

<sup>16</sup> Lee Branstetter and Nicholas R. Lardy, "China's Embrace of Globalization," in Loren Brandt and Thomas G. Rawski, eds., *China's Great Economic Transformation* (New York: Cambridge University Press, 2008), pp. 661-62.



a thin stratum of Central Asian intelligentsia and officials, but they are hardly PRC business exports.

Lenovo is a Hong Kong-owned firm and has prospered under the special legal protections for foreign investors there. A competing computer company, the Great Wall Group, operating under normal Chinese regulations, failed badly.<sup>17</sup> Haier operates its production under foreign investor protection, too. These two well-known examples suggest the weakness of legal protections for ordinary Chinese enterprises. According to some experts, mainland Chinese-owned firms are reluctant to spend on research and development, because of poor protection for their intellectual property. Foreign firms protect their proprietary knowledge from Chinese efforts to reverse-engineer or otherwise steal others' secrets. Sometimes low-quality Chinese clothing bears Western insignia anyway.

China exports huge quantities of footwear, toys, and sporting goods. The higher quality, "branded" types go to markets in Europe and North America—with a VAT rebate-- but lesser quality types are sold by TVE's located in poorer areas of China (such as the XUAR) and filter across the border, often by Uighur and Kazak traders. At the huge emporium outside Almaty, these ordinary wares are sold in wholesale and retail quantities to women and men who come with gigantic bags on buses from Bishkek, Tashkent, and other faraway cities. Besides raw materials, China imports considerable quantities of capital goods and equipment. This is good news for Japan, but hardly for Central Asian countries, which do not produce the kinds of equipment and vehicles China needs.

Although the states of Central Asia have low formal tariffs, they do engage in non-tariff barriers to prevent competition with their own apparel, food, and other consumer industries. The difficulty and expense of exporting from and importing into Central Asia are truly breathtaking. Kazakhstan requires eleven documents to export and thirteen to import; assembling all this takes a reported 89 days. The cost of sending a container to Europe is US\$3000. The other three are similar.<sup>18</sup>

### Political Aspects

China is aware of competition for energy, but has taken the view that normal friction "should be resolved through dialogue on equal footing, consultation and talks." In its successful negotiations to join the WTO,

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<sup>17</sup> Yasheng Huang, *Capitalism with Chinese Characteristics, Entrepreneurship and the State* (New York: Cambridge University Press, 2008), pp. 3-5.

<sup>18</sup> *Doing Business 2009. Europe and Central Asia*, various tables (Washington, D.C., World Bank, 2009). There are no data for Turkmenistan. The reasonable standard for documents and days would be in the single digits, as indicated by European examples.

China argued that existing members should not condition its entry into this worldwide organization on political or economic concessions, as it accused America of doing. So China has adopted a rhetoric favoring normal free trade and would not, therefore, easily present itself as a candidate for a Central Asian regional trade bloc. The Shanghai Cooperation Organization shows no signs of turning into such an arrangement.

Central Asia is hardly “central” in the view of most Asians. As noted in the London *Economist*, “Central Asia, belying its label, is on the edge of this space [“Asia”] politically as well as physically.”<sup>19</sup> The East Asia Summit, held this year in Thailand, includes Australia and New Zealand, but not Uzbekistan. ASEAN, the grouping of ten Southeast Asian nations, is eagerly seeking deals with China, South Korea, and Japan. But a search of ASEAN literature and pronouncements turned up no references to the 60 million Asians in the five countries of Central Asia.<sup>20</sup> Organizationally Central Asia is much more closely linked with Eurasia. China has two crucial foreign policy goals which affect Central Asia. First and foremost, the Chinese wish to suppress any support for separatists in the XUAR, who have occasionally resorted to violent attacks on the growing Han colonial population there and its police and military protectors. There are an estimated 210,000 Uighurs in Kazakhstan, a few of whom are active in supporting their ethnic kinsmen in the XUAR. A further 46,000 reside in Kyrgyzstan, which borders the most sensitive area (Kashgar city) of the XUAR from this point of view. China habitually brands active separatists “terrorists” likely associated with Al Qaeda. This is a doubtful connection.<sup>21</sup> In surveilling and controlling these groups, though, China has received cooperation from all the Central Asian regimes. Furthermore, China has succeeded in persuading the Central Asians to support China’s positions with regard to Taiwan and Tibet.

The neighboring Central Asian states have joined the Shanghai Cooperation Organization, regarded by the Chinese as a key instrument of their regional policy. Originally designed to counter US and NATO military installations and military assistance for these countries, the SCO has had little independent effect. China has dealt with the Central

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<sup>19</sup> *The Economist*, April 11, 2009, p. 43.

<sup>20</sup> Martin C. Spechler, “Central Asia between East and West,” *The Carl Beck Papers*, no. 1904 (University of Pittsburg, 2008), pp. 22-24.

<sup>21</sup> According to a report to the PRC State Council, “From 1990 to 2001, the ‘East Turkestan’ terrorist forces inside and outside China were responsible for over 200 terrorist incidents in Xinjiang which resulted in the death of 162 people of all ethnic groups, including grassroots officials and religious personnel...” *Beijing Review*, January 31, 2002, quoted by Ramakant Dwivedi, “China’s Central Asia Policy in Recent Times,” *China and Eurasia Forum Quarterly* 4, 4 (2006), p. 143. The present author’s own observation and interviews with Uighurs in Urumqi during the late 1990’s indicate these concerns are overblown.

Asian countries (and others) on a bilateral basis, not a multilateral one.<sup>22</sup>

The Uzbekistanis have limited their cooperation on military matters and regard the SCO as an economic grouping only. The Chinese, therefore, have little further reason to penetrate Central Asian business circles or the political elites, assuming they could do so.

Indeed, according to Prof. Y. Huang, “very few Chinese private-sector firms have set up operations overseas.”<sup>23</sup> With no ongoing operations in the region to rival Gazprom, Case, British Tobacco, or GM-Daewoo, for example, China is limited in its ability to influence Central Asia through business relationships, as compared with Russia, the US, or the EU. Because of historical accidents, the Sino-Soviet split, and deep cultural and religious differences, the Chinese still have few contacts in these countries, as compared with the Koreans, for instance. Central Asians are fearful of the overwhelming Chinese population and even of China’s ancient position in the Fergana Valley during the Tang dynasty (618-906 c.e).<sup>24</sup> Chinese traders have express dismay at the corrupt and disorganized business practices of the Central Asians, a picture familiar to Russians. Much of exchange is still conducted in cash, not modern credit instruments. Central Asians use Russian as a lingua franca, but that language has long yielded to English as a second language for Chinese. Thus, the human side of Chinese business is still over-matched by its competitors.

Central Asian experts are increasingly worried about the region’s sources of fresh water. China controls the head waters of the Ili and the Irtysh, which flow into Kazakhstan. The Chinese plans to exploit those rivers for civilian needs, oil field development, power, and irrigation present a latent conflict with Kazakhstan, although the situation at present is not critical, as it is for Amu Darya water entering Afghanistan, Uzbekistan, and Turkmenistan on its way to the much-reduced Aral Sea. China’s increased activity and support of Central Asian governments clearly worries India, which has resumed efforts to expand its strategic depth and influence in this area, close to Afghanistan and Pakistan.<sup>25</sup> Like

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<sup>22</sup> “SCO Summit: ‘Beast of the East’ Appears to Have Lost Its Teeth,” *RFE/RL*, June 25, 2009. For a more detailed analysis, see Dina R. Spechler and Martin C. Spechler, “Trade, Energy, and Security in the Central Asian Arena,” in Ashley J. Tellis and Michael Wills, eds., *Trade, Interdependence, and Security*, Strategic Asia 2006-2007 (Seattle and Washington, D.C.: National Bureau of Asian Research, 2006), p. 227.

<sup>23</sup> About 2 percent, according to official statistics for 2004-06. Huang, *Capitalism with Chinese Characteristics*, p. 291.

<sup>24</sup> Murat Auezov, former Kazakh ambassador to China has said: “I know Chinese culture. We should not believe anything the Chinese politicians say. ...I’m telling you that 19<sup>th</sup> century China, 20<sup>th</sup> century China, and 21<sup>st</sup> century China are three different Chinas. But what unites them is a desire to expand their territories.” Jeremy Bransten, “Central Asia: China’s Mounting Influence,” *Eurasia Insight*, November 23, 2004.

<sup>25</sup> Yashwant Sinha, “India and Central Asia in the Emerging Security Environment,” in K. Santhanam and Ramakant Dwivedi, eds., *India and Central Asia: Advancing the Common*

China, India has friendly relations with all the countries of the region. New Delhi has also obtained their support for India's position on Kashmir. Agreements have recently been signed to allow exploration for energy. India's state-run gas company GAIL agreed to build facilities in Uzbekistan to produce some 100 thousand tons of liquefied petroleum gas at a cost of US\$50-60 million each.<sup>26</sup> New Delhi's effort to purchase a share of the Kurmangazy field in Kazakhstan lost out to a Chinese bid, though. Probably India's strength in information technology is more promising for the time being. So we see one result of China's initiatives is to stimulate its natural rivals in the area—Russia, India, and perhaps the USA. India's activity increase in the future will also depend on its continued economic and military expansion.<sup>27</sup>

### Prospects

The basic reasons for the insignificance of normal business relations between China and the countries of Central Asia have to do with their present comparative advantages and technical barriers to such relationships, as well as their reform strategies adopted on both sides. The Central Asian countries have conducted an external policy of "staple globalism," which involves state trading of exports and selective imports of capital goods.<sup>28</sup> China buys as much staple energy (and some metals) as it can at world prices from Kazakhstan, Turkmenistan, and Uzbekistan, but is hardly interested in the gold<sup>29</sup> and cotton which are the main currency earners of these three countries. Kyrgyzstan and Tajikistan have little to offer China besides their labor, though potentially hydropower could be available if the requisite dams can be built or operated efficiently and transmission lines constructed over the mountains to the XUAR.

China does not produce the kind of capital goods or high-quality consumer goods the half-Westernized ruling elites in these countries want to purchase with their scarce foreign exchange. Furthermore, potential Chinese businessmen and investors have always worried about the weak enforcement of property rights in all the Central Asian states. According to an authoritative international source, it requires between

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*Interest* (New Delhi: IDSA & Anamaya Publishers, 2004), pp. 2-9, quoted in Dwivedi, *supra*, p. 158.

<sup>26</sup> RFE/RL, May 22, 2006.

<sup>27</sup> Stephen Blank, "India's Rising Presence in Central Asia," in Ariel Cohen, ed., *Eurasia in Balance* (Aldershot, UK: Ashgate, 2005), pp. 183-201.

<sup>28</sup> Martin C. Spechler, "The Economies of Central Asia: A Survey," *Comparative Economic Studies*, 50 (2008), pp. 30-52.

<sup>29</sup> At present China is buying gold from domestic sources at a discount to diversify its reserves. China produces an estimated 280 tons per year, several times the production in Uzbekistan or Kyrgyzstan.

177 and 281 days and 32 to 42 procedures to enforce a contract in Central Asia at a cost of 25-30 percent of the claim—several times worse than in European markets.<sup>30</sup> Lack of financing for foreign ventures would also be a problem. China's state-owned banks favor large state-owned enterprises and infrastructure projects, with only some 8 percent of loans going to small and medium-sized enterprises.<sup>31</sup> Evidently the PRC prefers to industrialize its own territories, rather than foreign countries.

The current worldwide slump has severely affected Kazakhstan because of its heavy dependence on oil and gas exports, as well as metals exported to Russia. A huge share of the money Kazakhstan earned went to its active construction sector, which employed more than 500,000 people (in a country of 15 million). With a recall of extensive loans taken in dollars, the government has been forced to spend an estimated US\$3 billion to finance some 220 unfinished housing projects in Astana alone.<sup>32</sup> China's promise of some US\$5 billion in credits to support the banking sector in Kazakhstan is timely and impressive. China may also use some of its dollar holdings to buy up Kazakhstani energy resources. Though these are state property, bribes and corruption may lubricate some transactions.<sup>33</sup> However, past experience of foreign investors in Kazakhstan has not always been without reverses. Contracts have been amended and fines exacted for alleged environmental damage.

Kyrgyzstan, Tajikistan, and Uzbekistan have lost a tangible share of their GNP's from the return of workers from Russia and elsewhere. Their remittances constituted as much as a third of national income in the first two countries, while Uzbekistan has lost revenue from weak cotton prices. When and if natural gas prices, normally set in state-mediated contracts, fall off, Uzbekistan, Kazakhstan, and Turkmenistan will face budget crises. So far, however, China has not extended budgetary assistance, as Russia has said it will do. Yet China has given Southeast Asian countries debt relief and grants (Myanmar and the Philippines only) totally US\$290 million from 2002 to 2007, as well as concessional loans to Vietnam, Laos, Thailand, and Cambodia of some US\$7.1 billion.<sup>34</sup> So further assistance in these forms to Central Asian states, in addition to those mentioned above, is quite possible.

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<sup>30</sup> *Doing Business 2009*.

<sup>31</sup> National Bureau of Statistics of the PRC, quoted in *The Wall Street Journal*, May 14, 2009, p. A9. Lack of collateral or other credit guarantees often lead to refusals by banks.

<sup>32</sup> Alisher Khamidov, "Kazakhstan: Construction sector still reeling despite government's bail-out package," *fergana.ru*, April 6, 2009 <[www.fergana.ru](http://www.fergana.ru)> (April 7 2009).

<sup>33</sup> Kim R. Holmes, Edwin J. Feulner, and Mary Anastasia O'Grady, 2008 *Index of Economic Freedom* (New York and Washington, D.C., The Heritage Foundation and *The Wall Street Journal*, 2008), p. 234.

<sup>34</sup> Thomas Lum, Hannah Fischer, Julissa Gomez-Granger, and Anne Leland, *Understanding Chinese Foreign Aid: A Look at China's Development Assistance to Africa, Latin*

## Conclusion

With regard to China's activity in Central Asia, most of its direct involvement is temporary and is intended to diversify its sources of fossil fuels. This can reduce world prices slightly, as long-term monopolization of energy is infeasible, and should bother Russia most of all. Informal trade with the XUAR is innocuous and beneficial to ordinary Central Asians. But genuine private Chinese business firms have yet to establish themselves to any significant extent anywhere in Central Asia. Were the Chinese Communist regime to find a reason to encourage an internationalization of its productive industries, it might find a congenial reception at first in the authoritarian, state-dominated economies of Central Asia, but the petty interferences, corruption, and unpredictable taxes now common there would probably discourage even the tolerant Chinese.

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*America, and South East Asia* (Washington: NYU Wagner School and the Congressional Research Service, 2008), p. 7. No figures for Central Asia were indicated.

# The Militarization of the Caspian Sea: “Great Games” and “Small Games” Over the Caspian Fleets

*Marlène Laruelle and Sébastien Peyrouse\**

## ABSTRACT

The militarization of the Caspian sea has considerably increased in the last few years since the post-Soviet states decided to establish their own military naval infrastructure. In a few years from now, new national military fleets, in particular those of Kazakhstan and Azerbaijan, will position themselves on the regional chessboard. This militarization is supposed to respond to several objectives: the possible perpetration of terrorist attacks on oil rigs and tankers; the protection of commercial ships crossing the sea; the struggle against poaching sturgeon; and the management of emergency climatic situations. It is also part of the world powers' 'great game' since the Caspian sea is one of the places of confrontation between the United States and Russia as they seek to promote their own systems of collective defense.

*Keywords* • Caspian sea • Militarization • Central Asia • Caucasus • Navy

## Introduction

Between 2006 and 2007, the Central Asian states entered into a new phase of their military history, increasing their military budgets by more than 50 percent. In the context of this militarization, the Caspian sea plays a growing role. Of the multiple issues that the states of the region have had to deal with since independence, that of the Caspian sea has turned out to be particularly complex, since it involves issues that are at once politico-juridical (definition of the sea's legal status), economic (control of subsoil wealth) and geopolitical (balancing of the great powers). The region is also fragile on the geostrategic level: the authorities are concerned by the growth of drug-trafficking from Iran or Turkmenistan to Russia; by the illegal trade of sturgeon, which is destroying already impoverished stocks; and by the terrorist risk, which might target the increasing numbers of oil tankers that traverse these new maritime energy corridors.

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Confronted with this large range of issues, the five coastal countries - Russia, Iran, Azerbaijan, Kazakhstan, and Turkmenistan - have revised their positions: though the majority of them were opposed to the militarization of the Caspian sea in the 1990s, they are now convinced of the necessity for the military supervision of their own wealth and strategic objectives. A changed international environment also gave impetus to the idea of forming a national, or possibly collective, Caspian fleet, especially when the United States declared the zone vital to its strategic interests and began offering considerable aid programs to Azerbaijan, Kazakhstan and Turkmenistan. NATO's growing presence has provoked reactions from the two historical powers of the Caspian sea, Russia and Iran, both of whom are opposed to this American military presence and hope to win the newly independent states over to their sides. To preserve their autonomy, Azerbaijan, Kazakhstan and Turkmenistan are hastening to develop a national navy and so to avoid Russian, and to a lesser extent Iranian, domination. The militarization of the Caspian sea is therefore part of multiple, competitive strategies: between Iran and the United States, between Washington and Moscow, as well as between Russia and Iran. Meanwhile, China has also made it clear that it would not in the least appreciate western presence on the sea, whose resources it covets.

### **The Caspian Sea: Geopolitical Positioning and Conflicts**

The Caspian ecosystem is known to be fragile: the sea is relatively shallow; its water levels fluctuate considerably; and it suffers oil and chemical pollution from Russian heavy industry situated along the Volga.<sup>1</sup> Despite this fragility, economic issues prevail and during regional summits between Caspian countries, new trade routes are regularly evoked. In 2007-2008, for example, the Iranian, Kazakhstani and Turkmen presidents pledged to support a project to connect their railway networks, breathing fresh life into the idea of a North-South railway linking Moscow and Tehran that would enable them, at least symbolically, to counter the East-West projects being supported by the United States. Kazakhstan has also re-affirmed its wish to host a central structure for the redistribution of hydrocarbons and trade goods circulating through the Caspian corridor between the Baltic states and Iran. In 2008, the governor of the Astrakhan region visited Ashgabat to sign several agreements concerning transport, energy, fishing and ship construction. Maritime connections for the transportation of commodities and passengers are to be implemented between Olia

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<sup>1</sup> Barbara Janusz, "The Framework Convention for the Protection of the Marine Environment of the Caspian Sea", *Chinese Journal of International Law*, 4, 1 (2005), pp. 257-270.



(Russia) and Turkmenbashi. The Eurasia canal, planned to link the Caspian and the Black sea, is another possibility for Caspian economic cooperation that was proposed by Kazakhstan. However, because its cost is reportedly very high (approximately US\$6 billion) and require foreign investment, it lacks unanimous support and remains limited for the moment to a declaration of intention. Compared to the Volga-Don canal, which dates from the 1950s and which Moscow has blocked to the circulation of boats from the three states, the Eurasia canal could be a shorter way for Azerbaijan, Kazakhstan and Turkmenistan to access open seas, but its construction raises legal problems: Moscow refuses its internationalization and would therefore be able to impose restrictions on circulation, which would not at all suit the other signatory states.

Moreover, numerous ecological problems have to be handled by the five coastal countries, in particular with regard to the protection of species. According to the Convention of the United Nations on the International Trade of Endangered Species (CITES), the number of sturgeons in the Caspian sea has dropped by nearly 90 percent over the last twenty years.<sup>2</sup> In 2003, the Caspian countries signed a Convention on Caspian Environment Protection which reduces their annual rates of fishing, and in 2008, Russia proposed to its neighbors that a five-year moratorium be placed on fishing sturgeon. However, the suggestion failed to receive unanimous support, since the prohibition risks strengthening illegal fishing, which is especially destructive to the species but which nonetheless supports the livelihoods of tens of thousands of persons along the shores. In addition, Kazakhstan, Azerbaijan and Turkmenistan question the quotas they were attributed at the time of the USSR's collapse, which permit them only 28 percent of the sturgeon fished, compared with 45 percent for Iran and 27 percent for Russia. The issues of legal fishing quotas, massive poaching, the over-exploitation of resources and industrial pollution all compound the problems.

The Caspian basin obviously raises greater regional challenges as the energy core of Central Asia. Estimations of offshore reserves place the Caspian sea in second position worldwide after the Persian Gulf and on par with the North sea (between 2 and 6 percent of world oil reserves and between 6 and 10 percent of gas reserves).<sup>3</sup> In a few years from now, when exploitation begins on the gigantic Kashagan site (currently postponed until 2013) Kazakhstan will dominate with about 55 percent of

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<sup>2</sup> "New CITES quotas allow more caviar export, further jeopardize endangered sturgeon", *E-Sciences*, May 30, 2008, <<http://esciencenews.com/articles/2008/05/30/new.cites.quotas.allow.more.caviar.export.further.jeopardize.endangered.sturgeon>> (May 30 2008).

<sup>3</sup> Gael Raballand and Ferhat Esen, "Economics and politics of cross-border oil Pipelines-the case of the Caspian basin", *Asia Europe Journal* 5, 1 (2007), pp. 133-146. For older but more detailed statistics, see *Caspian Oil and Gas: The Supply Potential of Central Asia and Transcaucasia*, International Energy Agency, OECD, 1998.

total Caspian oil production, followed by Azerbaijan (32 percent), and Russia and Turkmenistan with about 6.5 percent.<sup>4</sup> Given such significant economic stakes, several geostrategic questions divide the five coastal countries, including the legal status of the Caspian (is it a lake or sea?), the division of the waters (joint/divided by country/and according to what calculation) and the rules for regulating the passage of pipelines along the sea bed (does it need agreement from all five countries or only of those that the pipeline crosses?). At the center of these debates are also the possibilities for exporting the oil and gas riches out of a zone whose landlocked character means steep increases in infrastructure costs. Although the five countries are yet to reach a definitive agreement, the exploitation of Caspian oil and gas wealth, while quite slow, has not been stopped, which has given rise to new issues of conflict.<sup>5</sup> International companies nevertheless all desire to see a more stable legal situation so that deposits in contested zones can be exploited without any risks of expropriation.<sup>6</sup>

Up until the demise of the Soviet power, the status of the Caspian was governed by the agreements signed between Iran and the USSR in 1921 and in 1940. At the start of the 1990s, Russia claimed that the Soviet-Iranian treaties recognizing the Caspian as a shared, sovereign zone with the exception of an area of ten miles the length of the coastlines ought to be recognized by the newly independent states. The main deposits being outside of Russian territorial waters, Moscow stated its preference for the five countries to form a condominium to exploit and share the common riches equally. However, the three new independent states, in particular Azerbaijan, called for the sea to be divided into national sections, with each state permitted to manage its own section. In 1998, Moscow changed its view when it discovered new reserves near its shores and realized the determination of the other post-Soviet states. Discussions then moved to the question of delimitation: Moscow and Astana wished to divide up the subsoil, while Baku, Ashgabat and Tehran wanted to make a complete partition of the subsoil, the maritime mass and the surface. The two states with northern coastlines were thus opposed to the three southern states, who themselves disagreed over how to calculate the boundaries to divide the waters.<sup>7</sup>

In 2001 and in 2003, Baku aligned itself with Moscow and Astana and trilateral agreements were signed to partition the waters. Caught off

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<sup>4</sup> "Caspian Energy And Transport Issues Expand Into Military-Political Confrontation", *Nezavisimoe voennoe obozrenie*, May 18, 2007.

<sup>5</sup> Gawdat Bahgat, "Splitting Water: The Geopolitics of Water Resources in the Caspian Sea", *SAIS Review*, XXII, 2 (2002), pp. 273-292.

<sup>6</sup> Gennady Chufirin (ed.), *The Security of the Caspian Sea Region* (Oxford: Oxford University Press, 2001).

<sup>7</sup> Yusin Lee, "Toward a New International Regime for the Caspian Sea", *Problems of Post-Communism* 52, 3 (2005), pp. 37-48.

guard by these tripartite agreements, Iran and Turkmenistan are today in the minority. Ashgabat, first siding with the newly independent states, later reached agreement with Iran and Russia on a statute that recognizes a country's right to a zone of territorial waters of more than 70 kilometers, the remainder of the Caspian being common territory. In 2003, the Turkmen authorities signed a new agreement with Tehran over the southern sector of the Caspian, but here again, the two allies were not able to reach a solution on the question of division. It seems, however, that Ashgabat is now moving towards the Russian conception of a median line and is hoping to find a compromise solution that will allow it to relaunch its subsoil exploration and exploitation projects. Tehran's position is therefore becoming more and more difficult to maintain.<sup>8</sup> The Iranian authorities may well be compelled in coming years to adopt the majority opinion of the median line, perhaps in exchange for concessions from Russia in the nuclear domain. However, by doing so, they will see their share of the Caspian sea drop from 20 to 13 percent

The difficulties involved in finding a legal compromise that all five states find satisfactory are linked to the exploitation of oil and gas reserves. At present Russia and Kazakhstan are the only ones to have delimited their common border in the Caspian sea entirely and to have divided up the exploitation of cross-border deposits. The three other states all have zones of bilateral conflict. Tehran, for example, is in dispute with Baku over the three deposits of Alov, Sharg and Araz. Situated fifty kilometers from the former Iranian-Soviet demarcation line, these deposits are currently being exploited by the Azerbaijan state-owned company SOCAR and British Petroleum, but Iran continues to lay claim to them. In 2001, an Iran warship with air support forced two prospecting ships from Azerbaijan, Geofizik-3 and Alif Gadzhiev, operating under the auspices of the British Petroleum consortium, to abandon their prospecting over the Alov field (Albroz).<sup>9</sup> The likelihood of military confrontation made the Caspian states reflect on the risks incurred by an absence of collective agreement, but a solution still has yet to be found. Turkmenistan and Iran are also in dispute over deposits, especially as Ashgabat announced in 2008 that it wants them to be exploited by Russian companies—Lukoil, TNK-BP or Soyuzneftegaz.

In addition, since the second half of the 1990s, Ashgabat has been in dispute with Baku over the latter's right to sovereignty over the

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<sup>8</sup> Pirouz Mojtahed-Zadeh and Mohammad Reza Hafeznia, "Perspectives on the Caspian Sea Dilemma: An Iranian Construct", *Eurasian Geography and Economics* 44, 8 (2003), pp. 607-616.

<sup>9</sup> Konstantin Chuprin, "Kazakhstan stremitsia obresti zdes' vtoroi po znachimosti voennomorskoi potentsial" [Kazakhstan attempts to form the second most powerful military fleet], *CentrAsia*, March 13, 2008, <[www.centrasia.ru/newsA.php?st=1206172320](http://www.centrasia.ru/newsA.php?st=1206172320)> (March 13 2008).

prospecting zones of Azeri, Chirag and Kiapaz (Khazar, Osman and Serdar in Turkmen). Since 1997, Turkmenistan has laid claim to part of the profits from the exploitation undertaken by the international consortium Azerbaijan International Operating Company (AIOC) and has solicited international mediators to resolve these disagreements. In 2002, a summit of the five Caspian countries resulted in open conflict between presidents Saparmurat Niazov and Geidar Aliev. Following the power shift in Turkmenistan in December 2006, however, the situation seems to have changed. The new president, Gurbanguly Berdymukhammedov has reorganized the state instances entrusted with this question. He relaunched the Interministerial Commission on the Caspian sea, which includes one delegation from each of the five member states, and re-established diplomatic relations with Baku after making an official visit in May 2008. These forward steps seem to indicate that Ashgabat wants to return to the negotiating table, and could be ready to accept Baku's outstretched hand and discuss the latter's proposal for joint exploitation of the deposits that gives it access to technological assistance from Azerbaijan. Despite the fact that the Caspian summits of 2008 did not bring any resolution to the disagreements between the coastal countries, the warming of Turkmen-Azeri relations seems to indicate that a common solution could be found in years to come. Moreover, the fact that presidential meetings between Caspian states are being envisaged on an annual basis confirms that the five countries are endeavoring to institutionalize their cooperation, taking the Organization of the Black Sea Economic Cooperation as a model.

### **The Caspian Fleets: Structuration, Development and Limits**

Although the militarization of the Caspian sea has considerably increased in the last few years, this is not a new phenomenon in itself. Recurrent tensions between the Soviet Union and Iran actually led Moscow to settle the Soviet Caspian fleet at Baku and to construct a small military naval base at Astrakhan. As a result of the treaties signed with the Soviet Union, Iran was not permitted to establish itself in the region militarily. The Islamic regime instead preferred to set up in the Persian Gulf, where the oil stakes and international tensions were vastly superior. With the fall of the Soviet Union, Moscow divided its military resources in equal parts and offered a quarter of the Caspian fleet to each of the three newly independent states, Azerbaijan, Turkmenistan and Kazakhstan, but the latter two refused the offer and preferred a common fleet under Russian commandment.<sup>10</sup> The collective management of the Caspian under

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<sup>10</sup> Shireen Hunter, "Security and the Environment in the Caspian Sea", in William Ascher and Natalia Mirovitskaya (ed.), *The Caspian Sea: A Quest for Environmental Security*

Moscow’s control was, however, actually only very short-lived and the new states decided quite quickly to establish their own separate military naval infrastructure. Given the scope of the economic stakes linked to the tanker transported oil, their commercial fleets are today in full expansion, as is the modernization of port infrastructures, which indirectly enable a dynamizing of the military fleets. The Caspian summits of 2008 produced no clear-cut progress on the military defense of the Caspian sea. However, a resolution was adopted that only authorizes ships flying the flags of one of the five states to circulate in the sea and prohibits those of more than 1,000 tonnes.<sup>11</sup>

#### *The Russian Fleet*

Not only is the Russian fleet of the Caspian sea the most powerful, it is also the oldest. Since the taking of Astrakhan—a natural outlet of the Volga—in 1556, Russia has continued its attempts to advance southward in order to gain new territories and to thwart the desires of neighboring empires. Having control over the maritime routes to Iran and to India was long a dream of Russian emperors. Founded by Peter the Great in 1722, the Caspian fleet enabled Russia to take control of Baku in 1726. After several wars against Iran and the Ottoman Empire, Russia acquired in 1813 the exclusive right to have a military fleet in the Caspian sea. From 1867 to 1992, Baku served as the home base for this Russian fleet, the port installations left by the Tsarist regime later being taken over by the Soviet regime. After the fall of the USSR, that fleet was repatriated to its main port in Astrakhan. This port still serves as the Russians main port by the Caspian although its infrastructure is dilapidating and mostly occupied by the commercial fleet. Russia has therefore decided to invest in other strategic ports such as Olia, Derbent, but above all at Kaspiisk in Daghestan, situated less than 20 kilometers from the autonomous republic’s capital Makhachkala, and in the two neighboring islands of Chechen and Tiulenyi, where the Russian army is deployed.

The Russian fleet is the most powerful of the Caspian and includes around one hundred ships with multiple dimensions and functions: patrol boats, minesweepers, hovercrafts, aerial observation ships, different classes of combat boats, attack boats and missile launchers. The Kaspiisk aerial military base, operational since 2000, can facilitate all the types of aircrafts necessary for monitoring the fleet at sea, such as amphibious aircraft and anti-submarine helicopters. The assault forces are made up of

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(NATO Science Series, vol. 67, 2000), p. 121; Chuprin, “Kazakhstan stremitsia obresti zdes’ vtoroi po znachimosti voenno-morskoj potentsial”.

<sup>11</sup> Vladimir Socor, “Caspian Summit Envisions Creation of Regional Institutions”, *Eurasia Daily Monitor* 4, 194, October 19, 2007, <[www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=33094](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=33094)> (October 20 2007).

a marine infantry brigade of 32 combat units totaling more than 20,000 men, stationed at Kaspiisk. The fleet has developed rapidly since the beginning of the 2000s, when Vladimir Putin decreed the Caspian sea to be a zone of strategic interest to Russia. More than US\$300 million have been invested in modernizing it since 2002: in less than a decade the number of its ships has doubled from forty to one hundred.<sup>12</sup> Although some of the material and equipment was transferred from the Baltic fleet, and is therefore relatively old, the Caspian fleet boasts the greatest jewels of contemporary Russian military naval construction, such as the US\$100 million worth ‘Tatarstan’ missile ship that came out of the factories in 2001. This ship is equipped with the Uran-E missile, Palma anti-aerial artillery as well as with torpedo launching equipment able to facilitate helicopters and is thus operational in case of aerial or submarine attack.<sup>13</sup> Another similar ship, ‘Daghestan’, is projected to be ready in 2009 and will also be assigned to the Caspian fleet. Several ageing ships will be replaced in the coming decade by more modern and faster artillery, equipped with technologically sophisticated weaponry produced in the Zelenodolskii Gorkii factory in Tatarstan.<sup>14</sup> By 2015-2020 Russia intends to have made a complete overhaul of its Caspian fleet.

#### *The Iranian Fleet*

On the basis of treaties signed with the Tsarist Empire in 1828, Iran lost all control over the Caspian sea and was prohibited from maintaining a military—but not commercial—fleet on it.<sup>15</sup> This prohibition was renewed during the friendship treaties signed with Moscow in 1921 and 1940, but the collapse of the Soviet Union enabled Tehran to declare itself freed from the agreements. At the beginning of the 1990s, Iran’s military fleet was obsolete after having suffered enormously from its decade-long war with Iraq and from the termination of cooperation with the British and American crews after the overthrow of the Shah. The Islamic regime therefore decided to embark on a large-scale modernization of its military naval forces. It bought the ‘Varshavianka’ ship from Russia and sends its military personnel to train in Russian academies. With its purchases from China, Russia and North Korea during the 1990s and 2000s, Tehran

<sup>12</sup> A. Kozhikov and D. Kalieva, “The Military Political Situation in the Caspian Region”, *Central Asian Affairs* 3, no date, pp. 1-6.

<sup>13</sup> Chuprin, “Kazakhstan stremitsia obresti zdes’ vtoroi po znachimosti voenno-morskoii potentsial”.

<sup>14</sup> Il’ia Kramnik, “Flot zakrytogo moria” [The Fleet of a Closed Sea], *Lenta*, August 28, 2006, <<http://www.lenta.ru/articles/2006/08/29/flot/>> (August 28 2006).

<sup>15</sup> Rustam Mamedov, “Mezhdunarodno-pravovoi status kaspiiskogo moria: vchera, segodnia, zavtra (voprosy teorii i praktiki)” [The international legal status of the Caspian sea: yesterday, today, tomorrow (theoretical and practical questions)], *Tsentral’naia Aziia i Kavkaz*, no. 9 (2000), <<http://www.ca-c.org/journal/cac-09-2000/19.Mamedov.shtml>> (April 1 2009).

has furnished itself with anti-missile ships, submarines and mini-submarines, semi-submersible ships and vedettes able to undertake operations both in the Persian Gulf and the Indian Ocean.<sup>16</sup> The accelerated modernization of the Iranian military fleet is principally destined for the strategic waters of the south, in particular the Ormuz Strait and the Oman Gulf. However, the Caspian region, to date used as a training zone, has also benefited from this dynamism.

The Iranian fleet in the Caspian sea, which has many ports at its disposal (Nowshahr, Bandar-e-Anzali, Babolsar, Neka, and Anzali), is reportedly made up of sixty ships. As of 1994-1995, confronted with a growing western presence, the Iranian authorities decided to develop the naval base of its main Caspian commercial port, Bandar-e-Anzali. At the beginning of the 2000s, Iranian military presence was reinforced by the arrival of warships and the development of the navy military academy.<sup>17</sup> The military infrastructure of other Caspian ports such as Anzali, Nowshahr, Bandar-e Torkman and Babolsar are reportedly also undergoing modernization. The Iranian Caspian naval forces are therefore being increased by half and include several divisions or brigades of ships and submarines, as well as supporting air forces. The navy commandment has, for example, announced the deployment of new Mowj mini-destroyers, Peikan type boats,<sup>18</sup> material bought from Russia like Mig-29 and Su-24, anti-missile systems, and ballistic missiles with a range of up to 2,800 km. Hovercraft could also be transferred from the Persian Gulf.<sup>19</sup> While the Iranian commercial fleet is in full expansion, and at least ten ships of 55,000 tonnes are under construction,<sup>20</sup> Tehran is today seeking to develop a rapid reaction Caspian squadron, able not only to defend its port infrastructure but also to undertake combat operations at sea.

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<sup>16</sup> "Iran. Navy Modernization", *Global Security*,  
<<http://www.globalsecurity.org/military/world/iran/navy-modernization.htm>> (April 1 2009).

<sup>17</sup> Aleksandr Karavaev, "Pravovoi status Kaspiia i problema KASFOR" [The legal status of the Caspian and the problem of CASFOR], *Agenstvo Politicheskikh Novostei*, March 23, 2006, <<http://www.apn.kz/publications/article270.htm>> (March 24 2006).

<sup>18</sup> Chuprin, "Kazakhstan stremitsia obresti zdes' vtoroi po znachimosti voenno-morskoi potentsial",.

<sup>19</sup> Bahman Aghai Diba, "The Caspian Sea is a dangerous place", *Persian Journal*, December 23 (2005), <[http://www.iranian.ws/cgi-bin/iran\\_news/exec/view.cgi/13/11713](http://www.iranian.ws/cgi-bin/iran_news/exec/view.cgi/13/11713)> (December 24 2005).

<sup>20</sup> "Iranskii flot v Kaspiiskom more popolnitsia 10 novymi sudami" [The Iranian fleet in the Caspian Sea is getting ten new ships], *Imamat*, June 17, 2008, <[http://imamat-news.ru/index.php?option=com\\_content&task=view&id=6385&Itemid=2](http://imamat-news.ru/index.php?option=com_content&task=view&id=6385&Itemid=2)> (June 18 2008).

*The Azerbaijani Fleet*

Until 1992, Baku was the base of the Soviet Caspian fleet and is even today the largest military port of the region. After Russia, the Azerbaijani naval forces are the second most powerful of the former USSR and are doubly strategic in that they are able to play a key role in both the Russian and NATO frameworks and are therefore, the object of contradictory desires. Following a sharing agreement with Moscow, Azerbaijan received a quarter of the former Soviet material, amounting to 15 ships of different classes. In 2007, the Azerbaijani fleet, almost entirely based at Baku despite the existence of other ports such as Astar, Lenkoran, Sangachal and Sumgait, includes nearly 2,500 men and a submarine brigade made up of several divisions of minehunters, patrol boats, rescue boats, etc. The authorities have not been able to invest enormous sums in the creation of new ports and have instead modernized the ageing infrastructures of the port in Baku. With some exceptions, the Azerbaijani fleet is made up of old Soviet ships requiring costly repairs. Baku has even had to transform some former radio spy and rescue ships into military equipment, while several vedette boats have been redeployed from the Caspian fleet to the coastguard.<sup>21</sup> One of the main problems affecting the Azerbaijani navy is the absence of competent naval aviation, in particular of amphibious aircraft and helicopters that could provide support for warships during conflict, although the air force is currently being modernized owing to the purchase of western material such as the Puma Eurocopter.<sup>22</sup> The personnel of the Azerbaijani navy, however, themselves often former Soviet *spetsnaz* that fought in the Nagorno-Karabakh conflict, are considered capable owing to the aid provided by NATO.

*The Kazakhstani Fleet*

Kazakhstan is both at an advantage and at a disadvantage in the Caspian sea. It possesses five ports, Aktau, Atyrau, Kuryk, Bautino and Sogandyk, but none of them were ever equipped with military naval infrastructure during Soviet times and Astana has had to construct them from scratch. After having refused the allocation of a part of the former Soviet fleet, the Kazakhstani authorities stated in 1994 that they no longer wanted to remain under Russian naval protection and intended to build up their own navy defense forces.<sup>23</sup> There has been some modernization of the Aktau port, the only one in the country to have infrastructure, but no marine military forces properly speaking have been created. The 284<sup>th</sup>

<sup>21</sup> Konstantin Chuprin, "Voенно-морским силам Азербайджана исполнито 15 лет" [The naval forces of Azerbaijan are fifteen years old], *Nezavisimoe voенное obozrenie*, August 31, 2007, <[http://nvo.ng.ru/forces/2007-08-31/3\\_nato.html](http://nvo.ng.ru/forces/2007-08-31/3_nato.html)> (August 31 2007).

<sup>22</sup> *Ibid.*

<sup>23</sup> Hunter, "Security and the Environment in the Caspian Sea", p. 121.



division of military defense of the Soviet Caspian fleet, based at Bautino, was integrated into the border guards' service. Following the loss of five ships during a storm in 1997, the division was transferred to the border-services of the KNB, the KGB's successor organization.<sup>24</sup> During the 1990s, the Kazakhstani Defense Ministry had no naval forces. The country relied solely on a few vedette boats to monitor the border and a patrol boat belonging to the secret services (thus to the Interior Ministry) that undertook surveillance operations and seized boats fishing illegally in Kazakhstani waters.

It was not until 2003, more than ten years after independence, when the Kashagan deposit was discovered, did Kazakhstan announce the creation of naval military forces and formulate a doctrine for their development.<sup>25</sup> Nursultan Nazarbaev affirmed his intention to transform his country into an advanced military, and particularly naval, power by 2015. Aktau is now the Kazakhstani navy's main base and its headquarters are soon to be relocated there from Astana. In 2001 the town had an officer training school set up which was turned into a prestigious naval military institute in 2003. The four other ports are also in the process of structuration and modernization. Kazakhstan's oil capital, Atyrau, merely possesses a motorized brigade, a few patrol ships and a naval aviation aerodrome. The Kazakhstani military fleet will for the most part be stationed in the deep-water port of Bautino, situated in the north of Aktau. It currently includes ten patrol ships, two minehunters, two small hydrographic boats, and some air forces, principally helicopters. A brigade for coastal defense from the KNB border services has also been integrated and, within a few years, two special battalions will be assigned to the protection of offshore sites. The Kazakhstani navy currently comprises 3,000 men, but is projected to reach a total of 5,000 soldiers and officers in the coming years.<sup>26</sup>

In 2007, the new Kazakh Defense Minister, former Prime Minister Danial Akhmetov, the first civilian to occupy the post, announced special financial contributions for the naval forces. Several programs have been set up: a Direction for naval forces has been created within the Defense Ministry in order to centralize the fleet administration; military infrastructure for the port zones in Aktau, Kuryk and Bautino are funded to enable them to accommodate ships of different sizes; and cadres are being trained. Kazakhstan also managed to retain two former jewels of

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<sup>24</sup> Oleg Sidorov, "Kazakhstanskii flot na Kasp'ii - aktual'nost' i perspektivy" [The Kazakhstani fleet in the Caspian Sea: current issues and perspectives], *CentrAsia*, November 18, 2003, <<http://www.centrasia.ru/newsA.php?st=1069153380>> (November 19 2003).

<sup>25</sup> "Kazakhstan planiruet sozdat' svoi VMF cherez 10 let" [Kazakhstan plans the creation of a naval force within ten years], *Nomad*, July 20, 2003, <<http://www.nomad.su/?a=5-200307200009>> (July 21 2003).

<sup>26</sup> *Ibid.*

the Soviet industrial-military complex, the naval construction factories of Zenit and Gidropribor, both situated in the country's west in the Uralsk region.<sup>27</sup> Recent financing have enabled these factories to produce several ships of less than 500 tonnes, earmarked for the Kazakhstani fleet's patrol of the Atyrau region.<sup>28</sup> Nevertheless, ships of greater tonnage, from 500 to 1,000 tonnes, which would be able to ensure security in the deeper waters of Aktau and Bautino, still have to be imported.

#### *The Turkmen Fleet*

Turkmenistan has three Caspian ports at its disposal, Bekdash, Turkmenbashi and Cheleken. Following independence Ashgabat announced its intention to create its own border troops. In 1994, it ended most of its military cooperation with Russia, except for the guarding of the maritime borders which continued in cooperation with Moscow until 1999. When its relations with Baku deteriorated at the beginning of the 2000s, Turkmenistan resolved to commit to the naval protection of its Caspian interests and so sought the support of foreign partners, in particular that of its ally in energy matters—the Ukraine. The armed naval forces of Turkmenistan officially number close to 3,000 men but they are poorly trained in comparison with their Kazakhstani and Azerbaijani counterparts; and their military material is ageing and understrength. They reportedly have around 20 vedette boats and airforce planes undertaking regular patrols over offshore sites regarded as Turkmen, in particular that of Serdar. Still, Turkmenistan's military fleet is the weakest following Astana's recent efforts to boost its naval forces.

### **Regional and International Dimensions of Militarization**

The militarization of the Caspian sea is supposed to respond to several objectives: the possible perpetration of terrorist attacks on oil rigs and tankers; the protection of commercial ships crossing the sea; the struggle against poaching sturgeon; and the management of emergency climatic situations. It is also part of the world powers' 'great game' since the Caspian sea is one of the places of confrontation between the United States and Russia as they seek to promote their own systems of collective

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<sup>27</sup> “V Ural'ske (Kazakhstan) obnaruzhen unikal'nyi sklad sverkh-sekretnoi tekhnicheskoi dokumentatsii SSSR. Komu by prodats'?” [At Uralsk in Kazakhstan an ultra-secret reserve of Soviet technological documentation has been discovered. To whom should it be sold?], *CentrAsia*, April 18, 2002, <<http://www.centrasia.ru/newsA.php?st=1019114100>> (April 19 2002).

<sup>28</sup> “Kto skazal chto voenno-morskomu flotu Kazakhstana prishel konets?” [Who said that the Kazakhstan military fleet was going to disappear?], *Aktau Business*, December 30, 2008, <<http://www.aktaiu-business.com/2008/12/30/kto-skazal-chto-voenno-morskomu-flotu-kazakhstana.html>> (December 30 2008).

defense. This rivalry for influence reached new heights after 11 September 2001, when Washington decided to intensify military cooperation with the three newly independent Caspian states and increase its security assistance. Both geopolitical and commercial interests drive this engagement. The donation and sale of military material to the Azerbaijani, Kazakhstani and Turkmen states offered by Moscow and Washington are thus clearly not disinterested.

The Caspian sea is considered to be a strategic sector for NATO for many reasons. First, with both Russia and Iran in the vicinity, the zone is susceptible to instability in the long-term. Second, the securitization of American companies participating in international consortiums exploiting Azerbaijani and Kazakhstani oil has to be ensured. Third, the possibility of aiding the newly independent states, should they deem their interests to be under threat from Moscow or Tehran, must be envisaged. And lastly, the security of eastern Turkey and the export routes from the Caspian to the Caucasus and then to the Black sea requires western supervision. With the signing of the Partnership for Peace, NATO has sought to set up close military relations with Azerbaijan, Turkmenistan, and Kazakhstan, and has offered its services to the national marine corps currently being constituted. In 1996, the North Atlantic Alliance declared it wanted to protect the deposits and export routes under a military umbrella made possible by the multiplication of its bases in the region.<sup>29</sup> In 1998, the Caucasus and Central Asia were included in the area of the United States' military responsibility. However, although American ships chart the Black sea, they are not present in the Caspian, which remains enclosed and reserved only for the coastal states.

In 2002, Russia accelerated the militarization of the Caspian sea by organizing military anti-terrorist exercises and anti-poaching combats. The other states, in particular Iran, viewed these maneuvers as a provocation intended to demonstrate Russian naval superiority.<sup>30</sup> The reply was not long in coming. In 2003, the United States launched the Caspian Guard, a training program for a network of special and police forces of Caspian countries that would enable rapid and effective reaction to emergency situations, in particular to terrorist threats against oil deposits. The ambitious final objective is reportedly to establish an integrated regime of air, sea and border control. The Caspian Guard, under the direction of EUCOM (the U.S. European Command), does not aim at all five coastal states but principally Azerbaijan and Kazakhstan. In practice, it only effectively functions with the former, since Astana,

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<sup>29</sup> Frederick Starr, "Power failure", *National Interest* 47 (1997), pp. 20-32.

<sup>30</sup> Anatoly Tsyganok, "The Power-Keg of Eurasia: Militarization in the Greater Caucasus Could Have Dangerous Consequences", *Nezavisimoe voennoe obozrenie*, 5, February 9, 2007, p. 2.

not wanting to provoke Moscow's fury, remains much more restrained in its partnership with the United States. With a budget of \$US130 million over the next 10 years, the program offers considerable means to countries wishing to participate.<sup>31</sup>

Azerbaijan is the United States' principal ally in the Caspian region. Washington has proposed to install the center of the Caspian Guard at Baku and has increased its aid to the Azerbaijani army, itself already a beneficiary of considerable NATO supervision and training since the 1990s. In 2003, the United States and Azerbaijan conducted joint training exercises called GOPLAT, centred on the control of offshore deposits exploited by western firms. These exercise elicited violent criticism from Tehran, especially as they involved the Araz-Alov-Sharg deposits from which Iran had expelled Azeri boats in 2001.<sup>32</sup> American assistance has been forthcoming in different forms. Baku received at least five patrol boats in 2005 from Washington and Ankara, and three more were given to it in 2006 in the framework of a new American-Azerbaijani agreement for military cooperation.<sup>33</sup> Financial aid is equally considerable and has enabled Baku to procure American military equipment, in particular weaponry. The NATO training institutes, especially in the United States and in Turkey, host numerous Azerbaijani officers, in domains such as the protection of offshore oil rigs. Western experts are sent to the country regularly to train navy personnel in the new technologies, particularly since 2007 in techniques of laser control.<sup>34</sup> Under the auspices of the Caspian Guard, Washington has invested more than US\$30 million in the modernization of infrastructure for the Azerbaijani coastguard and has supplied it with a sophisticated radar system, based at Baku, accompanied with an updating of ship standards and the training of the officers in charge; the operation itself is managed by the Washington Group International, an American corporation which provides integrated engineering, construction and management services to businesses and governments around the world.<sup>35</sup>

The United States' military relations with Turkmenistan are complex and relatively limited given the isolationist character of the country. In

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<sup>31</sup> Samantha L. Quigley, "European Command Transforming to Accommodate New Challenges", *American Force Press Services*, March 9, 2006, <<http://www.defenselink.mil/news/newsarticle.aspx?id=15224>> (March 9 2006).

<sup>32</sup> Arif Useinov, "Iran vozmushchen poiavleniem amerikanskikh voennykh na Kaspii" [Iran is concerned about the appearance of the American military in the Caspian], *Nezavisimaia gazeta*, August 18, 2003, <[www.ng.ru/cis/2003-08-19/5\\_kaspiy.html](http://www.ng.ru/cis/2003-08-19/5_kaspiy.html)>.

<sup>33</sup> Chuprin, "Kazakhstan stremitsia obresti zdes' vtoroi po znachimosti voenno-morskoj potentsial".

<sup>34</sup> "Azerbaijan Navy to be equipped with laser devices", *Today Azerbaijan*, May 4, 2007 <<http://www.today.az/news/politics/40483.html>> (May 5 2007).

<sup>35</sup> "US working to boost sea forces in oil-rich Caspian", *Caucaz.com*, September 2, 2005, <[http://www.caucaz.com/home\\_eng/depeches.php?idp=227](http://www.caucaz.com/home_eng/depeches.php?idp=227)> (September 3 2007).

the 1990s, the Pentagon offered Ashgabat several vedette boats after the latter announced its intention to create its own navy. In 2004, Washington provided financial aid amounting to US\$700,000 to the Turkmen military sector. However, president Saparmurat Niazov's strict neutrality policy and international defiance prevented closer relations with the Turkmen army, which gave preference to weaker powers and ones equally committed to limiting Russian power. To this end, Ashgabat took advantage of its privileged partnership with the Ukraine, swapping military technology in exchange for gas and a reduction of Kiev's debt. In fact, the Ukraine has a long naval tradition and, after Russia, is the second most productive post-Soviet country in terms of the military industries. A Turkmen-Ukrainian military-technology partnership agreement was signed in 1996, at a time when both countries relations with Russia deteriorated. In 2001, after having broken off cooperation with Moscow, Saparmurat Niazov, on visit to Kiev and Odessa, decided his navy border forces needed patrol and combat boats. Ashgabat thus ordered 10 Kalkan-M of 8 tonnes and 10 GRIF (exported under the name of Condor) of 40 tonnes from the naval construction factory 'More', in Feodosia, for a cost of half a million dollars. The first unit was delivered and put into service in 2002.

It has also been envisaged that Kiev supply Turkmenistan with a turnkey military-technical base. In 2003, the Ukraine installed the station Kolchuga-M in Turkmenistan, enabling the latter to control the Azerbaijan section of the Caspian sea within a radius of 600 km, a move that elicited Baku's wrath. The Azeri authorities threatened to call for a withdrawal of Turkmenistan's status of perpetual neutrality in the United Nations. In total Ashgabat has bought 20 ships from the Ukraine, half of which are armed ships of 40 tonnes.<sup>36</sup> In 2005, the Turkmen authorities had a Su-25 Scorpion plane repaired in the Ukraine. Ukroboronservis and Progress, two subsidiaries of the Ukrainian state-owned company for the import and export of military material, Ukrspetseksport, set up in the Turkmen market. Ashgabat has also cooperated with Georgia, but in a more limited way, and has sent more than 40 military planes and half a dozen helicopters to Tbilisi for repairs. Since the Russo-Turkmen rapprochement in 2003, the state-owned Russian firm Rosoboronexport has succeeded in taking several contracts from Ukrainian hands and today Kiev finds itself in a position of direct competition not only with Moscow but also with China, which is on the verge of becoming Ashgabat's key military partner able to supply it with affordable naval military materiel of quality.

The United States also has increasingly set its sights on Kazakhstan, which rates as its second-most privileged partner in the region after

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<sup>36</sup> Aghai Diba, "The Caspian Sea is a dangerous place".

Azerbaijan. However, despite Astana's commitment to NATO structures,<sup>37</sup> the relations are more complex because the Kazakhstani authorities are less overtly opposed to Moscow than their counterparts in Baku. In 1995, the first coastguard delegations came on visit to the country and official contacts in the sectors of maintenance and training were made.<sup>38</sup> In 1996, Kazakhstan received half a dozen vedette patrol boats from the United States as well as all-terrain vehicles, while Germany offered old patrol boats in the framework of NATO's Partnership for Peace. In 1998, Astana bought several customs control ships from the United Arab Emirates but they quickly sank, demonstrating the necessity of training personnel and not simply of selling technology. The United States' financial, technological and training assistance to the Kazakhstani navy increased in the 2000s, when Astana made a determined effort to set up a naval force worthy of the name, probably on the strong recommendation of NATO, and in particular of Turkey. In 2002, Washington offered US\$2.7 million to Kazakhstan for the purchase of military technology for all sections of the armed forces and a slightly greater sum was renewed the following year.<sup>39</sup>

From 2004, the United States proposed a modernization program for the Kazakhstani navy that included several axes: training officers in the military academies of NATO members, in particular in Turkey, Greece, Italy and Spain; supplying radar and radio surveillance material able to monitor both the surface and the depths of the Caspian sea; and modernizing the port infrastructure, in particular that of Atyrau.<sup>40</sup> In 2006, the United States delivered three new rapid reaction vedette boats to the KNB's coastguard, which heightened rivalry with the Defense Ministry.<sup>41</sup> Astana also enjoys partnerships external to NATO and Russia, notably after signing a military cooperation agreement with South Korea in 2006. Kazakhstan bought three small tonnage ships from Seoul and also receives programs for officer training.

In 2008, the Defense Ministry's tender of the previous year for the purchase of large tonnage ships (between 500 and 1,000 tonnes) for the Caspian fleet was not won by the United States, although Washington had held a special commission to verify issues of technological

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<sup>37</sup> In 2005 Kazakhstan underwent its first Planning and Review Process, the principal objective of which is the interoperability of the national forces with those of the Atlantic alliance, and in 2006 it started its first Individual Partnership Program.

<sup>38</sup> Hunter, "Security and the Environment in the Caspian Sea", p. 121.

<sup>39</sup> Mikhail Slavin, "Na Kasp'ii postroit novyi flot?" [Is a new fleet being constructed on the Caspian?], *Sootchestvennik*, <<http://www.russedina.ru/?id=5926>>.

<sup>40</sup> Aghai Diba, "The Caspian Sea is a dangerous place".

<sup>41</sup> Roger McDermott, "Kazakhstan Boosting Caspian Security", *Eurasia Daily Monitor* 3, 100, May 23, 2006, <[http://www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=31705](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=31705)> (May 23 2006).

compatibility between Kazakhstan’s naval military needs and the competences of American companies in this regard.<sup>42</sup> Several other companies were competing for the tender: the French companies CMN and Armaris DCNS, Ukrainian state-owned companies, and Russian enterprises belonging to Rosoboronexport. In April 2007, Danial Akhmetov met the Prime Minister of Tatarstan, Rustam Minnikhanov, and then the Russian Defense Minister, Anatoli Serdiukov, and took the occasion to raise the possibility that Tatarstan, which has several factories from the military-industrial complex on its territory, be made Zenit’s principal collaborator. Rosoboronexport ended up winning the tender which serves to underscore the large role that Russian companies continue to play in international military cooperation with Kazakhstan.<sup>43</sup> However, the United States lived up to their promise to supply the Kazakhstani navy with a patrol boat of 1,000 tonnes. Baku and Astana also reached agreement on training Kazakhstani special rapid sea intervention brigades at Baku, which will reinforce tripartite cooperation in the framework of the Caspian Guard.<sup>44</sup>

From the perspective of Russia, the growing American presence is perceived as threatening its “sphere of influence” in post-Soviet space, intensifies feelings of geopolitical encirclement via the west and south, jeopardizes its control over deposits and export routes, and could result in the United States’ having access to a continuum stretching from Turkey to the Black sea and to the Caspian states. In 2002, Russia declared the need for a common fleet to respond to transnational threats, but it was not until October 2005 that the Russian Minister of Foreign Affairs, Sergey Lavrov, just back from a visit to Turkmenistan, proposed the creation of a joint military force, the CASFOR. However, to date this proposal is yet to be consented upon and Russia does not have sufficient means to pressure its partners to yield.<sup>45</sup> Although a member of the CIS, Azerbaijan, which in general seeks to avoid all head-on confrontation with Moscow, has given preference to its partnerships with NATO countries and politely declined the Russian invitation.<sup>46</sup> Under Gurbanguly Berdymukhammedov, Turkmenistan has re-established its relations with Russia and has an interest in the structures of the CIS and the Shanghai Cooperation Organization, but even so, it does not want to abandon its policy of neutrality to the point of patrolling alongside Russia

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<sup>42</sup> “SSHA podtverdili gotovnost’ uchastvovat’ v formirovanii voenno-morskogo flota Kazakhstana” [The United States have declared that they are ready to participate in the Kazakhstan military fleet], *Interfax Kazakhstan*, June 11, 2008, <[http://www.morskayakollegiya.ru/news/obshchie\\_novosti/2008/06/23/263/](http://www.morskayakollegiya.ru/news/obshchie_novosti/2008/06/23/263/)> (June 11 2008).

<sup>43</sup> Slavin, “Na Kaspii postroit novyi flot?”.

<sup>44</sup> “Kto skazal chto voenno-morskomu flotu Kazakhstana prishel konets?”.

<sup>45</sup> Karavaev, “Pravovoi status Kaspiia i problema KASFOR”.

<sup>46</sup> Chuprin, “Voенно-morskim silam Azerbaidzhana ispolnilos’ 15 let”.

in the Caspian sea. Kazakhstan also gave a half-hearted response to the Russian proposal: it stated that it did support the establishment of an intraregional monitor and a balance of forces, and participates actively with the Collective Security Treaty Organization, but it does not wish to jeopardise the constitution of its own fleet and commit to an unequal partnership with Moscow.

The three states know that, given the weakness of their naval forces, every agreement with Russia on the CASFOR would mean Moscow's domination in the areas of technology, human relations and decisions. It is therefore probable that even those states closest to Moscow such as Kazakhstan will prefer to delay the emergence of a Caspian joint military force and opt to ensure the autonomous development of their own navies before canvassing the possibility of a common security. In addition, there is no existing multilateral, organizational framework in which to host that force: neither Turkmenistan nor Iran are members of the CIS; and neither of the latter nor Azerbaijan are members of the CSTO. The SCO could be envisaged if Turkmenistan became a member and Iran confirmed its status as associate member, but only with difficulty: a Chinese military presence in the Caspian would be perceived by the Caspian states, not to mention by western countries, as an unacceptable interference. CASFOR therefore appears as if it will principally remain a symbolic manifestation of Russia's keenness to maintain its predominant status in the Caspian security architecture, but its future is uncertain.

Iran has indicated its interest for the CASFOR on many occasions, since it is limited to the coastal states and in principle excludes the presence of foreign actors to the zone. The Iranian authorities protested against American presence when NATO used bases in Azerbaijan to conduct operations in Afghanistan and in Iraq.<sup>47</sup> The North Atlantic Alliance's more recent installation of new radar systems only a few tens of kilometers from Iranian border also evoked criticisms from Tehran.<sup>48</sup> However, in practice, close cooperation between Russia and Iran on such a sensitive subject seems unlikely since it would presuppose that the military corps of the two countries desired rapprochement, which is not the case. In addition, so long as the legal status of the Caspian remains unsettled, Tehran does not have any interest in seeing its Azerbaijani rival patrolling about in the contested zones.<sup>49</sup> Lastly, Iran has every interest in maintaining a low profile over the Caspian issue: the legal

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<sup>47</sup> Michel Chossudovsky, "The Iran War Theater's 'Northern Front': Azerbaijan and the US Sponsored War on Iran", *Global Research*, April 9, 2007, <<http://www.globalresearch.ca/PrintArticle.php?articleId=5322>> (April 9 2007).

<sup>48</sup> Emmanuel Karagiannis, "The US-Iranian relationship after 11 September 2001 and the transportation of Caspian energy", *Central Asian Survey* 22, 2-3 (2003), pp. 151-162.

<sup>49</sup> "Iran mozhet priniat' reshenie ob uchastvii v KASFORe" [Iran might decide to participate in CASFOR], *RIA Novosti*, October 15, 2007, <[http://www.e-newz.ru/politics/id\\_36227/](http://www.e-newz.ru/politics/id_36227/)> (October 15 2007).



consensus that is forming is not to its advantage, the country needs Russia’s military and nuclear support, and the threats emanating from the Persian Gulf are—rightly—interpreted by the Islamic regime as more significant than those emanating from the Caspian.<sup>50</sup>

## **Conclusion**

The Caspian sea’s geopolitical interest will intensify in the years to come: the exploitation of Kashagan, the boom of oil exchange via tankers instead of pipelines, and the growing interest of the European Union and of China, not to mention India, for Caspian oil and gas will modify the already long-standing competition between Russia and the United States in the zone. In a few years from now, new national military fleets, in particular those of Kazakhstan and Azerbaijan, will position themselves on the regional chessboard and contribute to weakening bilateral tensions—U.S.-Iran, Russia-U.S., Russia-Iran—by giving a say to medium-size armies that favor a balance of forces. It can therefore be assumed that flexible security force arrangements will be established: the Americano-Azeri partnership will be pursued; Ashgabat and Tehran will probably remain more withdrawn; and Kazakhstan’s “balancing” position between the Caspian Guard and CASFOR will remain a key stake. Astana, for its part, will in all likelihood opt for a decision that is pragmatic and multivectored, one that does not give definitive preference to either of the two rivals, and that in return develops a targeted defense specialized, for example, in the protection of commercial corridors heading toward Baku. The considerable importance of these economic stakes is such that one can only hope that the Caspian states succeed in implementing a defense system that counters the transnational threats affecting them. It ought also be hoped that the weakest states succeed in making their voices heard and avoid getting dragged into conflicts of interest on the regional, or indeed global, levels, over which they have no control.

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<sup>50</sup> Fariborz Haghshenass, “Iran’s Asymmetric Naval Warfare”, *Policy Focus*, Washington Institute for Near East Policy, 87 (September 2008).



# When the Bear Confronts the Crescent: Russia and the Jihadist Issue

*Didier Chaudet*<sup>\*</sup>

## **ABSTRACT**

Central Eurasia has been an important battlefield for jihadists (i.e. violent Islamists) during the last thirty years. The Russian approach to this challenge is of great importance for the stability of the whole area. Indeed, Russia is historically as much a “Muslim” state as a Great Power with a strong influence on its Muslim-populated neighbors. Political and diplomatic choices made in Moscow have a direct impact on the evolution of the fight against violent political Islam in Central Eurasia. It seems that within its borders as well as in the whole area, the Kremlin does not fully comprehend the jihadist issues it confronts. Its difficulties in identifying the real threats more clearly are related to its identity issues, as well as the absolute priority it has given to ensure it is perceived as a Great Power again within the short term, no matter the costs.

Keywords • Islam • Russia • Eurasia • Jihadism • Terrorism • Chechnya • Tatarstan • Central Asia • Afghanistan

## **Introduction**

It would be convenient to characterize the relationship between Russia and Islam by its history of conquest and tension. After all, the emblem of the Orthodox Church is a cross on top on a crescent. It is said that this symbol was devised by Ivan the Terrible, after the conquest of the city of Kazan, as a symbol of the victory of Christianity over Islam through his soldiers. More broadly speaking, this is the illustration of the fact that the rise of Russia as a state and afterwards as a Great Power is linked to the conquest of Muslim Eurasian lands.<sup>1</sup> However, Russia’s relationship to Islam is much more complex than this vision of a perpetual state of war. As reminded by Vladimir Putin, and other high officials, Russia can also be seen, to some extent, as a part of the Muslim world. During an

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<sup>1</sup> Andrew McGregor, “Cross Under the Crescent: Shamil Basaev’s Orthodox Enemy,” *North Caucasus Weekly*, 7, 4 (2006).

interview with *Al Jazeera* in October 2003, Vladimir Putin reminded his audience that historically, Islam had been present in Russian soil before Christianity, and that Muslims in today's Russia are historically as much Russian as their Orthodox fellow countrymen.<sup>2</sup> Indeed, Russia is the only European country to have a deep-rooted indigenous Muslim population historically.

As a Great Power as much as a "Muslim" power in Eurasia, the Russian state can only be concerned by the security threat posed by jihadism. Here, jihadism is the name given to the rigorist, Salafi vision of the Islamic faith that uses violence to impose its political vision. Contrary to the Muslim Brotherhood or other conservative Islamic organizations, these jihadists do not believe in bottom-up strategies. Very much like the Communist Party during the Cold War, they believe that only a vanguard using all the means possible can unite the Muslim world and change the current international state of affairs. The goal here will be to analyze how Moscow deals with this particular brand of violent activism. As a strong influence over the post-Soviet republics, and the main partner of the Chinese in this area on security issues, Moscow's ability or inability to deal with this problem will by necessity have a regional impact in the foreseeable future.

### **Russia and Islam: A General Approach**

It would be impossible to talk about the jihadist issue for Russia without analyzing the state of affairs for Muslims in Russia broadly speaking. The situation of the Muslim populations in the country, how they are seen by the power and the Slav-Orthodox population, can help to better understand the security issues that could be linked to Islamist activism in the Federation.

#### *Islam in Russia Today*

The subject of Islam is a sensitive one in today's Russia. Indeed, there have been fears expressed by some, when Ravil Gaynutdin, chairman of the Council of Muftis of Russia, talked about a Russian Muslim community of 23 millions<sup>3</sup>. More importantly, it has to be put in comparison with the number of Orthodox Christians in the country: officially, the Church has 80 million followers, but for some experts, the real number is closer to 40 million, and the Orthodox institution is seen as less and less able to attract followers. As for Gaynutdin, he claims an increasing number of Russians, Ukrainians, and Belarussians are

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<sup>2</sup> Jacques Lévesque, "Russia Courts the Muslim World", *Le Monde Diplomatique - English Version*, December 2008, <<http://mondediplo.com>> (January 15 2009).

<sup>3</sup> Jeremy Page, "The rise of Russian Muslims worries Orthodox Church," *The Times*, August 5, 2005.

converting to Islam; he dangerously plays with the fear of a significant number of Russians, namely, the disappearance of their culture through an internal evolution.

In fact, those numbers need to be put in perspective. The best available data to analyze the situation comes from the 2002 census, released in 2005. Through these data, there are 14.64 million Russian Muslims. Indeed, between 1989 and 2002, there has been a general growth of the traditionally Muslim ethnic groups and a decline of the Slav-Orthodox population. Nonetheless, there has been an important fertility increase in Slavic areas since 1999. At the same time, in Muslim-populated regions with a previous high fertility rate, there is a decrease. Therefore, if this trend persists, there will be a short term increase of the Muslim population, but by 2016-17, the number of Muslims will decrease, and the Slavic population will grow<sup>4</sup>. Besides, an increase of Muslims does not necessarily implies radical changes of Russian society since Muslims, like the average Orthodox Christian in the country, often are quite secular. A Gallup Poll of 2007 shows that religiosity is not what defines best the identity of the Russian Muslims. For example, 49 percent of Russian Muslims never pray, and when focusing on the age-group 15 to 24, this figure is even higher (66 percent). 50 percent of them drink alcohol, 27 percent eat pork and 46 percent are unable to recite the *Shahadah*, the Islamic declaration of faith.<sup>5</sup> It also seems that Russian Muslims are not eager to see an Islamic Party represent them in the Duma, since historically Islamic parties have failed during elections.<sup>6</sup> So even if the number of Muslims in Russia will increase in the years to come, it will not change Russia dramatically.

But even if the changes in the Russian population only are marginal and will not happen for sure, tensions still exist surrounding the issue of Islam. These tensions, however, reveal more about Russia than about the reality of an “Islamic” threat. There has been a global fear and discomfort about the Islamic presence in Russia as the country has been unable to build a civic identity. The vision of Russia as being Slavic and orthodox is clearly predominant. It seems that religious phobia is strongly supported by the Orthodox Church, out of fear of losing followers.<sup>7</sup> More than before, it seems that religious affiliation shapes the question of Russian identity. This is particularly clear, for example, with the

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<sup>4</sup> On these questions, see Judyth Twigg, “Differential Demographics. Russia’s Muslims and Slavic Populations”, *PONARS Policy Memo n°388*, December 2005, <[www.csis.org](http://www.csis.org)>

<sup>5</sup> Sergei Leaven and Neli Esipova, “Gallup Presents: Russian Muslims. Religious Leaven in a Secular Society,” *Harvard International Review*, March 22, 2008, <[www.harvardir.org](http://www.harvardir.org)> (March 23 2008).

<sup>6</sup> Aleksei Malachenko, “Islam et politique en Russie,” [Islam and Politics in Russia], *Outre-Terre* 19(2007/02) p. 207.

<sup>7</sup> Shireen T. Hunter, *Islam in Russia. The Politics of Identity and Security* (New York: M.E. Sharpe, 2004) pp.158, 176.

influence of the Church on the army, which is not without negative consequences for Muslims and other minority religions that feel unjustly discriminated against.<sup>8</sup> Such a widespread prejudice in the Russian population can only have an impact on the way the Russian authorities see and treat its Muslim minority.

However, it would be unfair and incorrect to see the Russian population as “islamophobic”. The aforementioned tensions are linked to history and the current political landscape. It explains why there is clearly a distinction made by the population itself between the Muslims from the Volga-Ural area, in particular the Tatars, and the peoples from the North Caucasus. In Russia, everybody knows the saying “Scratch a Russian, find a Tatar”. Of course, it is an understatement to say that historically, Tatars have been treated poorly by the Russian state (by campaigns of Christianization, for example). But in the minds of the inhabitants of Tatarstan, the memories of the Great Patriotic War are much more important than the ones of Ivan the Terrible. Inter-marriages between Tatars and Russians were extremely common in the 1960s and the 1970s, and in 1994, there were still 30 percent of mixed couples on Tatar territory. And Tatars seem even more secularized than the other Russian Muslims, as only 2 percent of the young generation attend religious services at the mosque once a week.<sup>9</sup> The situation is very different for North Caucasians, especially Chechens, where little common historical ground exists. The violent conquest at the end of the 19<sup>th</sup> century is when the mutual distrust and disgust between Russians and Chechens began. There are no good memories linked to the Great Patriotic War, as several Caucasian peoples, the Chechen included, were accused of treason and deported to Central Asia, in February 1944. 100,000 Chechens died in the process and this traumatic experience still looms in the memories of a majority of the Chechen people.<sup>10</sup> Amongst the Russian people, nowadays, it appears clearly that “Caucasus-phobia” replaced anti-Semitism as the main form of racism. As reminded by Aleksei Levington, a sociologist from the Russian Centre for Public Opinion and Market Research, as many as two-thirds of the Russian population are “Caucasus-phobic”. They are even more hated than Central Asians, who, as migrants in the post-Soviet era, are the second target of racism in Russia.<sup>11</sup> Such strong feelings are directly linked to the

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<sup>8</sup> Robert S. Mathers, “Green, Red and White: The problems of Muslim soldiers in today’s Russian army”, *The Journal of Slavic Military Studies* 16, 4 (2003) pp. 24 and 26.

<sup>9</sup> Fred Hilgemann, *Le Tatarstan, pays des musulmans de Russie [Tatarstan, Country of the Russian Muslims]* (Autrement – Frontières, 2007) pp. 80-81 and 103.

<sup>10</sup> Comité Tchétchénie, *Tchétchénie, dix clés pour comprendre*, (La Découverte, 2003) pp. 24-25.

<sup>11</sup> Aleksey Malashenko, “Islam, the Way We See It”, *Russia in Global Affairs* 4, 4 (October-December 2006) p. 31-32.

Chechen wars, and seem to breed an uncompromising and violent approach toward security issues in the North Caucasus.

From this general approach, it is possible to say that security issues related to the Muslim community in Russia are fuelled by two social issues: the unease aroused among some Muslim minorities when they perceive that they are not welcome in their own country, like the North Caucasians; and the over-reactions and fears from the Slavic majority or the Russian state against any threat presumably coming from a fantasized Russian Islam, seen as a historic enemy.

### **The “Putinian Reaction” and its Impact on Russian Muslims**

An additional factor to consider when studying the Russian environment for local Islam is the political actions taken towards the Muslim populations and territories in Russia. I will focus in particular on what one could call “the Putinian reaction”. The reaction I am talking about here is mainly linked to the Russian political fight for the reassertion of the Russian Federation as a Great Power in international affairs. The majority of the Russians were nostalgic of their Great Power status from the Soviet period, and this nostalgia bred the desire to once again become a power to be reckoned with, by any means necessary.<sup>13</sup> The Islamic factor had been more or less linked to the decadence of Russia, in the minds of Russians at least. When Putin became prime minister in August 1999, the Russians had been in war only with Muslim peoples, wars they had lost, in Afghanistan, and even more humiliating, in Chechnya, an area considered part of Russia. Besides, during the 1990s, in reaction to the independence of Chechnya and the desire of more autonomy by others, like Tatarstan, there were widespread fears that Russia could face, in the near future, a Soviet or a Yugoslav scenario, i.e. a breakup of the country.

This “Putinian reaction” was best manifested in the second Chechen war for which the then-Prime minister gathered massive popular support. Neither the first or second war in Chechnya had anything to do with oil as some observers have pointed out. Chechen oil represented less than 1 percent of total Russian production in 1996. The rebellious area was not even that interesting as a transit country: again in 1996, a pipeline was already planned to circumvent the territory.<sup>14</sup> Of course, one can explain the Putinian move by a desire to persecute a “small victorious war”<sup>15</sup> in

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<sup>13</sup> Hunter, *Islam in Russia*, p. 136.

<sup>14</sup> Christoph Zürcher, *The Post Soviet Wars* (New York: New York University Press, 2007) p. 82.

<sup>15</sup> Carlotta Gall and Thomas de Waal, *Chechnya: Calamity in the Caucasus* (New York: New York University Press, 1999) p. 137.

order to gain popularity. But this explanation does not suffice alone. After all, it was exactly this wish to deal with internal politics through a war that made the First War of Chechnya possible, and it did not work so well. So to see internal politics as the only cause for the Second War against Chechen independence would be a mistake. In fact, the best way to explain the move of Putin was a desire to restore Russia's Great Power status. Chechnya was the symbol of Russia as a weak state, unable to deal with a small pro-independence entity. By launching a second war, the humiliation of the first conflict, and the threat it posed for Russia's future, would be dealt with. Indeed, as explained by the former Russian Interior Minister Anatoliy Kulikov in July 1999 "a state within the Russian Federation's borders [which] does not recognize Russian federal law... does threaten the integrity and security of Russia."<sup>16</sup> This was true on geopolitical as well as ideological grounds. Once independent, it was natural for some of the Chechen leaders, at least for the radical nationalists, to seek integration with Dagestan as those two territories were under the command of the resistance against the Russian rule in the 19<sup>th</sup> century, led by Imam Shamil. Besides, parts of Dagestan were historically Chechen, and the Dagestani port of Makhachkala would have given access to the Caspian Sea, something that was seen as highly desirable by some of the Chechen nationalists. Hence the incursion of Basayev in Dagestan in August 1999 was seen as a sign of more to come. In order to avoid destabilization and regain Great Power status at the same time, Putin decided to conduct a merciless war, at a great human price. The "Putinian reaction" defied both diplomatic measures as well as support to Chechen moderates and did not seek to win the hearts and minds of the Chechens. It would not have reasserted Russia enough as a strong, uncompromising country in the very short term. It would not have addressed the fears of a Yugoslavian scenario, and the idea of Eurasian Muslims getting their revenge after centuries of submission to Moscow would still have seemed like a real danger for part of the Russian population. But as we will see later, this aggressive approach is directly responsible for the jihadist fire burning in all the North Caucasus right now.

Another example of the "Putinian reaction" having a great impact on the local Muslim populations, always linked to this desire to reaffirm quickly Russia as a Great Power, is the re-centralization of the state. Moscow strengthened the federal control throughout the country. The goal was to make the image of perceived weakness in the 1990s disappear, when Moscow could not impose its will without negotiating with regional authorities. Now the periphery cannot have laws contradicting

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<sup>16</sup> As cited by Omar Ashour in "Security, Oil, and Internal Politics: The Causes of the Russo-Chechen Conflicts", *Studies in Conflict and Terrorism*, 27 (2004) p. 133,



the ones of the center; also, the local executives, made much stronger as they are systematically backed by the center, remain strictly subordinated to the Kremlin. The agreement of the Yeltsin years, based on consensus and power-sharing between Moscow and the regions, has been put aside for assimilation and the supreme domination of the federal power. The Russian fears of a Yugoslavian scenario may have been appeased this way, but came at a great price from a security point of view. Indeed, the Putinian Reaction means the disappearance of laws linked to local situations, which had helped to keep peace.<sup>17</sup> The choice of the Kremlin to support some local executives has also been questionable, to say the least. In Ingushetia, for example, Putin chose to get rid of the respected president Ruslan Aushev to give his place to a former FSB colleague, Murat Zyazikov. The crime of Aushev had been to avoid tensions within Ingush society, and to keep cordial relations with his Chechen neighbours after 1996, even if he did not believe himself in independence for his republic in the short term. His replacement did not know Ingushetia and its people, and, in accordance with the “Putinian reaction”, used only excessive force to suppress political dissent as the quickest way to reassert Moscow’s will, like in Chechnya. This logic has only bred new recruits for a jihad now very important in the North Caucasus, as this article will later discuss.<sup>18</sup>

Hence, the “Putinian reaction” has been short-sighted with great consequences for the evolution of security issues related to the Muslim populations in Russia. It opposed moderates in order to reaffirm the country’s strength. In many ways, it answered the fears of the Slav-Orthodox population exposed above. But it did not take into account that its uncompromising political actions would be used by jihadists now and maybe even more in the future.

### **Jihadism in Russia: A Real Issue in the North Caucasus, False Fears Elsewhere.**

Indeed, because of this “Putinian reaction” and the response of a wounded Great Power that wants to reassert itself no matter the cost, a real jihadist problem exists now not only in Chechnya, but in all of the North Caucasus. However, it would be a mistake to think that all of Russia is affected by jihadism. Fortunately, as it will be shown, the fears of a Tatar jihad are unfounded - at least for the time being.

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<sup>17</sup> Gordon M. Hahn, *Russia’s Islamic Threat* (London and New Haven: Columbia University Press, 2007) p. 112.

<sup>18</sup> Mairbek Vachagaev, “The Ingush Jamaat: Identity and Resistance in the North Caucasus”, *Occasional Paper – The Jamestown Foundation*, August 2007, p. 6.

*A Source of Concern: The Jihadist Presence in the North Caucasus*

At the beginning of 1994, when the first Chechen war started, it would have been difficult to see this country become the cause of a regional jihad. The nationalist elite leading the movement for independence was very secular, and used the Islamic discourse only in a cultural sense, to reaffirm Chechen specificity. There were no more than 300 foreign jihadist fighters in the republic in 1995<sup>19</sup>, and it has been recognized that besides some daring successful attacks, like the one at Shatoi in April 1996, they did not have a tremendous impact on the outcome of the conflict. With or without them, it is fair to say that the Chechen local fighters would have won what they saw as a war for independence. But what made them influential for the Chechen nationalists was less their actual actions during the first war than their undeniable professional military knowledge linked to the jihadist camps in Afghanistan and northern Pakistan, as well as their financial connections. Ibn Khattab, the *de facto* leader of the foreign jihadist forces, has been able to use this situation to his advantage. He was able to attract Chechen followers because of the weapons, the money, and the military experience he could offer his recruits. Some Chechen fighters, owing to those foreign jihadist connections, have been able to train in terrorist camps in Afghanistan. One of them became, after the first war, the main warlord in Chechnya: Shamil Basaev. This fighter, which best could be defined at the beginning of the conflict as a pan-Caucasian nationalist, became a jihadist, not only because of a real conversion to radical Islamism, but also because of military pragmatism. As he explained, he would have accepted the money of Bin Laden if Al Qaeda's leader would have offered some for the Chechen nationalist cause.<sup>20</sup> The influence of jihadists on warlords and radical nationalists like Basaev only grew stronger after 1996, when the jihadists found themselves in charge of the training of the Chechen troops. Soon the training became not only military, but also political: radical clerics came from Pakistan and Saudi Arabia in order to supervise the Chechen soldiers ideologically.<sup>21</sup> The foreign and local jihadists quickly became important political players compared to more moderate nationalists, like Aslan Maskhadov, elected president in 1997. The deterioration of the relationship with Russia after 1996, and the initiation of Russia's second war in Chechnya in 1999, served as the final blow to moderates and gave the jihadists the opportunity to assume leadership of the Chechen resistance.

In a way, the Russian actions that led up to the second Chechen war can be seen as understandable. In August and September 1999, jihadist

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<sup>19</sup> Rohan Gunaratna, *Inside Al Qaeda* (New York: Columbia University Press, 2002) p. 135.

<sup>20</sup> "Obituary: Shamil Bassayev", *BBC World*, July 10, 2006.

<sup>21</sup> Lorenzo Vidino, "The Arab Foreign Fighters and the Sacralization of the Chechen Conflict", *Al Nakhlah*, Spring 2006, p.2.

fighters attacked targets in Dagestan in order to defend a group of Salafi villages, or militant jamaats. The devastating terrorist attacks which struck Moscow on September 9 and 13 of the same year was another factor. Even today, nobody knows for sure who was responsible for the latter attacks but the Russian press and political elites were at the time quick to denounce it as a multifaceted attack from jihadists in Chechnya. But the fact is that the Kremlin never helped the Chechen moderates in the first place but tried to undermine them in any way possible, thus indirectly giving more power to the radical nationalists and their foreign jihadist friends. During the peace accords of Khassaviurt in August 1996, Russia recognized its relation to Chechnya as subject to international law, a de facto recognition of independence. Such a solution was vehemently rejected by Russian nationalists. Following pressures from a substantial part of the population, the Russian political elites tried to return to a pre-Khassaviurt situation. This explains why in 1997, Russia threatened to sever diplomatic relations with any country sending diplomatic envoys to Grozny or accepting Chechen passports or other official documents. This situation of non-recognition made it impossible for the moderate Chechen government to receive financial help from the international community, at a time when the jihadists showed their financial capacities. As for the money Russia itself promised to Maskadov, these were never received.<sup>22</sup> Besides, the second Chechen war has never been about what it should have been about, namely, targeting the jihadist structures and destroy them. It was, in the spirit of the "Putinian reaction" exposed above, a revenge for the lost first war, conducted very aggressively, without compromise or subtlety. It effectively pushed Chechen nationalism, as well as a significant part of the Chechen population, into the arms of the jihadist movement.

The Jihad in the North Caucasus broadly speaking does not seem to be approaching an end. In 2008, it killed at least 226 members of the local and federal security forces, and wounded 420. On May 15, 2009, at a time when Chechnya was supposed to be in peace, a suicide attack struck the Chechen Home Office in Grozny, killing two policemen.<sup>23</sup> Moscow is constantly underestimating the number of North Caucasian fighters: for example General Nikolai Rogozhkin talked in March 2008 of no more than 400-500 active jihadists. In view of the fact that 546 had been killed by security forces during 2008 alone,<sup>24</sup> it is safe to say that they are much more numerous and able to recruit new soldiers easily.

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<sup>22</sup> Tony Wood, *Chechnya, the Case for Independence* (London: Verso, 2007) pp. 82-83.

<sup>23</sup> Mairbek Vatchagaev, "The North Caucasus Remains Combustible", *North Caucasus Weekly*, May 15, 2009.

<sup>24</sup> "Website: Few Improvements in the North Caucasus in 2008," *North Caucasus Weekly*, January 9, 2009.

If this is so, it is because the jihadists have been able to exploit the weaknesses of a political structure Moscow has been unable to reform. The irony is that the Kremlin knows the roots of the problem. It has been explained in a brilliant note given to Vladimir Putin by his special representative of the Russian president in the Southern Federal District, Dmitri Kozak. His analysis denounces the “quasi-feudal system” that reign supreme everywhere in the North Caucasian Republics. The local elites are indeed known for their corruption as much as for the monopoly of political power and economic opportunities related to their respective territories. But the “Putinian reaction”, focusing on stability at all costs, preferred the alliance of the local leaders to deal as strongly as possible with any dissent rather than attacking the core political issues that are making jihad possible in the North Caucasus. The outcome of this approach is a failure to deliver what is wanted, and makes, in a sense, Moscow even weaker in its periphery. For example, in Chechnya, Vladimir Putin trusted Ramzan Kadyrov, installed as Chechnya’s leader in April 2007, to restore Chechnya as a member of the Federation and destroy the jihadist movement inside the Republic. He did not succeed, for now, in this second task, as there are still terrorist attacks in the Chechen territory. To Ramzan Kadyrov’s credit, it can be said that he partially succeeded in reconstructing Grozny and to install a sense of normality, something unthinkable a few years ago. But it came with a heavy price for Moscow. First, as much as 95 percent of Chechnya’s budget (US\$2.48 billion) comes from Moscow. Evidently these funds have failed to address social tensions and raise incomes as the republic has been unable to extend a planned 14 percent salary increase to medical workers and teachers. Such a situation can only inflame the Chechen citizens against their local and federal public figures, especially given that important members of the administrative and political elites in Chechnya are well known to have embezzled funds intended for reconstruction<sup>25</sup>. Second, politically, it seems more and more clear that Kadyrov has been able to strengthen his power base to such a point that “regime change” would be nearly impossible in Grozny, even if the Kremlin would want such a change.<sup>26</sup> Hence even with its supposed allies, it seems that Russia, through the “Putinian reaction”, only benefits from a façade of strength. Local politics in the North Caucasus looks increasingly similar to the Central Asian region under Brezhnev: a region where the local elites could do whatever they want in their territories in exchange for loyalty to the Kremlin. Freedom for the local elites seemed to have spiraled out of control. For example, in Ingushetia, some analysts think that the senseless acts of violence, as well as the abductions that struck the

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<sup>25</sup> “What Direction for Chechnya?” *RFE/RL*, July 8, 2008.

<sup>26</sup> Aslan Doukaev, “A State Within a State”, *RFE/RL*, October 31, 2008.

republic from 2003 to 2004, were not the actions of jihadists, but of some in the local elites who had a vested interest in seeing this particular territory in chaos.<sup>27</sup>

Because of such a tense social and political situation in the region, and the activism of jihadists, it is indeed clear that North Caucasus is a hotbed of radicalism in Russia. However, is there a larger “Islamic threat” facing this country? The question is of importance given that in North Caucasus it can be said that Russia’s status as a Great Power is at stake. But if there are problems deeper in Russian territory, Russia as a country would broadly speaking be in danger.

### A Problem Extending Beyond the North Caucasus? The Tatar Case

On this particular matter, the Tatars are of importance. They are the Russian Muslims *par excellence* because of history and demography. They are the second largest ethnic group in Russia. There are 3 million of them in Tatarstan itself, but they are in total 5.5 million spread out all over the country. As mentioned above, they are not victims of a strong racism like the Caucasians, and they are not seen as different from the Slav majority. It is therefore unlikely that Tatars would turn to jihadism as such a turn of events could have tremendous consequences for Russia’s territorial integrity.

Speculations of such a “jihadist turn” in Tatarstan have also been made by some recent and serious scholarship.<sup>28</sup> Indeed, there have been some radicals in Tatarstan. In 1995, some young zealots sought to reopen a former Islamic college in the regional capital, Kazan, and occupied it. After five days of tensions, the Tatar government accepted their demand, turning the building into an Islamic institution again. It was surprising for the local elite, as similar violent actions had not been seen since 1917.<sup>29</sup> More broadly speaking, the radical Islamists are not absent from the Volga-Ural area. In Tatarstan, like elsewhere in Russia, some young people have adopted wahhabism as a way of life in opposition to the traditional Islam taught by the older generation. Moreover, like elsewhere in the post-Soviet area, their goal was to follow a religious approach that, from their point of view, adhered closer to the real Islam. Contrary to the old generation of imams, which have sometimes only a perfunctory knowledge of theology<sup>30</sup>, the new generation, trained

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<sup>27</sup> Liz Fuller, “North Caucasus: Who is Behind the Spiraling Violence in Ingushetia?” *RFE/RL*, September 21, 2007.

<sup>28</sup> See for example Hahn, *Russia’s Islamic Threat*, Chapter 6, or Eduard Ponarin, “The Potential of Radical Islam in Tatarstan,” CPS International Fellowship Program, paper for the Open Society Institute, April 2008.

<sup>29</sup> Geoffrey York, “Islam in Tatarstan,” *The Globe and Mail* (Canada) May 5, 1998.

<sup>30</sup> In Bashkortostan, nearly 60 percent of the imams older than 60 never had a real religious education.

overseas and eager for social recognition, was able to give to this young people the guidance they sought.<sup>31</sup> It seems that at least in one city, Naberezhnyi Chelny, the local branch of the nationalist group VTOT (All-Russia Tatar Social Center) took a more radical stand, using the symbol of Tatar Islamic faith as a flag, and adopting a confrontational approach to the Orthodox faith locally. Its chairman Rafis Kashapov even wrote for the Chechen Islamist website *Kavkaz-Tsentr* in 2005.<sup>32</sup> During the same period, between November 2004 and January 2005, several dozens of Tatar citizens were arrested and accused of being members of the Hizb ut-Tahrir (“Party of Liberation”). So-called “jamaats” or Hizb ut-Tahrir cells have also been discovered by the authorities elsewhere, among Tatar minorities outside the region as well as in Tatarstan itself.

Does this imply a real Islamist threat in Tatarstan? A problem when answering this question is, like in Central Asia, that available information comes almost one-sidedly from authorities, without any way to judge it independently. Besides, it is not uncommon in the post-Soviet space to label groups or individuals as “terrorists” without sufficient evidence. This is the case for the Hizb ut-Tahrir, which is banned in Russia since 2003. Hizb ut-Tahrir cells, like other extremist political or religious associations, need to be put under surveillance, of course. But in Russia or elsewhere in the post-Soviet world, the Hizb ut-Tahrir as a structure does not proclaim to use terrorism to impose its ideas<sup>33</sup>, proof making that for now, it cannot be considered as a clear security threat, contrary to the North Caucasian jihadists or the Uzbek followers of the Islamic Movement of Uzbekistan (IMU).<sup>34</sup> Besides, the people arrested are sometimes forced to confess their alleged guilt through questionable interrogation techniques, like torture. It seems that this has been the case

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<sup>31</sup> Xavier Le Torrivellec, “L'épreuve du désenchantement : pratiques de l'islam et pensées identitaires en région Volga-Oural” [The test of disillusionment : practices of islam and thoughts about identity in the Volga-Ural Region], presentation given at the Center for Russian, Caucasian, and Eastern European Studies, EHESS, Paris, January 24, 2008. Transcription at <http://cercec.ehess.fr> (in French) (April 1 2009).

<sup>32</sup> Hahn, *Russia's Islamic Threat*, p. 205

<sup>33</sup> The HT is ideologically extremist, but claims to be non-violent.

<sup>34</sup> Indeed it would make no sense for this movement to deny involvement in terrorist activities if it supported them, and its option of non-violence made it loose followers. Besides, Hizb ut-Tahrir has more of its followers in prison in the ex-USSR, in Central Asia in particular, than any other Islamist organization in the post-Soviet space. A disavowal of non-violence would not mean more problems to the members of the HT. Hence, to continue to oppose terrorism is indeed an ideological choice that seems to be genuine, at least for the time being. Lastly, there is no substantial evidence of violent organisations committed by the Hizb ut-Tahrir as a group in Russia or Central Asia. For a further elaboration on this, see Didier Chaudet, “Hizb ut-Tahrir: An Islamist Threat to Central Asia?” *Journal of Muslim Minority Affairs* 26, 1 (April 2006) pp.113 to 125.

for the alleged HT members arrested between 2004 and 2005 in Russia.<sup>35</sup> Indeed there is some violence and terrorist activity taking place in the Volga-Ural area, for example, the gas pipeline explosion in Bugulma in January 2005. This case soon became a spectacle, however, where the federal government was quick to oppose the local jury trial acquitting the alleged terrorists in September of the same year. Two of them were former Guantanamo inmates, explaining why they were under scrutiny by the authorities. In any case, it is difficult to imagine why a local jury of the Tatar region would acquit such “perfect” culprits without reason. In November 2006, the so-called evidence against the alleged terrorists proved weak as the Federal Supreme Court reduced their previous sentences of 11 to 15.5 years to 8 to 10.5 years. Suspicions were also raised that torture was used to acquire evidence before the trial.<sup>36</sup> The evidence is, however, that there seems to be no extremist group able to pose a real, worrying security threat in the area. What is also true is the questionable behavior of the police in the Volga-Ural area against the Muslim communities. Of course, all police activities there are not of this type: the local FSB closely monitors on the activities in mosques in order to put potential extremists and terrorists under surveillance. There is nothing reprehensible about that. What is more problematic is the ubiquitous harassment of Russian Muslims, even moderate ones. A striking example of this is the arrest of nearly one thousand Tatars in the Bashkir city of Blagoveshchensk in December 2004, where hundreds reportedly were beaten, and some even raped by police officers.<sup>37</sup> More broadly speaking, it seems that political opposition in the local or regional arena could mean serious trouble. Indeed a former presidential spokesman turned critic of the Kazan mayor and city officials, Irek Murtazin, was severely beaten in what certainly looks like retribution.<sup>38</sup> Such actions could make jihadism appear where, for now, it does not exist.

There would be cause for concern if the bulk of the Tatar nationalists were turning jihadists, but this does not seem to be the case. True, relationships have been established between some Tatar nationalists and Chechen Islamists. Any clear proof of a strong coordinated effort between them is however yet to appear, discounting some very superficial links such as writing on the radical Chechen website *Kavkaz-Tsentr*. But Tatar nationalists do not limit themselves to relations with Chechens. Rafiz Kashapov, for example, saw Ukraine and the Ukrainian press as an important ally in promoting his nationalist goals.<sup>39</sup> Besides, if

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<sup>35</sup> Ponarin, “The Potential of Radical Islam in Tatarstan,” p.17.

<sup>36</sup> See “The Stamp of Guantanamo”, *Human Rights Watch*, March 28, 2007.

<sup>37</sup> Hahn, *Russia's Islamic Threat*, p. 211

<sup>38</sup> “Prominent Tatar Author, Blogger Beaten”, RFE/RL Watchdog, December 30, 2008.

<sup>39</sup> Paul Globe, “Tatar Nationalists Ask UN to condemn 1921 famine as genocide,” *Homin Ukraini* (Ukrainian Echo) November 6, 2008, <www.homin.ca> (November 7 2008).

Islam is indeed increasingly seen as an important component of Tatar nationality, but for the nationalists more democracy in Russia is much more important for their cause than the defense of Islamic orthodoxy.<sup>40</sup> If anything, Russia's difficulty in defining its civic identity should be identified as a more severely destabilizing factor for the future than any factor indigenous to Tatarstan. Even if the Tatar population is highly secular and has always been looked upon as Russian, the violent Russian far-right is now targeting Tatars. The Tatar community in St Petersburg, historically a part of the city as it helped build it, was understandably shocked by the racist murder of one of its own, Damir Zainullin, near a police station on July 1, 2007.<sup>41</sup> Rising tensions fueled by Russian "chauvinism" could thus be a far more dangerous factor than any fictional jamaats. Worse, it could inspire some radical Tatars to use violence to protect their community. But even such a scenario would not mean that Tatar nationalists would become jihadists or even violent Islamo-nationalists overnight.

Hence, at least for now, there is no reason to believe that there is a real jihadist threat coming from nationalist agitation in Tatarstan. One can even go beyond this notion of threat to see tensions between Tatarstan and the Russian Federation as a chance for the future. The Tatar Republic is the only strong remaining voice opposing a Jacobin vision of Russia. Indeed in June 2008, the Tatar President, Mintimer Shamaiev, strongly criticized what he called the "vertical power" of the Kremlin, its nomination of the presidents of the 89 regions, and the inability of regional parliaments to counterbalance the center. More fundamentally, pressured by the Tatar nationalists, Shamaiev opposes the unitary vision of Russia for the sole reason that the country is multi-national, and should be seen this way. This is why he opposed the possibility of mandatory classes on the culture of "Russian Orthodoxy", an initiative that would be an historical slap in the face of the vast majority of the Russian Muslims.<sup>42</sup> Indeed, the Tatar moderate nationalist vision of the Russian History, articulated by Shamaiev's top advisor Rafael Khakimov<sup>43</sup>, integrates the notion of multi-nationality in the project of the Russian state itself. From their point of view, the Empire was not a Slav project, but a Tatar-Russian project, born from the time of the Golden Horde, under which the two peoples were associated. Such a stand, which does not ask for independence but for acceptance,

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<sup>40</sup> "Tatar-Bashkir Daily Report," *RFE/RL*, September 20, 2004.

<sup>41</sup> "Tatars Say St Petersburg Murder Was Racist Attack," *RFE/RL*, July 13, 2007.

<sup>42</sup> Jonas Berstein, "Tatarstan's Leader Criticizes the 'Vertical of Power' and 'Great Russian Chauvinism'", *Eurasia Daily Monitor* 5, 114 (June 16, 2008).

<sup>43</sup> See Rafael Khakim (he signed this work without the suffix -ov, a mark of the Russian language) "Kto Ty, Tatarin," (Who Are You Tatars) *Vostochnyi ekspress*, April 26 - May 2, 2002.



gives a voice to the other Muslims and nationalities in the Federation feeling uncomfortable with the Slav-Russian-Orthodox nationalism that has been the bedrock of the “Putinian Reaction”. The positions of the Tatar leadership are hence good for the protection of minorities in Russia and perhaps even real federalism that heeds the needs and concerns of those minorities.

### **A Threat the Kremlin Does not Understand: Jihadism Coming from the South**

#### *Russia and the threat in Post-Soviet Central Asia*

But as a Great Power or an ex-Great Power aspiring to regain its former status, Russia cannot merely consider security only within its borders. And one can find two areas where a potential jihadist threat could have an impact on Russian security. First, there is post-Soviet Central Asia. Second, there is Afghanistan, or to be more precise, the Afghan and the Pakistani Pashtun area where the Taliban and their foreign jihadist auxiliaries are based. As a turbulent neighbor threatening the stability of the Central Asian states for the last two or three decades and as the safe haven of international terrorists during this period, Afghanistan is of direct concern for Russian security. However, it is not certain that Moscow understands it this way.

Stability in Central Asia is indeed essential for Russian security and its domestic politics. Destabilization of a state in this region would mean, at the very least, a larger flow of emigrants from Central Asia Muslims to Russia. Additional Central Asian immigrants could trigger the Russian extreme right further, stir anti-Muslim sentiment in the population, and reinforce links with criminal groups operating in the country in question. It is exactly for these reasons that Moscow decided to intervene in the Tajik civil war.<sup>44</sup> But the Kremlin did not adopt a neutral stance in this conflict. From Russia’s point of view, the Islamist opposition had to be marginalized and the Rakhmon regime is still in power because it received the support of the Russian government at the time. As for the Russian 201<sup>st</sup> Motorized Rifle Division, which has been stationed on Tajik territory since the Soviet period, it supported the anti-Islamists faction from the very beginning.<sup>45</sup> Such an approach is rational in the short term: the goal is to obtain stability, regardless of costs. The most prominent source of stability for Russia comes from people who have a

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<sup>44</sup> Yann Breault, Pierre Jolicoeur, and Jacques Lévesque, *La Russie et son ex-empire* (Paris: Presses de Sciences-Po, 2003) p. 290.

<sup>45</sup> Lena Jonson, *Tajikistan in the New Central Asia* (London: I.B. Tauris, 2006) p. 44.

vested interest in aligning their policies with Russian interests in the future. The Tajik Islamists were close to the Afghan *mujahidin*, something that could only bode ill for Moscow. However, such an approach did not guarantee that the Rakhmon regime would keep all its promises after the end of the war in 1997, and it even encourages it to strengthen its independent decision-making as much as possible. The Russian support for the status quo is also an encouragement for local leaders to disregard existing tensions in their own society. For now Tajikistan is still at peace, but it comes more from the memories of a horrible civil war and from a restrained opposition than from the policy of the local government itself. Nevertheless, Moscow definitively prefers the *status quo* to reforms in Central Asia. This calculus explains its position towards the Andijon events in Uzbekistan in 2005. The west's alienation of Tashkent was viewed as an opportunity to reclaim its political and economic influence in the country. Even before, Moscow sought to present itself in Uzbekistan as a better option than the American one, which pressed for economic reforms and protection of human rights.<sup>46</sup> The support extended to the Uzbek government and its distaste for reforms permits indeed Tashkent to repress any Islamist uprising for now, but it also makes it impossible to address the roots of the political problems in Uzbekistan. Hence such diplomatic choices could have disastrous consequences for Russian security in the future.

Another main Russian concern for Central Asia, apart from supporting the *status quo*, is to limit the presence of the United States in the "near abroad". Such an approach is, in a sense, understandable. After the humiliation of the 1990s and Russia's marginalization as a great power - supported by the West in general and by the U.S. in particular - it is quite rational that the presence of another great power, in an area it considers as its zone of influence, irks Russia. It is even more so considering the persistency with which the U.S. has sought to strengthen the Central Asian states independence, something that has been seen in Russia as a way to limit Moscow's political influence.<sup>47</sup> The Russian point of view has been clearly expressed by Vyacheslav Alekseevich Nikonov, director of the influential Russian think tank *Polity Foundation*<sup>48</sup>: "We [Russia] and the Western countries have diametrically opposite definitions of success in our policy toward the CIS [Commonwealth of Independent States] countries. For Russia, success lies in strengthening of integration ties, rapprochement with its

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<sup>46</sup> Antoine Blua, "Russia/Uzbekistan: Presidents Sign Strategic Partnership Agreement," *RFE / RL*, July 17, 2004.

<sup>47</sup> Elisabeth Wishnik, *Growing U.S. Security Interests in Central Asia*, monograph for the Strategic Studies Institute, October 1, 2002, p.5, <strategicstudiesinstitute.army.mil> (October 2 2002).

<sup>48</sup> The website of this think tank is [www.polity.ru](http://www.polity.ru)

neighbors and a strengthening of cooperation. For the West, on the contrary, success means distancing these countries from Russia, a reorientation to external centers of power aimed at preventing 'a rebirth of the Russian empire'. When political goals are so diametrically opposed, it is impossible to speak of a common agenda."<sup>49</sup>

Since, from the Russian point of view, there is no overlapping "common agenda", it is logical to see the Kremlin as systematically trying to limit U.S. influence in Central Asia, in particular its symbol, the American military bases. It can be seen as part of the "Putinian Reaction" and Russia's attempt to reclaim its great power status. In July 2005, it became clear that Russia was one of the architects of the termination of all American operations in Uzbekistan, and the subsequent evacuation from the famous Karshi-Khanabad (K2) base.<sup>50</sup> In the same way, it is no surprise that the Kyrgyz president, Kurmanbek Bakyev, announced in Moscow on February 3, 2009, that the base on Kyrgyz soil, in Manas, had outlasted its original goals linked to the War on Terror. During this very visit, Bishkek received US\$150 million in aid, US\$2 billions in loans, and a debt-reduction of US\$180 million.<sup>51</sup> Even at a time when the vote for the closure of the Manas base had been delayed by the Kyrgyz Parliament until the end of February 2009, during which time the U.S. could have offered more money to stay<sup>52</sup>, Russia had already proposed a replacement for this force, in order to reassure Central Asians on the security issue. Indeed, at the same period, Russia and the other CSTO members<sup>53</sup> agreed to create a rapid-reaction military force that should be able to answer regional security threat and terrorism. Despite all those offers, the Russian actions succeeded only in giving the opportunity to the Kyrgyz president to obtain a better deal for Manas. Thanks to Moscow's anti-Americanism, the base, now a "transit point" will be paid US\$60 million in annual rent, and more broadly speaking, the American financial assistance for Kyrgyzstan will increase.<sup>54</sup> Clearly, the situation around Manas could only be seen as an important Russian defeat, difficult to accept for a regional Great Power, and as a

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<sup>49</sup> Cited in M K Bhadrakumar, "Russia joins the war in Afghanistan", *Asia Times*, June 25, 2008.

<sup>50</sup> "US asked to leave Uzbek airbase", *BBC News*, July 30, 2005, <news.bbc.co.uk> (July 30 2005).

<sup>51</sup> Elisabeth Bumiller and Ellen Barry, "U.S. Searches for Alternative to Kyrgyz Base", *New York Times*, February 5, 2009, <www.nytimes.org> (February 6 2009).

<sup>52</sup> Huma Yusuf, "Kyrgyzstan Parliament delays vote on US base closing", *Christian Science Monitor*, February 5, 2009, <www.csmonitor.com> (February 6 2009).

<sup>53</sup> The CSTO is the Collective Security Treaty Organization, made up of Russia, Armenia, Belarus, and the Central Asian states without Turkmenistan.

<sup>54</sup> Erica Marat, "Bakiyev Wins New Geopolitical Game Over Manas Base," *CACI Analyst*, July 1, 2009, <www.cacianalyst.org> (July 1 2009).

“geopolitical game of ‘can-you-top-this’”<sup>55</sup>, as Anatoly Serdyukov, the Russian Defense Minister, and Igor Sechin, the Russian Deputy Prime Minister came in July in Bishkek in order to negotiate the opening of a second Russian base for the CSTO’s Rapid Reaction Force.

If such a scheme is understandable in the rivalry between Great Powers, there are some inconsistencies that will trouble the Kremlin when one takes into account the security of Russia and of Eurasia, as well as Russian capacities. The Russians have raised with their neighbors the idea of a rapid-reaction military force to assure regional security, and offered financial help to countries that badly need it. However this proposal came at a time when Russia itself is strongly hit by the crisis. In parallel to the economic aid given to Kyrgyzstan, Moscow also offered US\$350 millions to Cuba, and contributed \$7.5 billion to the US\$10 billion anti-crisis fund launched by Russia to help itself as well as Belarus, Tajikistan, Kyrgyzstan, and Kazakhstan.<sup>56</sup> Besides, it seems far from certain that the CSTO force will be able to protect local leaders against an Islamist revolution or uprising, a point noted by Alexei Malashenko.<sup>57</sup> In short, the present Russian move will be difficult to consolidate in the long-term with the crisis, and for now there is no evidence, nor indications from the past, that Russian forces alone could be able to deal with an Islamist threat to stability in Central Asia.

Hence, if the political choice of the Kremlin makes sense in a pre-9/11, Great Power diplomatic vision, it is short-sighted as far as the security issue is concerned. Its support for regimes that could or are already breeding radicalism, as well as its focus on its tense relationship with the US, seem to make it adopt as secondary the dangerous consequences of this approach for the stability of the Near Abroad.

#### *Beyond the Near Abroad*

The approach towards the U.S. military bases is even more problematic when one takes into account the jihadist issue in Afghanistan. At the end of the 1990s, the “Emirate” of mullah Umar was clearly seen a security threat for Central Eurasia. It was indeed the case, when one takes into account the aggressive incursions of the IMU, supported by the Taliban, which eventually gave them a safe haven, between 1999 and 2001.<sup>58</sup> Those attacks showed how weak the states sharing the Ferghana Valley are, and

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<sup>55</sup> Eurasia Insight, “Kyrgyzstan: Russia Seeks Second Military Base In Central Asian Nation, Rattling Uzbekistan,” *Eurasianet*, August 8, 2009, <[www.eurasianet.org](http://www.eurasianet.org)> (August 9 2009).

<sup>56</sup> “Belarus Says Russia Offers Bulk of Rescue Funds For Allies,” *Reuters*, February 4, 2009, <[www.rferl.org](http://www.rferl.org)> (February 5 2009).

<sup>57</sup> “Russian-Led CSTO Grouping Adds Military Dimension”, *RFE / RL*, February 4, 2009.

<sup>58</sup> For more on the IMU and the Uzbek jihadist threat, see Didier Chaudet, “Islamist Terrorism in Greater Central Asia: The Al-Qaedaization of Uzbek jihadism,” *Russie.Nei.Visions*, 35 (December 2008) <[www.ifri.org](http://www.ifri.org)> (January 15 2009).

the incapacity of Russia or any other regional actor to be an effective security guarantor. Such a situation proved harmful for its status of Great Power. It is indeed the U.S. and its allies that gave temporarily better security to Central Asian states by targeting the IMU training camps and destroying the regime of the Taliban. But the specific threat coming from the IMU fighters has only been removed as long as the neo-Taliban are contained by U.S. troops. Indeed, the Uzbek jihadist threat evolved, but is not less dangerous than before. The IMU lost some followers; however it is still a military threat, as its actions in the Pashtun area in Pakistan illustrates. That is, it still receives drugs, and Russian-made weapons. The group is still operational then, even if some IMU members seceded to create an even more radical group, the IJU (Islamic Jihad Union), in 2002. The latter is also based in Waziristan and it showed its ability to strike in post-Soviet Central Asia still through the terrorist attacks in Uzbekistan. The two Uzbek jihadist organizations could be much more dangerous if based in an Afghanistan run by the neo-Taliban. Then it is clear that the war the U.S. is waging in Afghanistan is in the interest of Central Asian states. It is also in the interest of Russia. After all, before 9/11, Moscow saw the Taliban as a security issue threatening both itself and its neighbors, but had been unable to deal with them accordingly. The U.S. presence in Afghanistan helps the Kremlin counter a threat that Russia has been unable to take care of by itself. But by giving priority to its perceived rivalry with the U.S. in Central Asian territory, the Kremlin is sacrificing its security interests there. For example, the Manas base was very important for the refuelling of American troops. In 2008, 5,000 tons of equipment and 170,000 persons working for the military transited the base to or from Afghanistan.<sup>59</sup> This base became even more important as the Khyber Pass, the traditional route linking Afghanistan with Pakistan, is frequently under attack and vulnerable to supply disruptions. The fact that cooperation could stop due to Russian-American rivalry and following tensions elsewhere, as became evident after the Georgia crisis<sup>60</sup>, jeopardizes not only the American military actions in this area but also the security of the Central Asian states, and then of Russia, and the rest of Central Eurasia.

Moreover, if the coalition loses in Afghanistan, Russian security itself could be at stake more directly. Indeed, there is a common misperception about jihadist groups as only anti-American. But if Bin Laden and his followers indeed see the U.S. as their great enemy, this has not been the case of all the jihadists based in the Afghan "emirate" of the Taliban. Indeed before the American attack after 9/11, as far as we know,

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<sup>59</sup> Joel Brinkley, "Why is Russia bribing Kyrgyzstan," *San Francisco Chronicle*, February 22, 2009, p. H6.

<sup>60</sup> Jeremy Page, "Russia Threat To Nato Supply Route in Afghanistan", *The Times*, August 26, 2008, <[www.timesonline.co.uk](http://www.timesonline.co.uk)> (August 27 2008).

there were at least 14 jihadist groups or organizations in Afghanistan. If one cannot reject the idea of some kind of influence of Bin Laden on some of them at least, the Uzbek IMU for example<sup>61</sup>, it is a mistake to think that Al Qaeda had a direct control on all of them, or that it was able to impose its vision to the other groups. Some saw the U.S. only as one of the main enemies, with Russia as an equally important enemy. For example, for al-Suri, in the 1990s, there was an aggressive alliance between Iran, Russia, the United States, and Central Asian states, against the Taliban and their jihadist allies.<sup>62</sup> Some jihadists, including some Afghan-Arabs and Middle Eastern jihadists, were much more interested in continuing the Soviet-Afghan war, this time in Central Asia, and in Russia, than to wage a war against the Americans who are deemed the strongest opponent. This practical approach was the one of the Khattab network, which was, at least in the 1990s, as important, or even more important, than the one Bin Laden has been able to establish during the same period in Afghanistan<sup>63</sup>. Others chose the path of Khattab, even without being part of his group. Some jihadists present were indeed “wanderers”, without any strong affiliation to one group or another in Chechnya, just present to fight the state that they thought was the main oppressor of Muslims.<sup>64</sup> Some Chechen Islamists, like Basayev, have been trained in jihadist camps in Afghanistan<sup>65</sup>, and Chechen jihadists are still based in the neo-Taliban strongholds, for example in Waziristan. If the United States fails in Afghanistan, it is clear that the international jihadists would find a safe-haven there and would not only target the US. Indeed, due to the weakness of the Central Asian states, and the situation in a closer North Caucasus, it is very possible to see the jihadist reorient their actions at least partially against Russia. Lastly, in a new Afghan “emirate”, Chechen jihadists would also be given a safe-haven. Already in the 1990s, the Chechen independence had been recognized officially by the Taliban. As the neo-Taliban are much closer to the jihadist way of thinking than the Taliban before them, it is fair to think that a new Afghan Emirate led by the neo-Taliban will focus on the jihadist regional causes of their allies, i.e. the jihads for the Ferghana Valley and for the North Caucasus, among others. With this in mind, the Russian fears towards the U.S. presence in post-Soviet Central Asia seem like an overreaction, which prevents the Russian leaders from seeing the real security issues that makes a clear American victory in Afghanistan a prerequisite for the stability of the Near Abroad.

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<sup>61</sup> Gunaratna, *Inside Al Qaeda*, p.171.

<sup>62</sup> Brynjar Lia, *Architect of Global Jihad*, p. 237.

<sup>63</sup> Fewaz Gerges, *The Far Enemy* (Cambridge University Press, 2007) p. 57.

<sup>64</sup> Aukai Collins, *My Jihad*, Pocket Star Books, 2002, pp. 96-97.

<sup>65</sup> Mike Bowker, *Russia, America, and the Islamic World* (Farnham: Ashgate, 2007) p. 79.

It is clear that, for now, the Russian position beyond the Near Abroad is, like in post-Soviet Central Asia, a recipe for disaster in the years to come, even if it seems to bring some diplomatic gains against the Americans. But as always in foreign policy making, the situation is not black and white, and there are some proofs showing that the Kremlin is also aiming at stabilization and at cooperation with other Great Powers, for the greater collective good. Indeed, since the adoption of the Russian National Security Concept and Military Doctrine in 2000, and inspired by the personal vision of Vladimir Putin, there has been an understanding of the threat of international terrorism for Russian security, and the need to work with other states in order to deal with the problem. It explains why a Russia-America Working Group was set up the same year. Its primary objective was to focus on counter-terrorism, in particular, to answer the threat posed by the Afghan Emirate. This Group meets twice a year, and it has been known to be an important asset in the capture of several terrorists, and to promote greater cooperation between the FSB and the FBI broadly speaking.<sup>66</sup> More importantly, Russia appears to have a greater interest for Afghanistan than in the recent past. At the beginning of the War on Terror, Moscow was known to be a little too supportive of its traditional allies of the Northern Alliance, supporting the desire of this non-Pashtun group to enter Kabul before the Americans<sup>67</sup>, without considering the impact it would have on the Pashtuns in the south. Nowadays the Russians seem to take a greater interest in stabilizing and supporting the Karzai government. It cancelled most of the Afghan debt as a sign of support<sup>68</sup>, and relations linked to defense and weaponry are growing.<sup>69</sup> Russia even seems to appreciate the importance of perceiving security and development in this region from a "Greater Central Asian" approach, which at last takes into account the fact that that fate of Central Asia and Afghanistan are linked.<sup>70</sup> But first, there seem to be, again, the problem of the economic capability, and even of political will of Russia to act in Afghanistan.<sup>71</sup> Second, the action in Afghanistan is still seen more as a bargain made with the Americans

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<sup>66</sup> Ibid, pp. 91 and 93.

<sup>67</sup> Ibid, p. 92

<sup>68</sup> "Rossiâ spisala dolg Afganistanu" [Russia cancelled most of Afghanistan's debt], August 8, 2008, <<http://ntv.ru>> (August 9 2008).

<sup>69</sup> "Voenno-tehničeskoe sotrudničestvo Rossi iso stranami dal'nego zarubež'â" [Military and technical cooperation of Russia with the countries of the Far Abroad"], *RIA Novosti*, February 8, 2002.

<sup>70</sup> V.F. Li, "Geopolitičeskie aspekty diversifikacii rossijsko-afganskikh otnošenij" [Geopolitical aspects of the Afghan-Russian relationship], Institute of Orientalism, Russian Academy of Sciences, January 2006, <[www.ivran.ru](http://www.ivran.ru)> (February 20 2006).

<sup>71</sup> A.K. Lukoânov, "Nužna li Afganistanu Rossiâ ?" [Does Afghanistan need Russia?], Institut Bližnego Vostoka [Near East Institute], March 2, 2006, <[www.iimes.ru](http://www.iimes.ru)> (March 3 2006).

rather than a true comprehension that the Russians, with their Chinese and Central Asian allies, would be the first to have greater security issues with neo-Taliban ruling Kabul. From the Kremlin's point of view, it seems that there will be "full-fledged, comprehensive cooperation" with the U.S. only if there are some changes in the American foreign policy, especially in Europe. Again, such demands are totally understandable. In order to have a true cooperation, there is the need for a real trust between the partners. But Russian national interests are very much at stake in the battle against the neo-Taliban. The fact that such an issue can be used in diplomatic games is proof that the Russian elites do not fully appreciate the jihadist threat they are confronting.

### Conclusion

In summary it seems that the way Russia deals with the jihadist issue is directly linked to the way this nation sees itself. It is a Great Power that wants to be recognized as such, at any cost, but at the same time, it is a nation that is unsure of its identity and of its own strength. What was called the "Putinian reaction" here was nothing more that was seemed at the end of the 1990s as the quickest way for Russia to reassert itself, inside the national territory as much as in the international arena. It permitted some short term gains, but as we have seen, also caused great problems today and in the future. Hence, the way Russia will define itself in the years to come will be of tremendous importance for the evolution of jihadism in the post-Soviet space, and for the stability in Eurasia broadly speaking. The U.S. and the European Union should promote a Russian identity as a Great Power, one that has nothing to fear from its Western allies; but Great Power identity should come with responsibilities. Moscow should also feel reassured enough to treat its regions, republics and minorities as active participants to policy making, and not potential threats in a Yugoslavian scenario. A Russian state as an accepted Great Power acting accordingly, and as a nation reconciled with its multiple identities, would be the best ally of NATO to stabilize, once and for all, Afghanistan and Greater Central Asia as a whole.



# Restoring India's Silk Route Links with South and Central Asia across Kashmir: Challenges and Opportunities

Mushtaq A. Kaw<sup>\*</sup>

## ABSTRACT

The Indian sub-continent was historically linked to Central Asia through two major overland corridors, one across Kabul, Afghanistan, in the South and another through Kashmir in the North. The trans-Kashmir corridor, with diverse sub-corridors, was symbolic of relative peace, prosperity, cross-cultural and ideological fertilization and human security until late 1940s. Unfortunately, it ruptured in 1947 with the division of the Indian sub-continent into India and Pakistan, and was further affected by the Indo-Chinese and Indo-Pakistan wars in the 1960s and 1970s. India's overland connections with her northern neighborhood came to a standstill to the detriment of its diverse socio-cultural and politico-economic interests. However, the current reopening of traditional trans-Jammu and Kashmir and trans-Azad Jammu Kashmir routes is strongly felt in view of the transforming geo-economic and geo-political scenarios at the regional and global levels. What are the potent challenges and threats ahead of their reopening? Who benefits and at what cost? How would it reconcile the interests of the regional, sub-regional and global powers? What would be the requisite *modus operandi* for their revival? These and other similar types of questions are discussed in this article.

*Keywords* • Silk Route • Xinjiang • Kashmir • Gilgit • Wakhan • Ladakh • Gandhara • Muzaffarabad • Jammu and Kashmir • Azad Jammu Kashmir • Central Asian Republics • Pamirs • Hindukush

## Introduction

To begin with, the historical reality of the Eurasian region was characteristic of a legendary East-West overland highway, dating back to around the 3<sup>rd</sup>-2<sup>nd</sup> century BC. Termed as the *Shahra-i Abrasham* or *Shahra-i Caravan* in medieval accounts, it was named as the Grand Silk Route by a German geographer, Ferdinand Von Richthofen, in the 19<sup>th</sup> century. It developed in the wake of the trade of a lustrous Chinese

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product, the silk, and other regional rarities, the jade, horses, slaves, herbs, tea, felts, carpets, shawls, saffron, grains, salt, leather and other cottage and farm products. Given its elongated trade structure, the Silk Route connected China with Europe, Middle East and India within an interwoven network of sinuous routes traversing the most dreaded deserts, perilous passes, inhospitable mountains and forests, fertile oases, unaffordable rivers and glaciers.<sup>1</sup>

From early times, the Indian sub-continent was connected to the Grand Silk Route through a network of sub-routes criss-crossing “Greater Kashmir” or what presently constitutes Jammu and Kashmir in India and Azad Jammu Kashmir in Pakistan. One such route originating from the Punjab, reached Srinagar, the Kashmir’s capital, then moved ahead to Ladakh in Jammu and Kashmir state, where it split into two branches, one, accessed the Tibetan part of China via Chishool, and another, via Nubra, crossed over Karakoram at Daulatbeg Ulde and reached the Chinese part of Central Asia or Xinjiang Uighur Autonomous Republic (hereafter Xinjiang), from where it moved further towards Central Asia. This is known as the Ladakh Route (see Map 1 below).

The second major route from the Punjab passed over Srinagar, Gurais and Bandipora and entered Gilgit in Azad Jammu Kashmir (Pakistan) where it fragmented into three sub-branches. The first one took an easterly direction and terminated in Xinjiang across Karakoram; the second and third took westerly directions, crossed over the Pamirs and reached Tajikistan across Murghab and Badakhshan (hereafter the Gilgit Route) on the one hand, and Wakhan Corridor in Afghanistan-controlled Badakhshan region on the other (Wakhan Route). On reaching Balakh, the Wakhan Route split into two branches - one moved towards Kabul and another towards Afghanistan’s cross border-points with Tajikistan, Uzbekistan, Turkmenistan and Iran at Kunduz, Termiz, Mazar-i Sharif, Jalalabad, Sheberghan and Meshad respectively. The third principal route stretched from Srinagar to Central Asia and Iran via Baramulla, Uri, Muzaffarabad, Abbotabad, Rawalpindi, Peshawar, Kabul and Afghanistan across Hindukush and Khyber passes (hereafter Srinagar-Muzaffarabad Route).

All three major routes were interconnected within the same geographical space by several other micro outlets including Kargil-Iskardoo, Poonch-Rawalakot, etc. By and large, the trans-Kashmir routes were extraordinarily instrumental in (1) promoting inter-faith and inter-cultural dialogue, (2) providing employment to millions of peoples, and (3) facilitating the sharing of knowledge, expertise and ideas among

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<sup>1</sup> C. Wessels, *Early Jesuit Travellers, 1603-1721* (Hague, 1921), pp. 30-31; C.P. Skrine, *Chinese Central Asia* (London, 1926), pp. 74-75; File no.771/S.1935-36 (1878-79) His Highness Govt., Jammu and Kashmir, Persian/General Records, *Jammu Archives*.

different social groups, who intermittently treaded them for fame, fortune and missionary pursuit.<sup>2</sup>

**Map 1. Kashmir Region**



**Source:** Map is dated 2004 and produced by the U.S. Central Intelligence Agency. Digital source courtesy of the University of Texas Libraries, The University of Texas at Austin

However, these traditional Silk Route links fractured with the emergence of the nation-states of India and Pakistan on the debris of the Indian sub-continent and the *de facto* fragmentation of “Greater Kashmir” into Jammu and Kashmir and Azad Jammu Kashmir. With that, surfaced the Line of Actual Control (LoC) in 1949, for whose retention and expansion, India, Pakistan and even China fought dreaded

2 A. Rahman, “General Features and Areas of Interaction,” *India’s Interaction with China, Central and West Asia: History of Science, Philosophy and Culture in Indian Civilisation*, A. Rahman (ed.), (New Delhi: Oxford University Press, 2002), pp. 22-24.

wars among themselves in the 1960s and 1970s, and which eventually stalled the whole process of free trade, human passage and religio-cultural movements across the otherwise porous borders. In the process, India was axed towards China and Central Asia to its north and north-east, and subjected to a great trade loss, to say the least, which continues until today. This is reflected in the limited Indo-Central Asia trade level of US\$100 million in 2000-01, which rose to US\$230 million in 2005, with Kazakhstan contributing to more than 50 per cent of the share. Consequently, India's share in the trade structure of foodstuffs, mineral products, chemicals, hides and skins, precious metals and stones,<sup>3</sup> amounts to just 1 per cent of Central Asia's total trade<sup>4</sup> as the entire trade with the CARs and China is currently conducted by air-lifts from Dubai and Delhi airports and shipped through the deep water channels of Bay of Bengal and Bandar Abbas at Chabahar in Iran.

Likewise, India's share in the region's "energy-consumption trade structure" is minimal. This in spite of the fact that India's Oil and Natural Gas Company (ONGC Mittal Energy Ltd.) has acquired exploration rights in Kazakhstan and Uzbekistan<sup>5</sup> worth US\$3.5 billion, which, however, is quite incompatible with the huge Chinese US\$40 billion investment and India's growing energy demand during the last 15 years. India's energy demand is due to (1) its rapidly growing population, (2) precipitously depleting energy coal reserves, (3) limited nuclear (1.5 per cent) and power production (2 per cent) in the energy mix, and (4) the staggered Gulf supplies since 1980. Her gas demand grew at the annual rate of 5.1 per cent, from 0.9 trillion cubic feet in 2002 to 2.8 trillion cubic feet in 2005.<sup>6</sup> India is currently plagued with extreme energy crisis featuring periodic power cuts and black outs in villages, cities and towns alike.

To ward off the crisis and strike an equitable balance between supply and demand, India imports around 70 per cent of its energy from the Gulf.<sup>7</sup> India is Asia's third biggest oil consumer,<sup>8</sup> importing 95 million

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3 "Direction of Trade Statistics," International Monetary Bank (Hereafter IMF) Year Book, Washington, Yearly Issues; "Key Indicators of Developing Asian and Pacific Countries," Asian Development Bank, Yearly Reports; United Nations (UN), Statistical Yearbook.

4 *Export Import Data Bank, Country-wise* (New Delhi: Ministry of Commerce, Government of India, 2005).

5 Rakesh Raman, "India, Energy and Central Asia," *Daily Excelsior*, Jammu, February 15, 2007.

6 Everett Wilson, "Turkmenistan-Afghanistan-Pakistan Pipeline: Centrepiece of Indian Energy Security Efforts," *Asian Affairs*, UK, July 2005, p. 14; Talmiz Ahmad, "Geopolitics of Central Asia's Oil and Gas Resources: Implications for India's energy security," Paper presented at the International Conference on *Central Asia: Introspection*, Centre of Central Asian Studies, University of Kashmir, Srinagar, Jammu & Kashmir, India, August 28-31, 2006.

7 Ashok K. Behuria, "Politics of Pipeline," *Asian Affairs*, UK, July 2005, p. 12.

tons of oil in a total consumption of 129.3 million tons during 2004-05 and 75 million cubic meters of gas in the daily consumption of 100-150 million cubic meters during the same period.<sup>9</sup> New Delhi is contemplating to diversify energy partners and import energy from Azerbaijan,<sup>10</sup> Bangladesh, and Myanmar.<sup>11</sup> Besides imports, India is in the process of increasing indigenous production. Lately in September 2008, India's petrochemical giant, Reliance Industries Ltd., mined huge reserves of oil and gas from the Krishna-Godavari basin in the Bay of Bengal, which is estimated to provide as much as 40 percent of India's energy requirement in the coming years. The invitation for international tenders to explore 10 other coal bed methane fields, the signing of the Indo-U.S. nuclear deal, and the waiver from the 45 nations Energy Suppliers Groups at Vienna in September, 2008 to trade in civil nuclear technology and fuels, should also be viewed as a continuation of India's strategy to write off its acute energy crisis.

These types of initiatives would certainly ease India's power and industrial problems in the foreseeable future. Nonetheless, domestic demand will remain given the growing population. As an additional alternative thereof, India should consider importing energy from the CARs across Jammu and Kashmir and Azad Jammu Kashmir. At present, there is little energy trade between India and Central Asia. Incidentally, several Eurasian countries are seriously pushing to incorporate the Asian market in their energy consumers' ambit so as to ensure equitable resource sharing and merger of national and global economies. They have set out an ambitious plan for resuscitating the ancient Silk Route and constructing standardized highways, railways, bridges, and telecommunication systems across different regions.<sup>13</sup> In this regard, Russia, China, Mongolia, Afghanistan, Uzbekistan, Tajikistan, Kazakhstan and Azerbaijan have set aside US\$18 billion for building new "Silk Roads".<sup>14</sup> They have also proposed to build energy pipeline infrastructures in collaboration with other powers in Eurasia. This includes the Asian gas pipeline project, the Turkmenistan-Afghanistan-

8 Pratik Pari, "Auctions for coal-gas areas by year-end," *Mint*, New Delhi, July 16, 2008, p.21.

9 Ashok K.Behuria, "Politics of Pipeline," p. 13; "Iran-Pakistan-India Gas Pipeline Project and its Impact," *Iran-India: A Shared Vision towards Progress*, Embassy of Islamic Republic of Iran, February 11, New Delhi, 2008. p. 20.

10 Pratik Pari, "Auctions for coal-gas areas by year-end," p.21; *New Vistas for Regional Cooperation in Asian Oil Economy* (New Delhi, Ministry of Petroleum & Natural Gas, Government of India, November 25, 2005) p.94; Talmiz Ahmad, "Geopolitics of Central Asia's Oil and Gas Resources: Implications for India's energy security".

11 Everett Wilson, "Turkmenistan-Afghanistan-Pakistan Pipeline: Centerpiece of Indian Energy Security Efforts," pp. 13-14.

13 Paul Wolf, "Shanghai Cooperation Organisation," June 14, 2003, <<http://www.ratical.org/ratville/CAH/ShanghaiCO.html>> (December 1, 2008).

14 *Greater Kashmir*, Srinagar, India, November 5, 2007.

Pakistan-India (TAPI), across Afghanistan<sup>15</sup> for its strategic location and for being the “closest, shortest and cheapest route to the sea and... fairly conducive for carrying an energy pipeline to Asian markets.”<sup>16</sup> The project is estimated at US\$2.8-\$3.5 billion<sup>17</sup> for piping 20 billion cubic meters of gas, over 1,400-1,700km, from the Daulatabad gas fields in Turkmenistan to Afghanistan, Pakistan and India via Herat-Kandhar-Quetta-Multan.<sup>18</sup> Significantly, the U.S. supports the project<sup>19</sup> because it would skirt Russian and Iranian transportation channels to Europe. The U.S. sponsored Baku-Tbilisi-Ceyhan pipeline project exemplifies the U.S.’ oil diplomacy, which is aimed at undercutting Russian and Iranian energy transportation channels to Europe. Iran on the other hand, is in the process of pushing through her own US\$7 billion Iran-Pakistan-India (IPI) gas pipeline project from Iranian Salute ports in the Persian Gulf to the Gwadar port in Karachi in southeastern Pakistan and onwards to Indian borders over 2,775 kilometers, to which Pakistan alone contributes 750 kilometers.<sup>20</sup>

Despite diametrically opposite U.S.-Iran interests and considerable security risks, the proposed trans-Afghanistan and trans-Pakistan Asian projects, on maturity, would solidify intra-regional cooperation for peace and development and strengthen the fragile economies of Afghanistan and Pakistan. Through these two projects, South and Central Asian countries including India and Pakistan, would reach out to each other in consumer, industrial and energy trade. Pakistan would be entitled to an annual passage royalty of US\$200 million for oil and US\$500 million for gas.<sup>21</sup> Afghanistan too would earn significant transit fees. Both projects would, therefore, bail out South Asia’s population from its deep energy

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15 “Bringing the Region Closer Together Through Transport Connections,” *Economic Cooperation in the Wider Central Asia Region* (Washington, D.C.: World Bank, 2006), pp. 51-66.

16 Taimur Rehman, “The Great Game for Central Asian Oil,” *Chowk*, April 5, 2003, <<http://www.chowk.com/articles/6054>> (December 1, 2008).

17 “Bringing the Region Closer Together Through Transport Connections,” pp. 51-66.

18 Everett Wilson, “Turkmenistan-Afghanistan-Pakistan Pipeline: Centerpiece of Indian Energy Security Efforts,” pp.12-14; Gregory Gleason, “The Idea of Greater Central Asia,” *Journal of Central Asian Studies*, Vol. XVII, No. 1, p.5.

19 Martha Brill Olcott, “US Policy in Central Asia: Balancing Priorities (Part II),” Testimony prepared for the Committee on International Relations, Hearing on the Middle East and Central Asia, April 26, 2006,

<<http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=18277>> (December 1 2008).

20 Everett Wilson, “Turkmenistan-Afghanistan-Pakistan Pipeline: Centerpiece of Indian Energy Security Efforts,” pp. 12-14; Ashok K. Behuria, “Politics of Pipeline,” pp. 12-14; “Iran-Pakistan-India Gas Pipeline Project and its Impact,” *Iran-India: A Shared Vision towards Progress*, p. 20.

21 Ashok K. Behuria, “Politics of Pipeline,” pp. 12-13; “Iran-Pakistan-India Gas Pipeline Project and its Impact,” *Iran- India : A Shared Vision towards Progress*, pp. 20-21.

crisis.<sup>22</sup> It is indeed this upturn in Asian energy demand that caused the Asian Development Bank's (ADB) energy specialist, Dan Mallison, to consider a third project, the Dolphin Gas Project, worth US\$10 billion, from Qatar and Oman in United Arab Emirates (UAE) to Pakistan and India.<sup>23</sup> However, this is less preferred by India for being too costly for gas transportation; this project would be 15 percent more expensive compared to Iranian imports.<sup>24</sup> Likewise, the fourth option of oil transportation from Azerbaijan to India through the Suez Canal is considered as equally costly and time consuming.<sup>25</sup>

### **Indo-Chinese Relations across Jammu and Kashmir:**

While discussing the energy projects, one may also consider the resumption of trans-Jammu and Kashmir and trans-Azad Jammu Kashmir land routes for re-linking India with China, Central Asia, Afghanistan and Pakistan. In this regard, the restoration of the Ladakh Route is thought to be quite tenable, if India and China both realize their larger economic and security interests. Both have volatile zones in Jammu and Kashmir and Xinjiang, where the Kashmiris and Uighurs, the two Muslim identities, ethnically divergent though, make a common case of "secessionism" from New Delhi and Beijing.

The restitution of the traditional Ladakh Route may also serve the security goals of India and China. The conditions for this to occur are right, in view of their amicable relations over the last few decades and their common stand on terrorism. Certainly, bilateral ties have experienced setbacks recently - the Chinese government raised objections to the Indian Prime Minister Manmohan Singh's visit to the Indian state of Arunachal Pradesh; Beijing also opposed India's waiver in the meeting of the 45 nations Energy Suppliers Group at Vienna. However, the Chinese Foreign Minister visited New Delhi immediately after the Vienna meeting and sought to deepen friendly relations, a gesture India was receptive towards. This poignantly illustrates a two-way optimism which is necessary if the traditional Ladakh Route is to be revived.

There are in fact good grounds for the establishment of the Ladakh Route. First, both countries have un-feigningly underpinned the pace of

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<sup>22</sup> Fouskas K. Vassilis, *Zones of Conflict: US Foreign Policy in Central Asia: Structural Reform and Political Change* (London: Pluto Press, 2003), p. 22; Bruno Coppieters, "Central Asia Region in a New International Environment," *NATO Review*, Vol. 44, No. 5 (September 1996), pp. 26-31; Abraham S. Backer, "Russia and Caspian Oil: Moscow Loses Controls," *Post-Soviet Affairs*, Vol. 16, No.2 (April-June 2000), pp. 91-92

<sup>23</sup> Gregory Gleason, "The Idea of Greater Central Asia," pp. 1-6.

<sup>24</sup> "Iran-Pakistan-India Gas Pipeline Project and its Impact," *Iran-India : A Shared Vision towards Progress*, p. 21.

<sup>25</sup> Talmiz Ahmad "Geopolitics of Central Asia's Oil and Gas Resources: Implications for India's energy security".

their inter-relationship through official and diplomatic visits and multilateral economic and security-related agreements. These measures have, to a great extent, marginalized mutual tension, mistrust, fear, and suspicion. Despite unsettled borders in the Indian states of Jammu and Kashmir, Himachal Pradesh and Arunachal Pradesh, both countries are committed to peaceful resolution of their border disputes.<sup>26</sup> Consequently, there has been no border conflict or war between them ever since the war of 1962. Instead, tension over Sikkim has been neutralized with the reopening of the traditional Nathula Pass across the Tibet-Uttar Pradesh border for bilateral trade. Second, both countries especially China, have created modern infrastructure, well-built roads and telecommunication systems, from the two sides of the Karakoram in Xinjiang and Tibet on the Chinese side, and in Ladakh in Jammu and Kashmir, India. Thus, the requisite infrastructure at the cross border points is in place for the resumption of India's overland links with Central Asia across Ladakh in Jammu and Kashmir and Xinjiang in China. The Indian, Kashmiri and Chinese merchants have since established themselves, by the same route, to trade in felts, carpets, shawls, silk, cocoons, tobacco, tea, saffron, hemp, grains, herbs, teapots, porcelain, dry fruits and shoes at Yarkand, Kashghar, Khotan, Khiva, Khokand, Bukhara, Samarqand, etc.<sup>27</sup> Such commodities hold relevance even now, and hence, can be exchanged with industrial products, hardware, electronics, automobiles, pharmaceuticals, textiles, etc., along the Ladakh Route. This is not unlikely in view of the already existing informal trade in cloths, dress materials, electronic goods, medicines, crockery, porcelain, footwear, craft products, tea, saffron, jewellery, etc. on the Indo-Chinese cross-border points in Ladakh.

Such a re-opening would definitely shorten distances, reduce transport costs by around 30 percent and boost Indo-Chinese bilateral trade in the foreseeable future. Beginning with routine consumer goods, this trade can be subsequently supplemented by energy products and all sorts of high-bulk and low-cost, and low-bulk and high-cost, industrial products.

Under its "Silk Route Strategy", China has already opened itself to Eurasia across Xinjiang by railways, highways, pipelines<sup>28</sup> and trade centers bordering Kazakhstan, Kyrgyzstan and Tajikistan.<sup>29</sup> Beijing has

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26 Yongnian Zheng and Sow Keat Tok, "China's Peaceful Rise: Concept and Practice," Discussion Paper 1, China Policy Institute, University of Nottingham, November 2005, <[http://www.nottingham.ac.uk/cpi/research/research\\_impact.php](http://www.nottingham.ac.uk/cpi/research/research_impact.php)> (September 30, 2006).

27 Mushtaq A. Kaw, "Trade and Commerce in Chinese Central Asia (19th-20th Century)," *Central Asia: Introspection*, Mushtaq A. Kaw and Aijaz Bandey (eds.), (Kashmir: Centre of Central Asian Studies, University of Kashmir, 2006), pp. 47-61.

28 Anthony Davis, "The Big Oil Shock," *Asia Week*, September 24, 1997.

29 Guangcheng Xing, "China and Central Asia," *Central Asian Security: The New International Context*, Roy Allison and Lena Jonson (eds.) (London: Royal Institute of



equally reached out to the Arabian Sea through the Pakistan-bound Karakoram highway. China simply needs to establish the Ladakh Route with India to complete a round trade route in South Asia. India would also benefit from such an arrangement through its industrial exports to and energy imports from the CARs across Xinjiang and the Ladakh Route.<sup>30</sup> The latter holds great importance given the centrality of energy in India's foreign policy agenda. To quote, then-Petroleum Minister, Mani Shankar Aiyer, in a meeting with his Pakistani counterpart on June 5-7, 2005, "...any country could become part of any project in the process of contacts of South Asia with West, East and Central Asia in the hydrocarbon sector."<sup>31</sup> China may, at the moment, be disinclined to the pipeline idea and not appreciate India competing for oil and gas supplies. However, Beijing would gradually appreciate the idea for strategic considerations since this would enable it to earn transit fees, gain regional influence, and boost trade with India, speeding up the set trade target from US\$11.4 billion in 2007 to US\$40 billion by 2010.<sup>32</sup>

### Indo-Pakistan, Indo-Afghanistan and Indo-CARs Relations

Similarly, India's direct overland connections with CARs require the revival of the Gilgit, Wakhan and Srinagar-Muzaffarabad routes. Indo-Pakistan relations have been improving because of efforts by diplomats, government officials, cultural elites, media groups and social activists. All of them contributed to the forging of the "peace process" and "sustained dialogue" between the two countries for conflict resolution.<sup>33</sup>

No doubt such efforts suffered a setback due to the terrorist attack on Mumbai in India in November 2008. Its spillover was such that the echoes of war were sounded on both sides of the border. However, its effect seems to be diluting partly because of world pressure and partly because of the realization by the two countries that terrorism must be countered jointly and in collaboration with the world powers. Meanwhile, after the Mumbai attacks, the Pakistan army has increased its efforts in targeting the Taliban and Al-Qaeda forces in Pakistan and along the Pakistan-Afghanistan border, which suggests a silver lining in the restoration of Indo-Pakistan ties. Its scope has brightened with Pakistan army's drive to root out the radical groups in Pakistan's Swat valley. Reportedly, Pakistan's army has wiped out their structures in the

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International Affairs, 2001, pp. 154-55; Witt Raezka, "Xinjiang and Central Asia Borderland," *Central Asian Survey*, Vol. 17, No. 3 (September 1998), pp. 393-94; *Greater Kashmir*, Srinagar, November 5, 2007.

<sup>30</sup> Devander Kaushik, *Central Asia in Modern Times* (Moscow, 1970).

<sup>31</sup> Ashok K. Behuria, "Politics of Pipeline," p. 11.

<sup>32</sup> *The Straits Times*, Singapore, June 18, 2007.

<sup>33</sup> Manjriki Sewak, *Multi-Track Diplomacy between India and Pakistan: A Conceptual framework for Sustainable Security* (New Delhi: Manohar Publishers, 2005), pp. 57-74.

region, a breakthrough indeed when seen in relation to the recent reports about the killing of the Pakistan Taliban chief, Baitullah Masood, by the U.S. army in Afghanistan. In this backdrop, the resurgence of the *Taliban* in Swat seems to be a remote possibility in the near future, though this is conditioned by the perpetual coordination between the armies of Pakistan and U.S. and India's resolve to avoid military action on Pakistan even if there would be further militant attacks in India. An "un-natural alliance" though, it is inevitable as both are exposed to potential threats from these non-state forces.

Indeed the resumption of mutual trust and confidence would take more time but it does not, in any way, rule out the fresh beginning as can be gauged from the recent statement of Pakistan Foreign Minister, Shah Mehmood Quershi: "The most important thing is that India and Pakistan have to live as good neighbors. Our government... started on a policy of normalization and we were doing fairly well until the unfortunate Mumbai incident that has caused a hiccup and there is a pause in the composite dialogue. We want to... resume dialogue with India because we feel that if we want regional peace, then normal friendly relations between Pakistan and India will play a significant role."<sup>34</sup> The resumption of the latest Indo-Pak foreign secretaries talks in Sharmal Sheikh in Egypt ahead of the meeting of the Prime Ministers of the two countries to resume dialogue for conflict resolution, provides further proof to the effect that even if they would want to be unfriendly, they can not afford so given common threats to their integrity and sovereignty.

Prior to the Mumbai attacks, both countries had been developing mutual trust and confidence to the extent of sharing lists of nuclear installations, exchanging specific information and conducting joint investigation on terrorist incidents. Pakistan's support for militant groups in Jammu and Kashmir and North West Frontier Province had decreased markedly. Significantly, the then-President of Pakistan, General Pervez Musharaf, had worked to curb the non-state forces,<sup>35</sup> limit their support from the tribal chiefs<sup>36</sup> and dissuade the youth from joining their ranks in Waziristan and the areas adjoining north India.<sup>37</sup>

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<sup>34</sup> *Greater Kashmir*, Srinagar, January 8, 2009.

<sup>35</sup> *Kashmir Uzma* [in Urdu], Srinagar, June 17, 2007.

<sup>36</sup> Ismail Khan, "The Game is Up for Uzbeks," *Dawn*, Pakistan, April 16, 2007; B. Raman, "Anti-Uzbek Anger in South Waziristan," International Terrorism Monitor-South Asia Analysis Group, Paper No. 215, April 8, 2007,

<[http://www.saag.org/common/uploaded\\_files/paper2200.html](http://www.saag.org/common/uploaded_files/paper2200.html)> (December 1, 2008).

<sup>37</sup> SENLIS Council, *Afghanistan Five Years Later: The Return of the Taliban*, Spring/Summer 2006,

<[http://www.icosgroup.net/documents/Afghanistan\\_5\\_Years\\_Later.pdf](http://www.icosgroup.net/documents/Afghanistan_5_Years_Later.pdf)> (May 21 2006)

The result was such that Arthur Hermann reported in the Wall Street Journal that “Pakistan tension with India on Kashmir has eased.”<sup>38</sup>

However, President Musharaf's war against terror eventually suffered from a backlash, especially after the occupation of the “Lal Masjid” mosque in 2007 which (1) fuelled considerable violence in Pakistan<sup>39</sup>; (2) led to the substitution of General Musharaf's military regime by an elected government of two large coalition partners, the Pakistan Peoples' Party (PPP) and Pakistan Muslim League (PML); and (3) brought Yousuf Ali Geelani and Asif Ali Zardari, the husband of late Benazir Bhutto, into power as the Prime Minister and President of Pakistan respectively.<sup>40</sup>

While Pakistan was undergoing radical transformation in its power structure, the two countries have been keeping the peace process going through a number of confidence building measures (CBMs), one of which is the opening of trans-LoC routes in Jammu and Kashmir and Azad Jammu Kashmir. In the September 2008 meeting in Geneva, Manmohan Singh and Asif Ali Zardari issued a joint declaration regarding the reopening of the traditional Srinagar-Muzaffarabad and Poonch Rawalakot routes from October 21, 2008 for tariff-free and permit-based trade. It was later reinforced by Manmohan Singh's remarks at the 63<sup>rd</sup> session of the United Nations General Assembly in New York during which he reaffirmed India's resolve to settle all disputes including Kashmir with Pakistan through dialogue and restore gradual trade and traffic over LoC in Jammu and Kashmir.

The role of the Kashmiris on this turn of events cannot be underestimated. In June 2008, they mounted considerable pressure on the two governments to counter the economic blockade caused by the Jammuites (people of the other division of the Indian state of Jammu and Kashmir) to in-coming supplies to Kashmir from the Indian Punjab through the Banihal road.<sup>41</sup> More than half a million Kashmiris participated in the peaceful processions on August 11, 2008 to force their passage through the Srinagar-Muzaffarabad Route, symbolically to

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38 *Greater Kashmir*, Srinagar, June 16, , 2007.

39 “Briefing Pakistan: A general state of disarray,” *The Economist*, May 19, 2007, pp. 28-30.

40 Both hail from the PPP and intrinsically support Musharaf's anti-terror policy in the region.

41 The blockade and the consequential march to Muzaffarabad should be seen in the backdrop of a dispute on the act of the Jammu and Kashmir state to transfer 800 acres of forest land in Kashmir to the Hindu Shrine Board. It registered a sharp reaction from Kashmiri Muslims. Under public pressure, the state revoked the transfer order, which instantly created a strong reaction among the Hindus in Jammu, another division of Jammu and Kashmir State. The Jammuites launched a strong agitation against it. For the first time in more than 50 years, the Jammuites and the Kashmiris locked horns with each other and took an open stand about Kashmir's accession with India, one for and another against it. For details see the English daily, *Greater Kashmir*, Srinagar, from June to August 2008.

explore markets for their agricultural, horticultural, floricultural and craft products in Pakistan to begin with, and with Afghanistan and Central Asia to follow. As a result the Srinagar-Muzaffarabad and Poonch-Rawalakote roads were reopened on October 21, 2008 for restricted permit-based truck trade. This trade route remains open despite the 2008 Mumbai terror attack.

If the aforementioned Srinagar-Muzaffarabad and Gilgit and Wakhan sub-regional arrangements within the South Asia Free Trade Agreement (SAFTA) is upgraded and linked with Afghanistan and CARs for regular trade and traffic, it would guarantee numerous benefits to all parties in terms of regional peace, development, and security. It would give India the confidence to jointly work with Pakistan in their fight against subversive forces; which currently pose a common threat to the national integrity, sovereignty, growth and development of both countries.

The reopening of trans-Kashmir routes would alleviate India's energy deficiency and curtail continued dependence on Gulf supplies. An additional outlet for oil and gas importation from the CARs could also be explored. Compared to the proposed long-distance and expensive energy transportation channel of TAPI, through the most conflict-ridden terrain of Herat, Qandahar, Quetta, Multan and Baluchistan, the trans-Kashmir option would be cost-effective and less-vulnerable for attacks. India would also be able to import uranium from Kazakhstan to generate nuclear electricity. India and Kazakhstan have immense optimism in energy cooperation. During the visit of Kazakh President Nursultan Nazarbayev to India in January 2009, the two countries signed the Agreement on Principles between National Company KazMunaiGaz JSC and ONGC Mittal Energy Ltd., and Memorandum on Understanding between National Atomic Company Kazatomprom JSC and Nuclear Power Corporation of India Ltd. for the mining of uranium in Kazakhstan and civil nuclear energy cooperation. India is in the process of receiving uranium from Kazakhstan.<sup>42</sup> Such deliveries, if allowed across Azad Jammu Kashmir and Jammu and Kashmir would certainly prove beneficial to India's emergent energy requirements.

With that, India's level of foreign trade in routine consumer and industrial products would accordingly pick up. India's exports in sugar, dyes, plastic and petroleum products, machinery, tires, chemicals, tea, cotton etc., together with that of Pakistan in edible oils, spices, dry fruits, nuts, cotton, yarn and fabrics, organic chemicals and pulses, would

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42 Joint Declaration on Strategic Partnership between India and Kazakhstan, January 24, 2009, <<http://www.kazembassy.in/president/Visit2009/Strategic%20Partnership%20in%20English.doc>> (February 10, 2009).

increase manifold.<sup>43</sup> While the level of their bilateral trade<sup>44</sup> has been on the rise from US\$251 million in 2000-01 to US\$2,233 million in 2008, the trade balance has tilted to India's favor<sup>45</sup> given its great resource potential and high growth rates. This trend would also strengthen once the cross-border trade in smuggled goods, worth US\$10 billion is formalized and once the total trade target of US\$11 billions is achieved.<sup>46</sup> In that event, Indian exports would be worth US\$9.2 billions and Pakistan's exports would be worth US\$2.2 billions only.<sup>47</sup> Under such circumstances, Pakistan is likely to hold back from the bilateral trade along the LoC in Jammu and Kashmir and Azad Jammu Kashmir. Nevertheless, Pakistan supports it to (1) appease Kashmiris, (2) show commitment to the ongoing peace process with India, and (3) heed the forces of globalization, by opening borders to promote free trade and stimulate the economy.<sup>48</sup>

Similar benefits would accrue Pakistan and Afghanistan from the restoration of trans-Kashmir routes. Both countries would earn regular transit fees, with which, they would use to revitalize their poor economies. If they desire, they can pool their trade products with the proposed merchandise-laden truck loads set from India to Central Asia. Pakistan has since agreed to allow the passage of Afghan goods to India under the terms of the Afghan Transit Trade (ATT). In addition, Pakistan can become a partner to the Indo-CARs energy trade which in turn, would alleviate its growing energy demand of 6-7 percent annually. Similarly, the CARs support transportation corridors to South and Southeast Asia for the sale of their hydrocarbons and hydropower given the better terms offered to them compared to those of the Russian, Iranian and, of late, European oil and gas companies. Likewise, the trans-Kashmir energy transmission channels would be useful to alleviate the large Asian energy demand.<sup>49</sup>

At no point would the trans-Kashmir corridors collide with the proposed trans-Afghanistan (TAPI) and trans-Pakistan (IPI) gas pipeline projects. India's would prefer the IPI to TAPI because (1) Iran would finance 60 percent of its costs, (2) its supplies are 20 percent cheaper and hence, would save India around US\$2 billion, and (3) its supplies are

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43 Tajamul Hussain, "Of self sufficiency and cross border trade," *Greater Kashmir*, Srinagar, September 20, 2008, p. 7.

44 *Greater Kashmir*, Srinagar, April 10, 2008, p. 10.

45 Data from the Export Import Data Bank, Department of Commerce, Ministry of Commerce and Industry, India, <<http://commerce.nic.in/eidb/default.asp>> (February 7, 2009).

46 Arjimand Husain Talib, "Re-thinking Loc-Trade," *Greater Kashmir*, Srinagar, September 14, 2008, p.9.

47 Tajamul Hussain, "Of self sufficiency and cross border trade," p. 7.

48 Jeremy Breacher and Tim Costello, *Global Village or Global Pillage: Economic Reconstruction from the Bottom Up* (Cambridge, MA: South End Press, 1994), pp. 1-9.

49 "Iran-Pakistan-India Gas Pipeline Project and its Impact," pp. 20-21.

more reliable as Iran has 17 percent of proven gas reserves in the world.<sup>50</sup> The proposed TAPI gas supply is believed to carry more uncertainty.<sup>51</sup> Turkmenistan would be required to increase her upstream production by exploring other fields than the South Yolotan deposits solely, if supplies to the TAPI project are to be sufficient.<sup>52</sup>

Until the TAPI and IPI projects finally take off, efforts can be made to restore India's traditional overland links with Central Asia across Muzaffarabad, Wakhan and Gilgit for energy imports. A retired Indian army officer rightly foresaw substantial potential in importing hydropower from Tajikistan and Kyrgyzstan and oil and gas from Turkmenistan and Uzbekistan into India across the Wakhan Corridor, notwithstanding its complex geo-physical conditions.<sup>53</sup> Similarly, Pakistan is reported to have since negotiated a deal to import hydropower from Tajikistan through the Gilgit route, a project that would accord with a proposed region-wide electric grid linking Russian and Kazakhstan coal-fired electric and Tajik and Kyrgyz hydropower grids with energy-starved Afghanistan, India, China, Kashmir and Pakistan. To this effect, an electric energy distribution centre, the "Energia," was jointly established at Tashkent in 2007 by Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Energia represents an effective energy mechanism for coordinating sale of hydropower and other energy resources among the Eurasian, South Asian and Middle Eastern countries. It would connect suppliers and consumers from different climatic conditions and help balance supply and demand amid seasonal variations. Significantly, on April 13, 2008, the Presidents of Turkmenistan and Afghanistan in a meeting at Bucharest resolved to carry forward their cooperation in the power industry and in establishing viable transport communications across South Asia. Even the Shanghai Cooperation Organization (SCO) Business Council meeting held in Siberia on September 11, 2008 concluded with a joint resolve to set up a SCO Energy Club as a follow up to the decisions taken on economic cooperation at the SCO summit in Dushanbe on August 28, 2008. It is worth mentioning that the Business Council was established in June 2006 to expand economic cooperation among the member states and involved the most influential businessmen in energy trade from the member states.

Kashmir will benefit from the reopening of Muzaffarabad, Gilgit and Wakhan routes. In fact, an annual income of US\$40 million is estimated to accrue the 6-7 million Kashmiris, enhance their per capita income to

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<sup>50</sup> *Ibid.*

<sup>51</sup> Everett Wilson, "Turkmenistan-Afghanistan-Pakistan Pipeline: Centerpiece of Indian Energy Security Efforts," p. 14.

<sup>52</sup> *Ibid.*

<sup>53</sup> Suryakant Nijanand Bal, *Central Asia: A Strategy for India's Look-North Policy*, (New Delhi: Lancer, 2004), p. 361

US\$745 in next ten years, and increase the Gross Domestic Product (GDP) of the State of Jammu and Kashmir by to 9.5 percent. By this arrangement, Kashmir's exports in fruits, carpets, rugs, chain stitch, wall hanging, shawls, embroidery, silk cloths, shawls, spices, flowers, saffron, Kashmiri cuisine (wazwaan), timber, furniture, aromatic and fruit bearing plants, could reach out more easily to the external markets in the South and Central Asian regions. Besides, it would facilitate imports of supplies by the establishment of alternative transportation channels to the Srinagar-Delhi bound Banihal national link road, which has always been a source of inconvenience to the Kashmiris because of the harsh weather conditions and natural calamities. This road is prone to landslides and blockades following heavy rains and snows during winters. In June 2008, it was blocked due to the conflict between the two divisions of Jammu and Kashmir State on religious and ideological grounds. The structure of Banihal road is indeed such that it aggravates rather than facilitates disaster management during heavy rain and snowfalls and earthquakes.<sup>54</sup> A study carried out at the United States Institute of Peace (USIP) in Washington, D.C., recommended the reopening of five cross-LoC points, resumption of transportation along the Jehlum River and construction of railways between Sialkote and Jammu, and Rawalpindi, Muzaffarabad, Abbotabad, Uri and Srinagar for effective disaster management and to promote people-to-people contacts.<sup>55</sup> One may recall that these routes were optimized for relief during the massive earthquake in the area in 2005. Thus, multiple access points across Jammu and Kashmir (India) and Azad Jammu Kashmir (Pakistan) entail numerous benefits for all participating parties.

### Final Thoughts

The renewal of ancient offshoots of the legendary Silk Route across Kashmir, though infested with several potential challenges and threats, has a silver lining, thanks to the positive geo-economic and geo-political changes that have occurred in the region and globe as a whole. India, Pakistan, China and Afghanistan, today have unprecedented incentives to align their policies, promote dialogue for conflict resolution, and defeat radical forces. Such cooperation would help transform the region into a more peaceful and progressive zone, promote human security, social sustainability, improve the quality of life to people in China, Central Asia, Afghanistan, Pakistan; and of course in Jammu and Kashmir in India, and Azad Jammu Kashmir in Pakistan. The re-opening of traditional trade routes would help reconcile the diverse interests of the

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<sup>54</sup> Kashmir being a highly seismic zone is exposed to high intensity earthquakes.

<sup>55</sup> Arjimand Hussain Talib, "Making LoC Trade Possible," *Greater Kashmir*, Srinagar, September 21, 2008, p. 7.

traditional Silk Route partners and help restore free trade and human mobility as well as cross-cultural and ideological fertilization. More so, until a final resolution of longstanding conflicts through bilateral dialogues, it can facilitate the soothing of the restive and recalcitrant ethnic groups, Uighurs and Kashmiris, in China and India, and end the intricate phase of hardship, trials and tribulations that the peoples of the region have been experiencing since the formation of the nation-states of India and Pakistan. By doing so, the ancient trans-Kashmir routes would certainly have the potential to become the real “Dialogue Roads.”<sup>56</sup> This is of course dependent on China, India, Pakistan and Afghanistan remaining as good friends demonstrating willingness for peace, composite dialogue, and conflict resolution within the “humanitarian universals”.

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<sup>56</sup> “Bringing the Region Closer Together Through Transport Connections,” pp. 51-66.



# Organized Crime in Central Asia: A Threat Assessment

*Saltanat Berdikееva* \*

## ABSTRACT

The threat of organized crime in Central Asia emerged most clearly in Kyrgyzstan in the wake of the 2005 power change. Despite its surfacing from the shadow, organized crime in Kyrgyzstan has existed before 2005, while much of its context and many of its elements are replicated in the criminal underworld of its neighboring countries, albeit to differing degrees. A confluence of negative factors, such as autocracy, “institutionalized” crime, widespread corruption, deteriorating quality of life, inadequate law enforcement capabilities, and a lack of the rule of law, has created fertile grounds for the growth of organized crime in Central Asia. Without the consent and true commitment of the regional governments to address crime effectively and a push for feasible and results-oriented reforms ushered by external donors, the criminal situation in Central Asia is bound to deteriorate with deleterious implications to the regional stability. This article provides a general threat assessment of organized crime to Kyrgyzstan, Tajikistan, Uzbekistan and Kazakhstan, focusing on major internal and transnational organized crime activities and problems and progress in addressing them.

*Keywords* • Organized Crime • State-building • Drug Trade • Money Laundering • Corruption • Smuggling in Central Asia

## Introduction

The flawed March 2005 power change in Kyrgyzstan was a watershed for Central Asia, breaking the mold of continued authoritarianism that has been a way of life throughout the region’s modern history. The events in Kyrgyzstan opened a “Pandora’s box” of new dangers and challenges for the country, among which is the unprecedented menace of organized crime. In the wake of the revolution, the country has witnessed a string of high profile assassinations. There is evidence of ties between government officials and organized crime. Kyrgyzstan’s organized crime problems emerged in an environment of uncertainty, power vacuum and

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change. But these problems are not new or unique to Kyrgyzstan. Although it is more magnified now, it has always existed. In the same way, it is a serious threat faced by all the Central Asian countries.

This paper examines the problem of organized crime in four Central Asian countries – Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan. Turkmenistan is not included in this study due to the lack of reliable data. The findings of this research demonstrate that a combination of negative factors, the key ones being authoritarianism, corruption, poverty, weak law enforcement capabilities, lack of the rule of law, and divisions along clan and regional lines, have created fertile grounds for the growth and entrenchment of organized crime in Central Asia. Conditions are quickly worsening and could lead to a situation where these powerful criminal elements gain real power within state structures, further diminishing the capability of the government to combat organized crime effectively. The questions addressed in this article are: What is the definition and features of organized crime within the Central Asian context? What level of threat does organized crime pose to the states in the region? What are the specific organized crime problems faced by the respective Central Asia states? Finally, what are the capabilities of the Central Asian states in fighting organized crime?

### **Organized Crime: Definition and the Central Asian Context**

There is no standard definition of organized crime. An organized crime group, according to the UN Convention against Transnational Organized Crime of 2000, is “a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences [...] in order to obtain, directly or indirectly, a financial or other material benefit (Art 2 (a)).”<sup>1</sup> Some common features of organized crime are non-ideological strong organizations, considerable financial resources, permanency of membership, and links between “professional criminals, politicians, law enforcers, and various entrepreneurs”<sup>2</sup> seeking “to supply illegal goods and services such as narcotics, prostitution, loan sharking, gambling, and pornography.”<sup>3</sup>

As such, organized crime historically lacks ideological goals. It is particularly germane to post-Soviet states as ideology did not matter to post-Soviet politics. In other words, politics were de-idealized because most politicians and criminals alike valued money and stealing more than

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<sup>1</sup> *United Nations Convention Against Transnational Organized Crime*, United Nations, 2000, <[http://www.uncjin.org/Documents/Conventions/dcatoc/final\\_documents\\_2/convention\\_eng.pdf](http://www.uncjin.org/Documents/Conventions/dcatoc/final_documents_2/convention_eng.pdf)> (April 6 2009).

<sup>2</sup> “Definitions of Organized Crime,” <<http://www.organized-crime.de/OCDEFi.htm>> (April 6 2009).

<sup>3</sup> *Ibid.*

an ideology. The ties between crime and government in most post-Soviet countries exist to different degrees, and it is often difficult to separate the two. In fact, the definition of organized crime within the Central Asian context could include an active interaction between criminals and power structures, but such links vary from country to country. Since there is a strong tendency of collusion between organized crime and governments in Central Asia, it is difficult to gauge the extent to which these notions should be treated separately.

One of the strengths of organized crime in the former Soviet Union, enunciated by Louise Shelley, is the privatization of the coercive capacity of the state.<sup>4</sup> Weak states are not able to effectively cope with organized crime, which is often stronger than the state and is able to provide the services that the state has failed to provide. Amid weak governance, governmental feuding and political vacuums, criminal forces present a danger to the viability of the state as they penetrate the government and establish influence over parts of the country where the central authority has limited reach. These features of crime are well-established in Central Asia.

The law enforcement agencies in all the countries in the region lack the capacity to fight the spread of serious organized crime. In some cases they are easily co-opted.<sup>5</sup> The law enforcement system, bequeathed by the Soviet Union, was not designed to effectively deal with crime; it was a “tool of the state” to protect the ruling elite, not the public.<sup>6</sup> Thus, without legitimate and far-reaching reform of the police forces, organized crime will continue to remain a major problem.

Key among the difficulties faced by the police is a lack of trained manpower and competency, proper equipment, and sufficient salaries. For example, in 2001, while Kyrgyzstan remained a key location for drug trafficking, only “fourteen narcotics officers [were] responsible for the entire city of Bishkek [capital of Kyrgyzstan], where a quarter of the country’s 4 million people live.”<sup>7</sup> The police, particularly in Tajikistan and Kyrgyzstan, are largely demoralized, under-funded and under-trained.

In the environment of corruption and lack of the rule of law in these Central Asian countries, sufficient training and funding may not be enough to raise police competency. For example, even though Kazakhstan’s police forces are in a relatively better shape than those in

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<sup>4</sup> Louise I. Shelley, “Post-Soviet Organized Crime: A New Form of Authoritarianism,” in *Russian Organized Crime: The New Threat?*, Ed. Phil Williams (Routledge: UK, 1997), p. 122.

<sup>5</sup> “Central Asia: The Politics of Police Reform,” *International Crisis Group Asia Report*, #42, Osh/Brussels (December 10, 2002), p. 1.

<sup>6</sup> *Ibid.*

<sup>7</sup> Christian Caryl, “The New ‘Silk Road’ of Death: The Ancient Trade Route from Central Asia to Europe Has Now Begun Transporting Heroin – With Devastating Consequences,” *Newsweek* [Atlantic Edition], September 17, 2001, p. 20.

Kyrgyzstan and Tajikistan, there have been reported cases of their collusion with drug traffickers.<sup>8</sup> High-level government officials with vested interests in maintaining the status quo pose perhaps the biggest obstacle to police reform.<sup>9</sup>

Given these problems, backtracking from democratic reforms and the rise of authoritarianism of the Central Asian governments will jeopardize the viability of these states as their effectiveness to advance the rule of law and stability erodes in proportion to the loss of their own legitimacy and credibility. In this setting, the state itself begins to seek support and compromise from powerful and strong criminal entities to maintain its power.

## Nuts and Bolts of the Central Asian Crime World

### *Kazakhstan*

With the growth of general crime, corruption, poverty and unemployment, organized crime in Central Asia appears to have taken a more concrete form over the past 17 years. Non-transparent privatization and division of property in the wake of the collapse of the Soviet Union created good grounds for the growth of organized crime as large-scale frauds and thefts have flourished. These operations involved government officials, businessmen and criminals of all stripes. According to Kairat Osmonaliev, those who stole a lot do not believe themselves that the stolen property belongs to them, and, hence, the struggle to maintain such a property is fierce.<sup>10</sup>

Commenting on the organized crime situation in Kazakhstan in the early 1990s, Kazakhstan's Deputy Procurator at the time stressed that "organized crime is literally shattering the state," underlining specifically the "extent to which the police and security agencies were being suborned by crime syndicates."<sup>11</sup> Although Kazakhstan has achieved an impressive economic growth, it remains riddled with corruption and crime. In its 2002 report, the U.S. State Department warned about 200 organized crime

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<sup>8</sup> See "Kazakhstan Drug Barons in Police Uniform," *TCA*, September 16, 1999; "Drug Ring Including Policeman Busted in Kazakh West," *Interfax -Kazakhstan*, April 2, 2009.

<sup>9</sup> For example, Kazakhstan's head of the presidential administration, Aslan Musin, "harshly criticized the former governor of East Kazakhstan region and his subordinates for their complicity in crime groups and corruption and thus for helping boost crime in the region. The deputies of the regional governor, who were to be in charge of fighting crimes, turned out to have relations with criminal groups." Another case in point is Uzbekistan, where the leadership gives the interior ministry every leeway to stifle domestic opposition and it enjoys "remarkable freedom to expand its activities and budget." See "Kazakh Eastern Region Gets New Head Amid Crime Rise," *BBC Monitoring - Central Asia Unit*, March 5, 2009; "Central Asia: The Politics of Police Reform," p. 27.

<sup>10</sup> Author interview with a regional criminologist Kairat Osmonaliev, October 3, 2006.

<sup>11</sup> "Central Asia: Crime Scene," *OxResearch*, Oxford, November 16, 1994.

groups in Kazakhstan with alleged links to analogous groups in the U.S. and Europe.<sup>12</sup> They “have targeted banks, casinos and businesses engaged in food processing, distilling and export trade... Kazakhstan’s officials estimate that \$10 billion in illegal raw material export have occurred through illegal joint ventures, although this figure may be exaggerated.”<sup>13</sup>

In view of the rising menace of organized crime, the Kazakh President Nursultan Nazarbayev signed the law “On the ratification of the United Nations Convention against Transnational Organized Crime” on June 5, 2008.<sup>14</sup> More recently, the Kazakh Interior Minister, Baurzhan Mukhamedzhanov, remarked that “unlike in some CIS countries, there are no obvious gangland bosses in Kazakhstan, who could really influence the crime situation in the country.”<sup>15</sup>

The Kazakh press has alluded at various times to an alleged “mafia” presence in Almaty. According to the latest reports, due to its attractiveness for business development, Almaty began to draw mobsters trying to launder criminal money.<sup>16</sup> More recently, it was reported that Kazakhstan’s criminal underworld actively attracts youth, even in secondary schools.<sup>17</sup> As the global banking crisis continues to exacerbate the social and economic conditions in the country, the unemployed youth from across the country come to Almaty, where the failure to find jobs often results in them joining organized criminal groups or creating new ones.<sup>18</sup> The criminal underworld in Almaty manages the activities of criminal groups in different parts of the country linked with “drug business, weapons trade, racketeering and attacks on businessmen, kidnappings and hostage taking for ransom, control of the casino business and the prostitution market.”<sup>19</sup> The latest trend in the organized crime activity is involvement in economic crimes such as “creation of front companies to obtain credit, smuggling of goods, tax evasion, money laundering and an active penetration to the legal economy by way of investing in commercial structures and banks.”<sup>20</sup>

In line with the argument made earlier, the criminal mentality and criminal practices are prevalent in Kazakhstan as well as other

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<sup>12</sup> “International Narcotics Control Strategy Report,” U.S. Department of State (2002).

<sup>13</sup> *Ibid.*

<sup>14</sup> “Kazakhstan ratifies UN Convention against Transnational Organized Crime,” *Interfax-Kazakhstan*, June 5, 2008.

<sup>15</sup> “Kazakh Minister Says 55 Crime Bosses Prosecuted in 2008,” *Interfax-Kazakhstan*, January 29, 2009.

<sup>16</sup> “Организованная преступность Казахстана: кто есть кто,” [Organized Crime of Kazakhstan: Who is Who] *Forum Zakon.Kz*, April 3, 2009.

<sup>17</sup> Sergey Varanovsky, “В Таразе процветает организованная преступность,” [Organized Crime is Flourishing in Taraz] *Ferghana.ru*, June 18, 2007.

<sup>18</sup> *Ibid.*

<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*

neighboring countries. “Criminal mentality began controlling the commercial sector [...] penetrating the legal and illegal businesses alike.”<sup>21</sup> There is a concern that organized crime will establish presence in the state structures.<sup>22</sup> According to Makhambet Abisatov,

A group of criminals comprised of former athletes and employees of law enforcement agencies have transformed to a qualitatively new form – organized criminal groups. [They] were able to take under their control a certain part of entrepreneurs by using criminal terror, and similarly, they were able to obtain protection from state officials and law enforcement personnel relying on corruption. These tendencies were largely prevalent at the end of the 80s – beginning of the 90s. From the mid to the end of 90s, ties between businessmen, state officials and criminals gradually became less confrontational and grew into more partner-like relations, that is, into the very “Triple Alliance,” embodying the existing organized crime.<sup>23</sup>

However, contrary to reports such as the one above, the head of the directorate for fighting organized crime of the Almaty Internal Affairs, Valeriy Kozla, recently stated that “currently there are no criminal communities that have been entangled with state structures.”<sup>24</sup> As in the neighboring countries, often, low-level criminals are apprehended, while more important figures with ties to the government remain at large. As the number of organized criminal groups in Kazakhstan grows, Kazakh crime experts believe that this will “entail a need to obtain political support of their economic interests, which explains their desire to control the authorities, a threat of politicization of criminality and its penetration to the sphere of politics.”<sup>25</sup>

Organized crime groups in Kazakhstan, as in other neighboring states, tap the country’s geographical proximity to trade drugs, as it is a key transit country for narcotics.<sup>26</sup> Drug trafficking remains the number one problem for the region and a barrier to development. Since 1999, the Kazakh National Security Committee uncovered “125 organized drug

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<sup>21</sup> “Современное состояние организованной преступности в Казахстане,” [The Current State of Organized Crime in Kazakhstan], *Yurist* [Kazakhstan], 8, 38, (2004).

<sup>22</sup> *Ibid.*

<sup>23</sup> *Ibid.*

<sup>24</sup> “Kazakh Police Says 40 Crime Bosses Detained Since January 2009,” *BBC Monitoring - Central Asia Unit*, April 21, 2009.

<sup>25</sup> *Ibid.*

<sup>26</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, United Nations Office for Drug Control and Crime Prevention Centre for International Crime Prevention, p. 41.

business groups” in Central Asia, “30 of which were involved in the transit of narcotics.”<sup>27</sup>

The ethnic composition of drug businessmen in Kazakhstan, as in other countries of the former Soviet Union, is quite eclectic. Chechens in Kazakhstan are allegedly “responsible for smuggling heroin across borders in the north and west. The Tajiks, Uzbeks and Kyrgyz criminal groups smuggle heroin through the southern borders. The Gypsies and Azerbaijani groups sell drugs in Kazakhstan.”<sup>28</sup> As Almaty is one of the main routes for the illegal smuggling of opium and heroin from Southwest and Southeast Asia to Russia and Europe, both the drug trade and consumption increasingly present acute challenges to Almaty.<sup>29</sup> Recognizing the challenges posed by drug trafficking, the Kazakh Parliament adopted in June 2008 a law to strengthen “criminal responsibility for committing drug-related crimes.”<sup>30</sup>

The ethnic composition of organized crime in Kazakhstan increasingly features Chinese and Georgian nationals. As the number of Chinese workers and businessmen in the Central Asian countries are on the rise, including Kazakhstan, they either become objects of criminal assaults or participants of organized crime activities.<sup>31</sup> A more serious challenge recently, however, is presented by mobsters from Georgia, who began wielding their influence in Kazakhstan. Faced with the domestic onslaught on criminals, Georgian crime figures sought a new “home” and Kazakhstan’s improving economy served as a right target.<sup>32</sup> With the improvement of living standards of many Kazakhs, Georgian criminals were implicated in burglaries of well-to-do residential areas in Almaty and Astana.<sup>33</sup> As statistics show, more Georgians were involved in crimes in Kazakhstan in 2008 compared to 2007.<sup>34</sup> According to one of the apprehended Georgian mafia bosses, nicknamed Mero, who later died of a heart attack in detention, he sought to

...establish criminal control over infrastructural facilities of the oil and gas complex of western Kazakhstan and metallurgic enterprises of

<sup>27</sup> “Рост наркомании в Средней Азии: “ноги растут” из Афганистана” [Rise in Drug Addiction in Central Asia: Roots Take from Afghanistan], *Oasis*, Central Asian Internet Journal, March 18, 2009, <<http://www.ca-oasis.info/news/?c=2&id=41466>> (April 3 2009).

<sup>28</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 20.

<sup>29</sup> “Организованная преступность Казахстана: кто есть кто,” [Organized Crime of Kazakhstan: Who is Who].

<sup>30</sup> “Kazakh Parliament Adopts Law on Toughening Control Over Drug Trafficking,” *Interfax-Kazakhstan*, June 12, 2008.

<sup>31</sup> “Организованная преступность Казахстана: кто есть кто,” [Organized Crime of Kazakhstan: Who is Who].

<sup>32</sup> “Paper notes increasing Georgian criminal activity in Kazakhstan,” *BBC Monitoring - Central Asia Unit*, January 6, 2008.

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*

Karaganda region [and] his objective was to unify the criminal structures in Central Asia – Uzbekistan, Tajikistan, Turkmenistan, Kyrgyzstan and Kazakhstan. This way, his bosses planned to organize deliveries of weapons to Central Asia in return for large amounts of Afghan heroin.<sup>35</sup>

The growth and robustness of organized criminal groups in many countries of the former Soviet Union have contributed to establishing cross-border cooperation. In terms of Kazakhstan, such cooperation reportedly brings together the Kazakh criminal world “with various terrorist and extremist groups.”<sup>36</sup> It appears, however, that often the concern of the Central Asian governments over the threat of religious extremism are inflated and exaggerated, because it sometimes serves as a convenient excuse to crack down on dissent. Although Kazakhstan, as other Central Asian states, buys into the idea that of “links between religious extremism, firearms smuggling, terrorism, and drug trafficking in the region,”<sup>37</sup> the country seems to have relied less on such harsh measures as compared to some of its neighbors.

At this juncture, Kazakhstan does not appear to face the problem of religious extremism to the extent its neighbors - namely Uzbekistan, Tajikistan and Kyrgyzstan - do. But the Kazakh authorities remain vigilant about the threat of religious extremism and in the last few years, they banned numerous international extremist organizations. Alik Shpekbaev, Kazakhstan’s Deputy Interior Minister, argued that the reasons for the growth of extremism in the country “are poverty and unemployment, especially in the countryside.”<sup>38</sup> An additional source of concern for Kazakhstan is the illegal migration of illegal armed and terrorist groups under the guise of immigrants and refugees from the North Caucasus who had fought against Russia and currently on the international wanted list. Such individuals engage in arms and drug trade, currency counterfeiting, and violent crimes.<sup>39</sup>

A source of another potential concern is an abuse and profiteering from Kazakhstan’s promising energy industry. Its booming oil industry, which has attracted large international companies, created not only domestic problems linked with corruption, but also grew to big international scandals involving millions of dollars, illustrated by the

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<sup>35</sup> “Paper notes increasing Georgian criminal activity in Kazakhstan”.

<sup>36</sup> “Современное состояние организованной преступности в Казахстане,” [The Current State of Organized Crime in Kazakhstan].

<sup>37</sup> Slawomir Redo, *Organized Crime and Its Control in Central Asia* (Office of International Criminal Justice: Sam Houston State University, Criminal Justice Center, 2004), p. 105.

<sup>38</sup> “Kazakh Deputy Minister Acknowledges Threat from Islamic Party,” *Komsomolskaya Pravda Kazakhstan* (Almaty, Kazakhstan), March 18, 2005.

<sup>39</sup> “Современное состояние организованной преступности в Казахстане,” [The Current State of Organized Crime in Kazakhstan].



corruption and fraud scandal involving the American businessman James Giffen and Kazakh state officials. Giffen, who served as a consultant to President Nursultan Nazarbayev, was accused of “funneling up to \$84 million in illicit payments to Nazarbayev and former Prime Minister Nurlan Balgimbaev in exchange for lucrative concessions to Western oil companies.”<sup>40</sup> The case is yet to be settled. In the future, “oil laundering” could become a profitable criminal business. Oil taken to refineries and marketed from far flung oil fields as part of the oil swap allows remote countries such as Kazakhstan to export oil. Such an arrangement might make the energy sector susceptible “to bribery and money laundering.”<sup>41</sup>

In terms of money laundering, Kazakhstan is possibly the only Central Asian country that could face serious problems, mostly because Kazakhstan’s comparatively well-developed financial system in the region, which “combined with a significant organized crime presence, puts it at risk for money laundering.”<sup>42</sup> Kazakhstan has espoused its first anti-money laundering and combating the financing of terrorism law in 2006.<sup>43</sup> Although money laundering for narcotics and other serious crimes are punishable in Kazakhstan, A UN report noted that,

Inadequate financial controls make detection of money laundering difficult. Bank examiners are not trained to look for evidence of money laundering, but rather focus on traditional safety and soundness concerns. Banking laws require tax police and investigators to go through local prosecutors in order to obtain bank records. Records may be released only if the prosecutor deems an investigation is warranted.<sup>44</sup>

Smuggling of radioactive materials from Kazakhstan by transnational criminal and extremist groups remains a potential serious concern both for the Kazakh leadership and the international community. Although Kazakhstan has successfully eliminated all of its Soviet-era nuclear, weapons-grade nuclear material is still present in the country, and subject of several smuggling attempts. The danger of the acquisition of nuclear materials by terrorist groups from countries such as Kazakhstan is high, where the security of radioactive materials remains inadequate. In its

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<sup>40</sup> Nikola Krastev, “Kazakhstan: Implications for President Appear to Be Waning As Bribery Case Drags On,” *EurasiaNet.org*, August 27, 2005.

<sup>41</sup> *Money Laundering and Related Issues in Kazakhstan*, Global Program Against Money Laundering Briefing No. 1: Kazakhstan, April 30, 2002, p. 3.

<sup>42</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, United Nations Office for Drug Control and Crime Prevention Centre for International Crime Prevention, p. 54.

<sup>43</sup> Michael Jonsson and Christian Nils Larson, “Selective Implementation of Anti-Money Laundering Regimes in Central Asia,” *Central Asia – Caucasus Analyst*, January 23, 2008.

<sup>44</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 54.

latest counter-proliferation efforts, Kazakhstan extended its bilateral cooperative agreement with the U.S. on December 14, 2007, to “control and neutralize scrap materials and equipment that may be used as weapons of mass destruction.”<sup>45</sup>

#### *Uzbekistan*

Organized crime in Uzbekistan has been in existence since the Soviet times. As the world’s second largest exporter and fifth largest producer of cotton, Uzbekistan has repeatedly faced major cotton fraud cases involving high-level government officials. The black market for cotton has always been particularly dynamic in Uzbekistan; one of the many areas where organized crime took a sophisticated form in Uzbekistan before it did in any other Central Asian country after the fall of the U.S.S.R.. During the Soviet years, government officials, both at the central and local levels, employed legitimate businesses as a fig leaf for illegal activities.<sup>46</sup> Cotton-related crimes continue to this day as “farmers and officials habitually underreport quantities of produced cotton” to be able to charge much more from smuggling to Kazakhstan than if they sold it at home.<sup>47</sup> Due to strong policing, ordinary crime such as racketeering is low in Uzbekistan. As the state is strong in tackling petty crime, more serious matters such as narcotics and cotton trade, where criminals and government officials act hand in glove, have remained largely untouched.<sup>48</sup>

Money from drug running and privatized cotton cartels sustains criminals with close ties to the government.<sup>49</sup> Corruption and criminal influences in the government are so intertwined in Uzbekistan that the state has essentially “institutionalized criminality and corruption.”<sup>50</sup> According to an Uzbek country expert, President Islam Karimov’s entourage, which controls the entire economy, is the real mafia.<sup>51</sup> All illegal businesses are done through the state, embracing industries such as oil, gas, sugar production, flour making, Internet distribution, and telecommunications, among others.<sup>52</sup> There have been reported cases of illegal circulations of gold and non-ferrous metals.<sup>53</sup>

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<sup>45</sup> “Kazakhstan, US sign accord to extend nuclear threat reduction project,” *Interfax-Kazakhstan News Agency*, December 14, 2007.

<sup>46</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 7.

<sup>47</sup> Slawomir Redo, *Organized Crime and Its Control in Central Asia*, p. 125.

<sup>48</sup> “Central Asia: Crime Scene,” *OxResearch*, Oxford, November 16, 1994.

<sup>49</sup> *Ibid.*

<sup>50</sup> *Ibid.*

<sup>51</sup> Author interview with an Uzbek country expert, May 25, 2009.

<sup>52</sup> *Ibid.*

<sup>53</sup> Sergey Danilin, “Центральная Азия - зона особого внимания” [Central Asia: a Zone of Special Attention] *Nezavisimaya Gazeta*, April 20, 2000, <<http://www.ng.ru/printed/6994>> (April 6 2009).

More recently, President Karimov's family was suspected by some of involvement in organized crime activities in the country, including Karimov's daughter Gulnara. Gulnara Karimova, along with the handful of ministers with ties to the criminal world, reportedly controls many profitable businesses in the country such as telecommunications, gold mining industry, trade, Internet, and investments to real estate.<sup>54</sup> Former British Ambassador to Uzbekistan, Craig Murray, alleges that Gulnara Karimova was "directly implicated in atrocities and the major beneficiary of the looting of the Uzbek state."<sup>55</sup>

Two prominent figures of organized crime of the Soviet times – Ghaffur Rahimov and Salim Abduvaliev – are now believed to be largely passive in Uzbekistan and have mostly legalized their businesses, and live and work abroad. From the mid-90s they "controlled exports of gas and cotton, several aluminum enterprises in Russia, as well as the trafficking of narcotics from Afghanistan to Europe."<sup>56</sup> Reportedly, President Karimov has established good relations with them mostly out of fear.<sup>57</sup>

The concentration of power in the hands of corrupt security agencies in Uzbekistan over the past decade, most prominently the National Security Service (SNB), has contributed to the institutionalization of criminality and corruption, giving them enough leeway to take control over key economic and political spheres. The Chairman of the SNB, Rustam Inoyatov, is reportedly the second most powerful person in the country and has "stacked" the state with his people.<sup>58</sup> As in other Central Asian countries, corruption is rife in this system built on cronyism and patronage. The special services allegedly "protect" the branches of the economy in exchange for financial and other awards and they work through the "agents of influence," which include high ranking state officials.<sup>59</sup>

Allegedly, Inoyatov personally controls the cotton industry with its exorbitant profits. Meanwhile, his close associates and family members help secure markets and exports of this commodity.<sup>60</sup> A dismissal of the head of the SNB's Department on Fighting Corruption, Colonel Vladimir Radzhabov, was tied to his attempt to launch an investigation on seemingly shady Uzbek-Belgian contracts on cotton.<sup>61</sup> Though

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<sup>54</sup> *Ibid.*

<sup>55</sup> "Rothschild and the Dictator's Daughter," *Daily Mail*, October 25, 2008.

<sup>56</sup> "Современное состояние организованной преступности в Казахстане," [The Current State of Organized Crime in Kazakhstan].

<sup>57</sup> Author interview with an Uzbek country expert, May 25, 2009.

<sup>58</sup> Rustam Murzaev, "Хлопок без единого выстрела" [Cotton without a Single Shot], *Novaya Gazeta*, 58 (August 11, 2005).

<sup>59</sup> *Ibid.*

<sup>60</sup> *Ibid.*

<sup>61</sup> *Ibid.*

Karimov removed some corrupt officials, such as Ismail Djurabekov, and there were the high profile arrests of senior policemen for ties with criminal groups,<sup>62</sup> the changes are rather cosmetic as the system is inherently corrupt.

External factors facilitate serious organized criminal activities in Uzbekistan. Some of the critical cross-border crime issues are narcotics and human trafficking, illegal smuggling of cotton, as well as the smuggling of wheat, scrap metal,<sup>63</sup> and cigarettes. Uzbekistan is an important transit route, as well as a market, for drug trafficking, the volume of which is believed to be rising due to “its location and relatively good roads.”<sup>64</sup> Along with Turkmenistan, it is also a smuggling route of precursor chemicals.<sup>65</sup> Drugs to Uzbekistan and further north mostly come from Tajikistan. The restoration of the Uzbek-Afghan Friendship Bridge, connecting Hayraton (Afghanistan) and Termez (Uzbekistan) is feared to serve as a facilitator to drug trafficking between Afghanistan and Uzbekistan.<sup>66</sup>

Drug smuggling groups are rather small within Uzbekistan and the domestic organized crime is believed to be mostly under the control of “corrupt officials and local grandees.”<sup>67</sup> Sharing the 137 km boundary with Afghanistan and bordering all the Central Asian states, Uzbekistan is an important drug trafficking route.<sup>68</sup> The rising rate of drug trafficking through the country is compounded by the shortage of competent law enforcement corps to do drug-related investigations. Drug smuggling across the region has added to the problem of terrorism and organized crime.<sup>69</sup> The terrorist group, Islamic Movement of Uzbekistan (IMU), is believed to have engaged in drug trade.<sup>70</sup> Russian special services recently noted that the IMU “is trying to become “a distributor”

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<sup>62</sup> See “Senior Uzbek Policeman Jailed for ‘Sponsoring’ Criminal Groups,” *BBC Monitoring Central Asia Unit*, July 29, 2008; “Gang of Corrupt Policemen Busted in Uzbekistan,” *Regnum*, March 24, 2009.

<sup>63</sup> Nick Megoran, “Scrap Metal on the Silk Road,” *EurasiaNet.org*, May 24, 2000.

<sup>64</sup> *Money Laundering and Related Issues in Uzbekistan*, p. 2.

<sup>65</sup> *An Assessment of Transnational Organized Crime in Central Asia*, United Nations Office on Drugs and Crime, New York, 2007, p. 35.

<sup>66</sup> *Money Laundering and Related Issues in Uzbekistan*, p. 2.

<sup>67</sup> Mark Galeoti, “Central Asian republics increase cooperation on organized crime,” *Jane’s Intelligence Review*, February 1, 2005.

<sup>68</sup> *Illicit Drug Trends in Central Asia*, United Nations Office on Drugs and Crime, Regional Office for Central Asia, April 2008, p. 37.

<sup>69</sup> Tamara Makarenko, “Central Asia Commits to Military Reform,” *Jane’s Intelligence Review*, September 1, 2000.

<sup>70</sup> Deborah McCarthy, Deputy Assistant Secretary for International Narcotics and Law Enforcement Affairs, “Narco-Terrorism: International Drug Trafficking and Terrorism – A Dangerous Mix,” Hearing Before the Committee on the Judiciary United States Senate, Washington, D.C., May 20, 2003.

of Afghan drugs in Central Asia and Russia,” indicating the group’s ongoing presence in the region.<sup>71</sup>

Uzbekistan’s location also allows smuggling of nuclear materials “from north to south, the opposite of the paths for drugs traveling from Afghanistan along the so-called “northern route” through Central Asia to Europe.”<sup>72</sup> The Head of the Institute of Nuclear Physics in Tashkent and President of the Uzbekistan Academy of Sciences, Bekhzod Yuldashev, has been quoted as saying that “We have nuclear neighbors, Russia, Kazakhstan, Pakistan, and India. Uzbekistan plays an important role. Transit [of all goods] is very intensive.”<sup>73</sup> Although Uzbekistan has been challenged by a booming business in smuggled weapons with ties to drug trafficking,<sup>74</sup> the rate of arms trafficking through the country, and the region generally, appears to be rather limited.<sup>75</sup>

Due to the worsening rate of people trafficking in Uzbekistan, the government ratified the UN Protocol on Prevention of Human Trafficking in February 2009.<sup>76</sup> According to a report by the International Organization for Migration (IOM), “Central Asia is a growing region of origin for human trafficking.”<sup>77</sup> The difficulty with determining the numbers of the trafficked across the region remains the lack of reliable statistical information. The U.S. State Department annual report of 2003 stressed that “confirmed information on the extent of trafficking from Uzbekistan only recently emerged, and there is a concern that the deterioration in the economy may lead to a growing problem.”<sup>78</sup> Uzbekistan is the “main country of origin” for human trafficking, followed by Tajikistan, Kyrgyzstan and to a lesser degree by Kazakhstan.<sup>79</sup> According to UNODC, “victims trafficked from Uzbekistan are primarily brought to Western Asia and North America.”<sup>80</sup>

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<sup>71</sup> “Islamic group seeks to launch drugs network in Central Asia, Russia – official,” *BBC Monitoring - Former Soviet Union*, May 19, 2009.

<sup>72</sup> Scott Peterson, “Uzbeks block Central Asia’s nuclear corridor; America pours cash and training into Uzbekistan to stop transfer of nuclear materials,” *The Christian Science Monitor*, August 7, 2002, p. 1.

<sup>73</sup> *Ibid.*

<sup>74</sup> *Money Laundering and Related Issues in Uzbekistan*, p. 2.

<sup>75</sup> “Central Asia/Afghanistan: Arms Availability a Concern,” *OxResearch*, Oxford, November 25, 2003.

<sup>76</sup> “Республика Узбекистан активно борется с торговлей людьми” [Republic of Uzbekistan is Actively Fighting Human Trafficking], UN website, February 12, 2009, <<http://www.un.org/russian/news/fullstorynews.asp?newsID=11162>> (May 27 2009)

<sup>77</sup> “Central Asia: Special report on human trafficking,” UN Office for the Coordination of Humanitarian Affairs, *IRINNews.org*, September 22, 2006.

<sup>78</sup> “U.S. Human Trafficking Report Faults Georgia, Kazakhstan, Turkey and Uzbekistan,” *Eurasianet.org*, August 21, 2003.

<sup>79</sup> *Ibid.*

<sup>80</sup> *An Assessment of Transnational Organized Crime in Central Asia*, p. 40.

Money laundering appears to be low in Uzbekistan, mostly because it is not a large financial center, its “currency is not freely convertible and banking services are unsophisticated.”<sup>81</sup> At least one source argues that Uzbekistan’s exchange bureaus are used to launder money.<sup>82</sup> According to UNODC, “Article 243 of the Uzbek Criminal Code criminalizes money laundering related to any criminal activity. A decree issued in October 1998 allowed banks to offer anonymous hard currency accounts, but the measure failed to attract significant deposits.”<sup>83</sup> The government has established limits on the amount of money flowing across the Uzbek borders. The Uzbek legislature “passed a new law in August 2004 to combat money laundering and terrorist financing, scheduled to take effect in January 2006,”<sup>84</sup> but its adoption has been further postponed.

### *Tajikistan*

It has been difficult to restore the rule of law, recognition of the government legitimacy and stability in post-civil war Tajikistan. The country is faced with criminality, corruption, factionalism and the struggle for power by former warlords and the current leadership. Some of the former warlords, including the United Tajik Opposition (UTO) and Islamic Renaissance Party (IRP) members and those legitimately holding official positions, maintain weapons and have been reportedly tied to criminal and extremist groups. Partly as a reflex to stem fierce power struggle and to assert his authority in the country before the February 2000 parliamentary elections, President Emomali Rakhmon began cracking down on organized crime by excluding “the election of crime barons.”<sup>85</sup> However, this endeavor proved difficult as “resistance to the crackdown has stiffened.”<sup>86</sup> According to the UNODC study, criminal groups in Tajikistan seem much larger compared, for example, to Kyrgyzstan or Kazakhstan where many “small groups (3-5 members) and a relatively limited number of large groups (16 members or more)” make up organized criminal groups.<sup>87</sup>

Many of Tajikistan’s currently prominent crime figures were military leaders during the civil war. It has proven difficult to control their subversive activities as they are well-funded and maintain well-

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<sup>81</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 55.

<sup>82</sup> Azim Kodirov, “Биржи Узбекистана – инструмент отмывания денег,” [Uzbekistan’s Exchange Offices – Tools for Money Laundering], November 28, 2007, <<http://www.centrasia.ru/newsA.php?st=1196241960>> (May 27 2009).

<sup>83</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 55.

<sup>84</sup> *Fighting Money Laundering and Terrorism Finance*, European Bank for Reconstruction and Development, 2005, p. 16.

<sup>85</sup> Marat Mamadshoyev, “Tajikistan: Authorities Tackle Organized Crime Leaders,” *Eurasianet.org*, April 27, 2000.

<sup>86</sup> *Ibid.*

<sup>87</sup> *An Assessment of Transnational Organized Crime in Central Asia*, p. 29.

disciplined fighting formations. As a former UN official noted, “there were [military] structures on both sides, big shots on all sides, who were already organized. That is why organized crime developed so quickly.”<sup>88</sup> The allegiance of some of the former warlords, and even some state security agencies, to the authorities is shaky at best and the weakness of the government further emboldens them.

Reportedly, warlords sympathetic to the opposition UTO – a so-called alliance of democratic, liberal and Islamist forces – and less so to President Rakhmon have overrun the military.<sup>89</sup> Akhmad Safarov and Yeribek “Sheik” Ibrahimov are two former military commanders arrested on charges of possession of drugs and weapons in Tajikistan. Ibrahimov had a considerable number of weapons. Reportedly, he stated that “some of the weapons in his possession in 2004 belonged to the IMU.”<sup>90</sup> The links between crime and extremists were reported while dismantling guerrilla groups headed by two former UTO supporters – Mansur Muakkalov and Rakhmon Sanginov. Their groups allegedly were responsible for committing “400 grave crimes, including 270 murders” and maintained ties with the IMU.<sup>91</sup> According to the Tajik authorities, the group was also engaged in kidnappings and arms and drug trade.<sup>92</sup>

In separate incidents, the members of Tajikistan’s Border Control Committee “have colluded with drug-trafficking gangs backed by UTO field commanders.”<sup>93</sup> The public mostly distrusts the police “because of their identification with organized crime.”<sup>94</sup> Criminal influences on the country’s economy are not insignificant. For example, a gang of Suhrob Kasymov, one of the crime figures that Rahmon sought to expel, was put in charge of one of Tajikistan’s largest commercial banks, Orionbank.<sup>95</sup>

Meanwhile, President Rakhmon’s heavy-handed tactics against his opponents and alleged religious extremists and criminals is increasingly creating a backlash. Rakhmon, not highly regarded as a democrat in the international community, has diminished the voices of the opposition IRP and launched “criminal investigations against UTO civil war commanders,”<sup>96</sup> stoking another possible civil war-like scenario. Rakhmon’s actions tipped the weight of the IRP’s support toward more

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<sup>88</sup> Aram Roston, “Central Asia’s Heroin Problem,” *The Nation*, March 25, 2002.

<sup>89</sup> “Tajikistan: State Weakness May Mean Renewed Violence,” *OxResearch*, Oxford, March 7, 2006.

<sup>90</sup> *Ibid.*

<sup>91</sup> Vladimir Davlatov, “Власти Таджикистана провели военную операцию против бывших оппозиционеров” [Tajik Authorities Conducted Military Operation against Former Opposition Members], *Institute for War and Peace Reporting*, June 29, 2001.

<sup>92</sup> *Ibid.*

<sup>93</sup> “Tajikistan: State Weakness May Mean Renewed Violence”.

<sup>94</sup> “Central Asia: The Politics of Police Reform,” p. 18.

<sup>95</sup> Marat Mamadshoyev, “Tajikistan: Authorities Tackle Organized Crime Leaders”.

<sup>96</sup> “Tajikistan: State Weakness May Mean Renewed Violence”.

extremist groups such as the Islamic Movement of Tajikistan (IMT) and Hizb ut-Tahrir (HT).<sup>97</sup> A combination of corruption and factionalism allowed groups such as the IMU to gain influence in the country by building “contacts in Tajikistan’s highest echelons of power, who are bribed to protect narcotics routes.”<sup>98</sup>

The Tajik civil war of 1992-1997 facilitated the creation of drug smuggling routes by international organized crime groups in the country.<sup>99</sup> In 2006, President Rakhmon said that “Tajikistan occupies a first place in the CIS and a fourth in the world on the quantity of annual seizures of illegal drug trafficking [and that] over 60% of all seized drugs in the CIS are seized in Tajikistan.”<sup>100</sup> Other estimates show that “more than half of Afghanistan’s opium exports go through Tajikistan and Turkmenistan,”<sup>101</sup> while the drugs passing through Tajikistan amount to about “30% of the country’s GDP.”<sup>102</sup> Domestic opium production also remains a headache for the authorities. As recent accounts show, fighting drug trade is a continuous challenge as “the main elements behind the drugs business remained unidentified and the problem is getting complicated.”<sup>103</sup>

Tajik law enforcement is weak, corrupt, and under-trained, and, therefore, ineffective in the fight against the drug trade. Both Russian and Tajik border guards stationed along the Afghan-Tajik border have been implicated in drug running. Often border guards are bribed and unwilling to resist well-armed smugglers. According to the commander of the Border Administration of the Russian Federal Border Service, Alexander Markin, “the chief obstacle preventing border guards from stopping the narcotics traffic is posed by Tajik soldiers in the Russian border forces who have family members on both sides of the border, and whose local custom dictates that they cannot refuse passage to a family member.”<sup>104</sup>

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<sup>97</sup> *Ibid.*

<sup>98</sup> Glenn E. Curtis, “Involvement of Russian Organized Crime Syndicates, Criminal Elements in the Russian Military, and Regional Terrorist Groups in Narcotics Trafficking in Central Asia, the Caucasus, and Chechnya,” Federal Research Division, Library of Congress, October 2002, p. 14.

<sup>99</sup> *An Assessment of Transnational Organized Crime in Central Asia*, p. 12.

<sup>100</sup> Arkadii Gromov, “Громкие заявления Рахмонова - фиговый лист от потворства наркобаронам” [Loud Declarations of Rakhmonov – A Fig Leaf to Connivance to Narcobaron], *Azia-Inform*, October 26, 2006.

<sup>101</sup> Glenn E. Curtis, “Involvement of Russian Organized Crime Syndicates, Criminal Elements in the Russian Military, and Regional Terrorist Groups in Narcotics Trafficking in Central Asia, the Caucasus, and Chechnya,” p. 14.

<sup>102</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 34.

<sup>103</sup> “Tajik Journalists Say Main Elements Behind Drugs Business Remain Unknown,” *BBC Monitoring - Central Asia Unit*, October 12, 2008.

<sup>104</sup> “Tajikistan’s Leader Consolidates Power by Removing Key Challengers,” *Jane’s Intelligence Review*, August 1, 2005.



Tajikistan's Drug Control Agency (DCA), established in April 2000, started off well by making initial progress in interdicting drugs and "winning accolades from international organizations and major foreign governments."<sup>105</sup> In 2005, however, the DCA's image was tarnished by the arrest of its chief, Ghaffar Mirzoyev, who was charged for "murder, corruption and involvement in major drug trafficking."<sup>106</sup> The DCA also came under domestic criticism for being a "closed structure, which provides very little information on its activities."<sup>107</sup> Its lax presence in different parts of the country, except for the capital, drew more criticism. At the official level, Tajikistan has stepped up efforts to jointly fight narcotics with NATO and the EU.<sup>108</sup>

President Rakhmon announced in 2006 that in the past five years "over 800 officials were arrested and convicted on charges of drug trade," including four officials from the DCA, employees of the Ministry of Defense and border guards.<sup>109</sup> Unlike the Tajik Prosecutor General, President Rakhmon "did not acknowledge the "protection" rendered to drug traffickers by law enforcement structures."<sup>110</sup> Some of the arrests that attest to the collusion between drug traffickers and government officials include the capture of "86 kilograms of heroin in a diplomatic car belonging to a Tajik trade representative" by Kazakh authorities in 2000. The trade representative was sentenced to 10 to 15 years of jail time in 2001.<sup>111</sup> In another incident, among arrested four drug traffickers in Bishkek, Kyrgyzstan, in June 2005 two were employees of Tajikistan's Soghd province Department of Internal Affairs.<sup>112</sup> These and other examples illustrate that drug trafficking is an important source of revenue for some officials in Tajikistan, which creates a favorable ground for illegal drug trade. Active attempts of the deputy Minister of Interior Habib Sanginov to investigate organized crime and drug trafficking problems resulted in his assassination in 2001.<sup>113</sup>

<sup>105</sup> Gregory Gleason, "Tajikistan Minister's Murder Points to Drug-Route Conflict," *Eurasianet.org*, April 16, 2001.

<sup>106</sup> Mark Galeotti, "Central Asian Republics Increase Cooperation on Organized Crime," *Jane's Intelligence Review*, February 1, 2005.

<sup>107</sup> "Central Asia: The Politics of Police Reform," p. 20.

<sup>108</sup> See "Tajik drug tsar familiarizes NATO official with regional drug situation," *BBC Monitoring - Central Asia Unit*, April 22, 2009; "Tajik speaker, French envoy discuss cooperation," *BBC Monitoring - Central Asia Unit*, March 3, 2009.

<sup>109</sup> Arkadii Gromov, "Громкие заявления Рахмонова - фиговый лист от потворства наркобаронам" [Loud Declarations of Rakhmonov - A Fig Leaf to Connivance to Narcobarons].

<sup>110</sup> *Ibid.*

<sup>111</sup> Slawomir Redo, *Organized Crime and Its Control in Central Asia*, p. 118.

<sup>112</sup> Arkadii Gromov, "Громкие заявления Рахмонова - фиговый лист от потворства наркобаронам" [Loud Declarations of Rakhmonov - A Fig Leaf to Connivance to Narcobarons].

<sup>113</sup> "Gunmen kill Tajik deputy interior minister," *Reuters*, April 11, 2001.

Tajikistan has also become a key transit point and a destination of illegal migrants, weapons and explosives from Afghanistan.<sup>114</sup> Migrants from Afghanistan go through Tajikistan “to other post-Soviet countries and further to the West, alongside the hundreds of thousands of Tajiks who leave to seek better working conditions abroad (they largely end up in Kazakhstan, Kyrgyzstan, or the nearer region of Russia, Novosibirsk, Tomsk and Krasnoyarsk).”<sup>115</sup> Some Afghan migrants manage to get Tajik passports and often engage in kidnappings of Tajiks residing in the Khatlon province near the Afghan border.<sup>116</sup> The victims, mostly underage girls, are kept as hostages in Tajikistan and taken to Afghanistan. Aside from kidnappings for the purposes of human trafficking, more than “half a million of Tajiks with rising numbers, leave the country every year in search of work at “the risk of being trafficked.”<sup>117</sup> Tajikistan is considered as a “place of origin, with no evidence that it is a significant transit or destination state [and] the victims are generally trafficked to North America, the EU, Western Asia, and the CIS.”<sup>118</sup>

The flow of arms to Tajikistan goes together with drug trafficking. The Tajik civil war brought weapons from multiple sources, including an abundant flow of arms from Afghanistan and “theft, purchases, food and alcohol bartering from the Russian military.”<sup>119</sup> Arms caches dotted many parts of the post-civil war country, primarily the Rasht valley, Khofofnihon and Tavildara region, as well as the Afghan-Tajik border.<sup>120</sup> Some of the arms found along the border with Afghanistan were “intended for the protection of drug dealers caught in skirmishes with border guards,” while others are tied to the vestiges of the Tajik civil war and the IMU.<sup>121</sup>

According to UNODC, Tajikistan’s “underdeveloped banking sector may keep it from being attractive for money laundering in the near future.”<sup>122</sup> Although money laundering is hardly accomplished through the weak banking and financial system of the country, widespread corruption, drug trade and shadow economy (approximately 70 per cent<sup>123</sup>) facilitate capital flight and proceeds from illegal trade and

<sup>114</sup> Slawomir Redo, *Organized Crime and Its Control in Central Asia*, p. 119.

<sup>115</sup> Mark Galeotti, “People-trafficking erodes security in former Soviet states,” *Jane’s Intelligence Review*, April 1, 2005.

<sup>116</sup> Arkadii Gromov, “Громкие заявления Рахмонова - фиговый лист от потворства наркобаронам” [Loud Declarations of Rakhmonov – A Fig Leaf to Connivance to Narcobarons].

<sup>117</sup> “Tajikistan: National conference on human trafficking opens in Dushanbe,” *IRINNews*, May 4, 2004.

<sup>118</sup> *An Assessment of Transnational Organized Crime in Central Asia*, p. 39.

<sup>119</sup> *Ibid.*, p. 37.

<sup>120</sup> “Central Asia/Afghanistan: Arms Availability a Concern”.

<sup>121</sup> *Ibid.*

<sup>122</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 55.

<sup>123</sup> Slawomir Redo, *Organized Crime and Its Control in Central Asia*, p. 121.

remittances from abroad are believed to be extremely high. According to an estimate of a UNDP representative, about “30% to 50% of the entire economic activity of Tajikistan is linked to drugs from Afghanistan.”<sup>124</sup> Worker remittances of Tajik emigrants and proceeds from drug trafficking flow to Tajikistan in cash, as the banking system is considered unreliable.<sup>125</sup>

Tajikistan has criminalized money laundering a few years ago as a separate offence in the Criminal Code, which, however, does not require that banks and financial institutions disclose suspicious transactions to law enforcement agencies.<sup>126</sup> In addition, “the money laundering offence in the Criminal Code does not appear to cover all manners of concealing, transferring, etc. the proceeds of crime.”<sup>127</sup> However, the government’s attempts at amnesty for the “grey” capital, i.e. allowing the citizens to “freely enter funds into accounts at one of eight major commercial banks without paying fines or taxes,”<sup>128</sup> yielded some success.

#### *Kyrgyzstan*

Since the Tulip Revolution in March 2005 in Kyrgyzstan, it is perhaps the only Central Asian country where the influence of organized crime on the state has proved to be more apparent and increasingly bold. This was evidenced by high profile contract killings of parliamentary deputies and public figures, as well as a series of prison riots,<sup>129</sup> reportedly instigated by mobsters. Under different circumstances, the Kyrgyz organized crime may have continued to stay in the shadows to continue its tacit partnership with the state. But the 2005 coup in the country created a power vacuum and uncertainty about the country’s leadership, thereby auguring more uncertainty on the property rights and economic gains of those who benefited under former President Askar Akayev. In 2008, police analysts predicted more criminal activity involving contract killings of various crime leaders in efforts to gain leadership and to divide property.<sup>130</sup>

<sup>124</sup> *Ibid.*, p. 121.

<sup>125</sup> *Ibid.*, p. 122.

<sup>126</sup> *Regional Anti-Corruption Action Plan for Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, the Russian Federation, Tajikistan, and Ukraine: Tajikistan, Anti-Corruption Network for Transition Economies*, January 21, 2004, p. 4, <<http://www.oecd.org/dataoecd/51/62/37223789.pdf>> (April 6 2009).

<sup>127</sup> *Ibid.*

<sup>128</sup> Slawomir Redo, *Organized Crime and Its Control in Central Asia*, p. 123.

<sup>129</sup> Assia Esenbekova, “Кыргызстан... На пороге новых испытаний криминалом” [Kyrgyzstan... On the Verge of New Crime Ordeals], *Vremya Vostoka*, April 2, 2007, <<http://www.easttime.ru/analytic/1/10/145.html>> (April 4 2009).

<sup>130</sup> “Кыргызстан ждет очередная волна заказных убийств и перегруппировка криминальных структур?” [Kyrgyzstan Awaits a Recurrent Wave of Contract Killings

Criminals are increasingly fearless of the Kyrgyz law enforcement and special security services. For example, when members of the “Kara-Balta organized crime group were detained and held in the National Security Service jail, the relatives and acquaintances of the arrested encircled the building the next day and were able to get their release by pressuring the special services.”<sup>131</sup> Moreover, organized crime figures try to come out of the shadow to “legalize” themselves and openly seek power-sharing. As a well-known Kyrgyz political analyst, Nur Omarov, observed: “all branches of power began to give in to criminal structures in terms of authority and influence.”<sup>132</sup>

Organized crime in Kyrgyzstan is at the stage of fluid development and is mainly comprised of small groups (up to 10 people) and a localized form of criminal activity with a narrow “specialty.”<sup>133</sup> But there is a growing tendency of transforming to criminal groups with a relatively large membership, a complex hierarchic structure of management, a multi-purpose and a flexible specialization seeking to increase regional (intra-regional) criminal activity.<sup>134</sup> Factors facilitating the growth of organized crime in Kyrgyzstan are multi-faceted, including the rise of nationalism, impoverishment of the population, disintegration of a single mechanism of state power, worsening conditions in the army, low technical equipment of the law enforcement agencies and weak links and cooperation between state agencies.<sup>135</sup> According to the Kyrgyz Interior Ministry’s Main Directorate for Fighting Organized Crime, in 2007 there were “12 organized criminal groups, five of which were well-established.”<sup>136</sup> In April 2009, the Kyrgyz Interior Minister, Moldomusa Kongantiev, announced that “only two organized crime groups currently operated in the country and that law enforcement services liquidated six such groups in 2008.”<sup>137</sup>

According to the U.S. Federal Bureau of Investigation, former President Askar Akayev and his family were reported to have had ties to organized crime. As the FBI report showed, “Akayev’s family controlled

and Regrouping of Criminal Structures?], *www.24.kg*, May 21, 2008, <<http://www.24.kg/investigation/2008/05/21/85167.html>> (April 4 2009).

<sup>131</sup> Assia Esenbekova, “Кыргызстан... На пороге новых испытаний криминалом” [Kyrgyzstan... On the Verge of New Crime Ordeals].

<sup>132</sup> *Ibid.*

<sup>133</sup> Kairat Osmonaliev, “Report Summary: Assessment of the Organized Crime in Central Asia,” FSA/RA/00/R09.

<sup>134</sup> Author interview with a representative of Interpol in Kyrgyzstan, Bishkek, April 13, 2006.

<sup>135</sup> *Ibid.*

<sup>136</sup> Assia Esenbekova, “Кыргызстан... На пороге новых испытаний криминалом” [Kyrgyzstan... On the Verge of New Crime Ordeals].

<sup>137</sup> Nargiza Yuldasheva, “Молдомуса Конгантиев: В Кыргызстане действуют всего две организованные преступные группировки,” [Moldomusa Kongantiev: Only Two Organized Crime Groups Exist in Kyrgyzstan], *www.24.kg*, April 6, 2009.

a vast criminal network, which included even several holding companies in the U.S..”<sup>138</sup> The report detailed that,

...175 organizations with ties to Akayev’s organization were under investigation and some of them were suspected of a wide-ranging criminal activity that extended to the U.S., where the former President’s family was connected with an American, who created about 6,000 front companies for criminal groups, weapons sale, drug transport, as well as cyber crime.<sup>139</sup>

The post-Akayev Kyrgyz government has been deeply divided on the issue of organized crime. In early 2006, the then Prime Minister Feliks Kulov’s statement that organized crime was “taking over the state,” which was brushed aside by President Kurmanbek Bakiev.<sup>140</sup> At the same time, both President Kurmanbek Bakiev and Prime Minister Feliks Kulov were implicated in corruption and ties with organized crime. Reportedly, Bakiev’s son, Maksim, has figured prominently behind “takeovers of businesses that belonged to or were associated with the former President Akayev’s family, sometimes resorting to raiding techniques towards promising enterprises if their owners were unwilling to come to an agreement”<sup>141</sup>

Meanwhile, the law enforcement agencies and security services of the country have been implicated in colluding with criminals since the revolution. One such agency is the National Security Service (SNB), which in February 2006 came under attack from the legislators and Prime Minister Kulov who accused the agency of “not only of failing to do its job, but also of employing criminals.”<sup>142</sup> Three senior officials in the SNB

<sup>138</sup> Naryn Ayip, “ФБР: Аскар Акаев был связан с организованной преступностью” [FBI: Askar Akayev was Connected to Organized Crime], *Centrasia.ru*, November 1, 2006, <<http://www.centrasia.ru/newsA.php?st=1162363740>> (April 5 2009).

<sup>139</sup> *Ibid.*

<sup>140</sup> President Bakiev responded to Kulov’s remark on the state-crime nexus by saying that it was “myth [that is] nothing more than an attempt to create a sense of instability in the country, discredit the new authorities, and discredit – once and for all – the law-enforcement organs.” See “Театр теней кыргызской политики: проблема К. Бакиева - недостаток легитимности” [Theater of Shadows of Kyrgyz Politics: K. Bakiev’s Problem – Lack of Legitimacy], *Nezavisimaya Gazeta*, January 16, 2006.

<sup>141</sup> Victor Nesinov, “Дело Пороскуна-Сиротиной несет серьезный риск для киргизских элит; Всесильный младший сын президента Киргизии “принц” Максим Бакиев отобрал у законных владельцев пансионат “Утес” на берегу Иссык-Куля,” [The Case of Poroskun-Sirotina Carries a Serious Risk for the Kyrgyz Elite; Omnipotent Youngest Son of the Kyrgyz President, “Prince” Maksim Bakiev, Took Away Resort “Utes” from Legal Owners in Issyk Kul] *Compromat.ru*, December 13, 2007, <<http://compromat.ru/page.php?id=21932>> (April 4 2009).

<sup>142</sup> Bruce Pannier, “Kyrgyzstan: Major Changes In Law Enforcement Begin At Top,” *RFERL*, February 1, 2006.

were either dismissed or resigned voluntarily in the winter of 2006. One of them, Vyacheslav Khan, a deputy Security Council Secretary at the time, had three citizenships and “was involved in several murky business ventures.”<sup>143</sup> President Bakiev maintained a low profile throughout the showdown.

The post-revolution Kyrgyz government’s weakness and ineffectiveness has raised questions of the viability of the Kyrgyz state in the West, especially after assassinations of parliamentarians and the overt pretensions for legitimacy and acceptance of certain odious crime figures such as Rysbek Akmatbayev, who was gunned down in May 2006 as he waited to overcome legal obstacles following his parliamentary victory in his district. He was known in Kyrgyzstan as a mafia “kingpin,” who faced triple murder charges, racketeering, kidnapping, and embezzlement, among other crimes.

Akmatbayev’s removal hardly eliminated the organized crime, protected by state officials. Reportedly, semi-criminal forces, funded by the drug money, wield considerable influence in some parts of Kyrgyzstan, especially in the south.<sup>144</sup> According to some sources, certain individuals with ties to the drug trade in the south were able to get “immunity and influence by being elected to parliament.”<sup>145</sup> A murder of a deputy of parliament, Bayaman Erkinbaev, in September 2005 was linked to a “dispute with Kyrgyz mafia groups” and he allegedly had a criminal past.<sup>146</sup>

A study of these and other events point to the increasing assertiveness of criminal elements in the country, while the central government is fragile and ineffective, particularly in far flung provinces and rural areas. The ability of criminal elements to gain access to power is at least partly facilitated by the support they get from the local populations as they distribute goods, “build roads and mosques and provide electricity” to poor and neglected areas.<sup>147</sup> Criminal bosses acted openly to gain local support by organizing “public events [and] festivals, giving out money to the people, taking over companies supposedly for the sake of the people.”<sup>148</sup>

An important part of the Kyrgyz criminal world is the athletic criminal community. As the UNODC study shows, athletes “such as

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<sup>143</sup> “Political Showdown Brews in Kyrgyzstan,” *Eurasianet.org*, January 27, 2006.

<sup>144</sup> Borut Grgic, “Revolution, Kyrgyz Style,” *IP-Transatlantic Edition*, Fall 2005.

<sup>145</sup> Svante Cornell and Niklas Swanstrom, “Kyrgyzstan’s ‘Revolution’: Poppies or Tulips?” *Central Asia-Caucasus Analyst*, May 18, 2005.

<sup>146</sup> Bruce Pannier, “Kyrgyzstan: Lawmaker Murdered In Apparent Mafia-Related Shooting,” *RFERL*, September 22, 2005.

<sup>147</sup> Svante Cornell and Niklas Swanstrom, “Kyrgyzstan’s “Revolution”: Poppies or Tulips?”

<sup>148</sup> “Kyrgyzstan: A Faltering State,” *International Crisis Group Asia Report*, #109, December 2005, p. 17.

boxers, practitioners of the martial arts, wrestlers and weightlifters, often provide the muscle of organized crime and play a critical role in extortion” in Kyrgyzstan, which is characteristic to the organized crime present in other countries of the former Soviet Union.<sup>149</sup> Such athletes engage in extortions and frauds and are often on the payroll of mob leaders to commit crimes and to settle gang disputes.<sup>150</sup>

The composition of the Kyrgyz criminal underworld is not limited to athletes. It also includes national groups (Chechens and Uyghurs, for example), former convicts, clans, and transnational groups. Some groups based on nationality can be small in size but dangerous nonetheless. For instance, a dismantled criminal group of a Chechen Khavardzhi Matsaev was made up of 12 people.<sup>151</sup> The Chechens active in the Kyrgyz criminal world have largely been ordinary people, not militants. Uyghurs in Kyrgyzstan also have their criminal authorities, who wield influence in their ethnic circles.<sup>152</sup> Ethnic communities seem to have acquired a “criminal specialty” in Kyrgyzstan, as in its neighboring countries: “the Gypsies distribute drugs; the Uygur criminal groups concentrate on extortion activities; the Chechen [engage] in assaults, extortions, professional assassinations and smuggling of petroleum.”<sup>153</sup>

The drug trade is a profitable business for organized crime groups in Kyrgyzstan, consequently, it is increasingly common. Geography makes Kyrgyzstan a convenient route for such trafficking. The Kyrgyz Interior Minister anticipated in December 2008 a rise in drug trafficking from Afghanistan through Kyrgyzstan, the grounds for such a projection being “a rich opium harvest in Afghanistan in 2008.”<sup>154</sup> The location of the southern city of Osh is pivotal to drug trade. According to Kyrgyz officials, “there are many trafficking groups operating in Osh, which repackage Afghan opiates and smuggle them north using a variety of transportation methods.”<sup>155</sup> Traces of the “Kyrgyz” hashish and opium were found in 87 places in the CIS and further abroad.<sup>156</sup> Interpol experts see the “Kyrgyz corridor” as the most promising for international drug trade.<sup>157</sup>

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<sup>149</sup> *An Assessment of Transnational Organized Crime in Central Asia*, p. 50.

<sup>150</sup> Author interview with a representative of Interpol in Kyrgyzstan, Bishkek, April 13, 2006.

<sup>151</sup> *Ibid.*

<sup>152</sup> Author interview with a representative of the Kyrgyz Ministry of Interior, September 18, 2006.

<sup>153</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 20.

<sup>154</sup> “Kyrgyz police expects increase in transit of Afghan drugs,” *ITAR-TASS*, December 6, 2008.

<sup>155</sup> “Central Asia: Narcotics Trade,” *OxResearch*, Oxford, July 30, 1999.

<sup>156</sup> Author interview with a representative of Interpol in Kyrgyzstan, Bishkek, April 13, 2006.

<sup>157</sup> *Ibid.*

The Drug Control Agency (DCA) set up in Kyrgyzstan in 2003, exclusively funded by the U.S., was hoped to make more progress than previous agencies. DCA coordinates all anti-drug activities of state agencies and is “a key pillar in the country’s fight against drug trafficking.”<sup>158</sup> But DCA may be edging to becoming another ineffective agency due to internal politics and power struggle for well-paid positions at the Agency.<sup>159</sup> A potential for corruption also exists in the DCA.<sup>160</sup>

Human trafficking is another thriving industry in Kyrgyzstan. According to the 2004 estimate of the International Office for Migration (IOM), “4,000 Kyrgyzstanis per year are sold into slavery. Men are often taken to Kazakhstan, Ukraine and Russia for work on tobacco plantations, farms and in construction.”<sup>161</sup> Both men and women end up in labor or sexual slavery in Russia, Kazakhstan, the United Arab Emirates, Turkey, China, Germany, Greece, Korea, Greece and Cyprus.<sup>162</sup> Human traffickers are not necessarily large well-organized groups. Some of the trafficking victims recounted that “traffickers are often known to them as either friends or family members, according to information from the IOM.”<sup>163</sup> Corrupt police officers in Kyrgyzstan are allegedly also involved in human trafficking.<sup>164</sup> The hefty profit this brings to traffickers can be attributed to the rise in human slavery.

Arms trade exists to a limited degree in Kyrgyzstan. Nearly ten arms storages of the IMU were uncovered in mountainous parts of Batken and Osh provinces in early 2000, most likely brought to the country as part of its initial 1999 invasion.<sup>165</sup> A theft of weapons from government depots has also been a recurring problem in Kyrgyzstan.<sup>166</sup>

As in other neighboring countries, smuggling of radioactive materials from or through Kyrgyzstan has been a concern. In September 2004, the Kyrgyz security forces seized sixty containers of plutonium 239 stolen from the country, which the “Kyrgyz State Committee for National Security stressed were sufficient to produce a dirty bomb.”<sup>167</sup> Criminal

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<sup>158</sup> Johan Engvall and Kairat Osmonaliev, “Uncertain Future for Kyrgyzstan’s Drug Control Agency,” *Central Asia –Caucasus Analyst*, June 28, 2006.

<sup>159</sup> Author interview with an OSCE representative in Bishkek, Kyrgyzstan, April 6, 2006.

<sup>160</sup> *Ibid.*

<sup>161</sup> Aigul Rasulova, “Kyrgyzstan Struggles to Stop Slave Trade,” *Eurasianet.org*, July 29, 2004.

<sup>162</sup> “Report: Kyrgyzstan a Human Trafficking and Transit Country,” *Washington Profile*, July 13, 2007.

<sup>163</sup> Aigul Rasulova, “Kyrgyzstan Struggles to Stop Slave Trade”.

<sup>164</sup> Author interview with a representative of the Kyrgyz Ministry of Interior, September 18, 2006.

<sup>165</sup> “Central Asia/Afghanistan: Arms Availability a Concern”.

<sup>166</sup> *Ibid.*

<sup>167</sup> Lucia Montanaro-Jankovski, “Les coopérations sécuritaires face a la criminalité transnationale en Asie Centrale,” [Security cooperation towards transnational criminals



groups in Kyrgyzstan also carry out “theft of ferrous and non-ferrous metals, which is becoming increasingly common in the republic. [In 2000, President Akayev said] the damage caused by theft of non-ferrous metals has exceeded 150 million soms in the past one and a half years.”<sup>168</sup>

Similar to Tajikistan, money laundering in Kyrgyzstan is a big concern due to the booming drug trade and the significant share of “grey” capital. “The major sources of illegal proceeds include narco-trafficking, smuggling of consumer goods, official corruption and tax evasion.”<sup>169</sup> Kyrgyzstan approved its first law on money laundering and combating terrorism financing in November 2006,<sup>170</sup> but the jury is still out to assess its implementation. Although certain provisions exist to elicit customer identification and encourage banks to report suspicious transaction, such rules are thought “to be generally ignored by commercial banks.”<sup>171</sup> Meanwhile, the Kyrgyz law enforcement is powerless to assume adequate control and investigations over the banking sector due to the chronic lack of resources.

## Conclusion

This assessment provided a general overview of the organized crime situation in four Central Asian republics. It looked into the factors that have facilitated the growth of crime and the range of existing and potential threats and challenges to the stability and development of the region. The overall conclusion is that the challenges faced by the Central Asian republics are not limited to organized crime in the region; rather, the countries in the region face systemic and structural problems with state institutions that are unable to address crime effectively. This assessment demonstrated that the underlying problem with criminality lies in the combination of state weakness, “institutionalized” crime, endemic corruption, inadequate and incompetent law enforcement and poverty.

On the implementation level, the reform of the security sector should be a number one priority both for the Central Asian countries and the Western donors. Such reforms must focus on the ineffective law enforcement and judiciary, which are central to operating rule of law and any effort to fight organized crime. A failure to address these entities is bound to perpetuate the vicious circle of corruption, crime and state

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in Central Asia] *Annuaire Français de Relations Internationales*, September 7, 2005, p. 363, <[http://www.afri-ct.org/article.php3?id\\_article=1421](http://www.afri-ct.org/article.php3?id_article=1421)> (April 4 2009).

<sup>168</sup> “Crime Becoming More Organized in Kyrgyzstan,” *The Times of Central Asia*, July 29, 2000.

<sup>169</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 54.

<sup>170</sup> Michael Jonsson and Christian Nils Larson, “Selective Implementation of Anti-Money Laundering Regimes in Central Asia”.

<sup>171</sup> *Assessment of Transnational Organized Crime in Central Asia (1997-2000)*, p. 54.

weakness, thereby putting at risk the overall stability and security of these countries. Securing higher salaries, providing better equipment for the law enforcement, and “reducing corruption and dependence on political leadership”<sup>172</sup> should be first steps. In order to increase the material and technical well-being of the law enforcement, the states will need to undertake dramatic structural and management changes in their financial sectors. Transparency and accountability will be key to reforms, which appears to be difficult to demand from inherently corrupt governments in Central Asia.

Reform initiatives from Western donors must be comprehensive and results-oriented. Thus far, the West has largely ignored the reform of Interior Ministries and the police. Donors appear to be reluctant to train police forces for fear of facing potential accusations of abetting police brutality. However, the *ad hoc* Western initiatives to reform law enforcement bodies in Central Asia appear to have fallen short of their goals. The EU’s fresh attempts to assist the Central Asian law enforcement agencies to access the Interpol services and databases is a positive step towards confronting organized crime, terrorism, drug trade and other crimes as well as fostering regional and international cooperation.<sup>173</sup> Efforts to address organized crime within the Shanghai Cooperation Organization<sup>174</sup> have so far been stronger in rhetoric than in action.

Fundamentally, no reform will succeed without the genuine commitment of the Central Asian governments to carry them through. Many reforms have been undertaken, but there are limited positive results. An important conclusion drawn from this assessment is that a general lack of democratization in the region, which illustrates many features of the corrupt and authoritarian Soviet system, is inherently tied to the failures to fight crime. The entrenched Central Asian elites maintain vested interests in the *status quo*, that is, they are reluctant to reform government institutions, and the very institutions designed to tackle serious crimes serve as tools of enrichment and suppression of dissent; therefore there are limited incentives to commit to decisive reforms.

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<sup>172</sup> “Central Asia: The Politics of Police Reform,” p. 10.

<sup>173</sup> “EU, Interpol Promote Police Information Exchange in Central Asia,” *BBC Monitoring - Central Asia Unit*, April 1, 2009.

<sup>174</sup> Founded in 2001 in Shanghai, China, SCO is a permanent intergovernmental international mutual-security *organization* including Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Russia, and China. India, Iran, Mongolia and Pakistan maintain observer statuses. The organization’s original mandate focused only on security and confidence-building measures, later adopting economic and cultural cooperation agreements.

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Articles from Journals: Phil Williams, “Transnational Criminal Organizations and International Security,” *Survival* 36, 1 (1994): 96.

Books: Patrick L. Clawson and Rensselaer W. Lee III, *The Andean Cocaine Industry* (New York: St. Martin’s Press, 1998)

Newspapers, News-agencies & Magazines: Toby Harnden, “Drug Trade ‘Reaches to Afghan Cabinet,’” *Daily Telegraph*, February 5 2006.

Electronic Sources: George Bush, “Principles of Ethical Conduct for Government Officers and Employees,” Executive Order 12674, April 12 1989, pt. 1, <[www.usoge.gov/exorders/eo12674.html](http://www.usoge.gov/exorders/eo12674.html)> (October 30 1997).

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*The China and Eurasia Forum Quarterly* (ISSN: 1653-4212) – formerly *CEF Quarterly* and *CEF Monthly*. Volume and issue numbers follow the sequence of *CEF Quarterly* and *CEF Monthly*. The first issue of *The China and Eurasia Forum Quarterly* was numbered Volume. 3, No. 3, November 2005.



**THE CHINA AND EURASIA FORUM QUARTERLY**

*Volume 7, No. 2*

*May/June 2009*

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ISSN: 1653-4212