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Strategic Security Dilemmas in the Caucasus and Central Asia

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Roy Allison

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Foreword

The National Bureau of Asian Research is publishing a two-volume series of the *NBR Analysis* to highlight the urgent and persistent nature of the changed strategic security environment in the Caucasus and Central Asia. The two volumes explore a range of competing interests and influences in these volatile regions—emerging threats, bilateral and multilateral relations, external great power and regional power influences, and the consequences of the unprecedented physical presence of U.S. military forces in these regions since the start of the Afghanistan campaign in December 2001.

The national security community historically has tended to view these states as homogenous “regions”—hence the use of terms such as the Caucasus, the Caspian region, or the Central Asian republics. In fact, the individual states within the South Caucasus—Azerbaijan, Armenia, and Georgia—suffer from deep-seated ethnic conflicts and pursue military and economic policies that collide with each other’s and with their immediate neighbors’ interests. The five Central Asian states—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—have struggled to create national identities and to develop coherent economic policies, and still lack the capacity to coalesce around shared regional concerns or common interests.

As the countries enter the twenty-first century and are in their second decade of behaving as individual states, it is apparent that we need to modify our analytical approaches to understand how these states perceive their strategic interests. We need to re-evaluate how their political leaders assess threats to their countries’ security. We need to investigate how external influences from great and regional powers—Russia, China, India, Pakistan, Iran, Turkey, Europe, and the United States—are shaping the security landscape both within the Eurasian states and across regional boundaries. We also need to anticipate how the deployment of U.S. and other national forces on the territories of fragile states in the Caucasus and Central Asia, to fight the global war on terror, may produce unintended consequences—politically, economically, and socially—for longer-term regional stability.

This first volume of the series examines “Strategic Security Dilemmas in the Caucasus and Central Asia.” Our authors presented papers at the *Caspian Sea Basin Security* conference

held in Seattle in April 2003. Their research attempts to measure how current security dilemmas affect the future stability of the states situated at the crossroads of Europe, Asia, and the Middle East. The authors highlight the tragedy of September 11, 2001, as the principal catalyst for redefining the strategic significance of the Caucasus and Central Asia.

Svante Cornell, Deputy Director of the Central Asia-Caucasus Institute, analyzes the “Military and Economic Security Perspectives” of the Caucasian and Central Asian states. His analysis reminds us that each state is contending with unique security concerns, while at the same time they all struggle to address regional tensions without resorting to conflict. Cornell contends that the creation of American bases in Uzbekistan, Tajikistan, and Kyrgyzstan, and the sending of U.S. special forces to train in Georgia, have redrawn the political map of both the Caucasus and Central Asia. His article examines how the presence of U.S. troops in this region complicates the states’ abilities to address endemic problems—ethnic conflicts, tensions and uncertainties over political succession, and the social and economic crises associated with drug trafficking and trafficking in women and illegal migrants.

Roy Allison, Director of the Royal Institute of International Affairs (Chatham House) Russia and Eurasia Program, evaluates “The Limits of Multilateralism” and offers a candid assessment of whether the states in this region can adopt and implement multilateral strategies to resolve regional tensions. Allison examines the historical record since 1994–95 for multilateral institutions and analyzes why most of these initiatives have produced no more than good intentions. He recounts the various attempts to form alliances that include only members from within the region, and describes how the current trend towards bilateral relationships is undermining multilateral defense cooperation. Allison notes that “neither the consultative bodies, which involve only the Central Asian states, nor those that engage both Central Asian countries and regional powers, have been successful in generating a process towards substantive multilateralism and cooperation in the security and defense policy or thinking of the states involved.”

This two-volume series explores issues that will continue to be investigated as part of NBR’s “Central Asia in the Twenty-first Century” research program. We are grateful to the U.S. Army War College’s Strategic Studies Institute; the Russian, East European, and Central Asian Studies Center at the University of Washington’s Jackson School of International Studies; the Central Intelligence Agency; and Pacific Northwest National Laboratory’s Pacific Northwest Center for Global Security for their support of these studies. As with all NBR reports, the authors are solely responsible for the content and recommendations of their papers.

Richard J. Ellings
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Military and Economic Security Perspectives

Svante E. Cornell

The war on terrorism following the events of September 11, 2001, raises the profile of the former Soviet states of Central Asia and the Caucasus region as policymakers in the United States and Europe recognize the persisting geostrategic and geopolitical importance of these regions. As developments in these countries attract global attention, decision makers are confronted with the diverse challenges facing the individual states. Common challenges include the institutional weakness of the states, the role and policies of the great and regional powers surrounding the region, and the growing problem of transnational crime. Central Asian states in particular face the threat of radical Islam, a lack of democratic reforms, and the need to reignite regional trade and development. Particularly acute concerns in the Caucasus states are unresolved ethnic conflicts (most notably the war in Chechnya), the security of strategically vital pipelines, and national economic recessions. Given the degree to which events in the Caucasus and Central Asia intersect with vital U.S. security interests for the foreseeable future, there is an urgent need to investigate avenues to manage and diffuse these potentially disruptive influences.

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The war on terrorism after September 11, 2001, has brought Afghanistan and the post-Soviet states of Central Asia into the spotlight of world politics, with great strategic importance to the United States and Europe as well. Less known is the nearby region of the Caucasus, including Armenia, Azerbaijan, and Georgia between the Black and Caspian seas, though it is by no means less important to U.S. foreign policy.

In October 2001 the Bush administration took a decision that will likely be recalled as a landmark in Central Asian history. By deciding to set up military bases in Uzbekistan, Tajikistan, and Kyrgyzstan, and sending special forces to train the Georgian military, the United States

The distribution of power and influence in Central Asia and the Caucasus was fundamentally altered by the serious commitment of the United States to military and security engagement.

redrew the geopolitical map of the region. The ever evolving and shifting distribution of power and influence among the states surrounding Central Asia and the Caucasus—and the regional states themselves—was fundamentally altered by the serious commitment of the United States to a military and security engagement in the region, even though the length of this commitment was not announced. The

impact was greatest in Central Asia. The U.S. advent on the scene restored a certain freedom of movement to Central Asian states that were increasingly becoming constrained in an environment dominated by Russian and Chinese influence.

Eighteen months later the United States is firmly entrenched in Central Asia. It has considerable military bases in Uzbekistan and Kyrgyzstan and an ubiquitous military presence in Afghanistan; it upgraded political and security links with all states in the region, save isolated Turkmenistan, and has a relationship amounting to a strategic partnership with Uzbekistan, the most important regional state. The states hosting U.S. troops are generally happy to see increased U.S. presence in Central Asia; some larger neighbors think otherwise, but have neither the intention nor the capacity to dislodge the United States from the region. There is no great danger to U.S. troops or citizens in the region comparable to that in the Arab world or even Southeast Asia, and anti-Americanism is arguably lower in Central Asia and Azerbaijan than anywhere else in the Muslim world. This entails that, in practice, the United States is in Central Asia for *at least* as long as it wants to be. This does not mean that the United States will maintain large military bases in Central Asia for decades, or automatically get drawn into regional troubles. However, it is clear that for the foreseeable future the U.S. will remain considerably engaged in the security affairs of Central Asia to a larger extent than it was at any time before September 11, 2001, and its policies will, concomitantly, contribute to determining the future of Central Asia to a considerable extent.

As for the Caucasus, the military operations in Afghanistan after September 11 led to the Caucasian states offering support to the United States. A little known fact is that the *entirety* of U.S. and coalition aircraft, transiting from the United States and western Europe to Afghanistan and Central Asia, fly over the airspace of the South Caucasian* countries, especially Georgia and Azerbaijan. These two states offered blanket overflight and basing rights, and their cooperation has been crucial (but often underestimated) for the prosecution of the war on terrorism. The importance of the South Caucasus does not stop at this: with increasing concerns of Western energy dependence on the Persian Gulf (especially Saudi Arabia), the oil resources of the Caspian Sea (especially Azerbaijan and Kazakhstan) form a potential partial alternative to Middle Eastern oil, although their qualities are in no sense comparable to the resources of the Gulf. Likewise, Caspian natural gas reserves are a possible future source of energy for western Europe as well as Turkey. The Caucasus region is, through the ancient but revived “Silk Road,” the historical link between Central Asia and Europe. Its location between Russia, Iran, and Turkey, and its proximity to Iraq and the Middle East, gives it great strategic value.

Yet, the South Caucasus is not only an important, but also a troubled region. It was a hotbed of ethnic conflicts in the 1990s, none of which have been resolved. In neighboring Chechnya, war is still raging. The instability of the Caucasus has led to the region becoming a focal point for the illegal drug trade, transnational crime, and trafficking in women and illegal migrants. Moreover, concerns regarding the availability of and traffic in fissile material and other components useful for making “dirty bombs” in the region are rising. This set of difficult problems has given rise to a sense of “Caucasus fatigue” in the West, namely, that so much economic assistance and political support has been tendered with apparently little to show for it thus far. Still, the strategic relevance of the South Caucasus is growing along with the risk that terrorist and criminal elements could gain foothold in the region unless the negative trends are reversed.

What major challenges are likely to arise in Central Asia and the Caucasus in the coming years? Three general challenges are the role and policies of the regional players surrounding the region; the weakness of all states in both regions; and the burgeoning transnational crime wave, especially narcotics trafficking. In Central Asia, specific challenges are the threat of radical Islam (also to a lesser degree in Azerbaijan), the challenge of guiding Central Asian states closer to and not further away from open societies and democratic reform, the challenge of reigniting regional trade and development, and the specific and increasingly erratic case of Turkmenistan. In the Caucasus, which is plagued by a long list of problems, the most acute challenges to the

* The South Caucasus refers to the countries of Armenia, Azerbaijan, and Georgia. The North Caucasus refers to those parts of the Caucasus mountain region within the Russian Federation.

region's security and to Western interests are the protracted regional conflicts, the fallout of the war in Chechnya, the security of east-west pipelines, and the economic recession.

Weak States

These security challenges are all tied together by one fundamental element of insecurity: the weakness of the state in the Caucasus and Central Asia. Most, if not all, of the regional states have so far made only moderate progress in reforming Soviet-era bureaucracies and leadership patterns. The collapse of the Soviet command economy also sharply reduced the social functions of the state and contributed to widespread poverty. The recent character of the states and the conflict-prone nature of the region contribute to undermining the stability and efficiency of governments in all of the states. Amid a struggling economy, debilitating ethnic and civil conflict (in five areas of the Caucasus and in Tajikistan), and large refugee flows, the challenges to Caucasian and Central Asian governments to create viable state bureaucracies, control and police their territory, reform their economies, and build the rule of law and democracy have been immense. Progress has clearly been made in the last ten years in the Caucasian states. All three countries have a pluralist political system with functioning opposition parties, a

The Central Asian states remain characterized by autocracy, the absence of a legal and functioning opposition, and larger state control over the media.

relatively free print media, and have liberalized their economies to various degrees. This progress has been recognized through their admission into the Council of Europe—in 1999 for Georgia and in 2001 for Armenia and Azerbaijan. Central Asia, on the other hand, has made progress in the building of statehood, particularly in Uzbekistan, which

is the most well-functioning state in the region. However, while progress has been made in state-building, much less has been done in terms of liberalization. The Central Asian states remain characterized by autocracy, the absence of a legal and functioning opposition, and larger state control over the media. However, in a recent development, a banned opposition party was allowed to hold a congress in Tashkent, Uzbekistan, in October 2003. Kyrgyzstan was an exception to this bleak picture of autocracy in the mid-1990s, but has increasingly come to resemble the rest of the region. Owing to a power-sharing agreement that ended the 1992–1997 civil war in the country, Tajikistan also has some elements of plurality, though they are receding as well.

On a political level, the governments have not managed to build lasting and stable state institutions, let alone democratic ones. Recent elections in all three Caucasian states have been consistently flawed, leading to increasing confrontation between governments and opposition.

This weakness of state institutions leads to a looming problem of succession. In Georgia, the political scene has fragmented to a level where no clear successor to current President Eduard Shevardnadze has emerged. As Shevardnadze's last term in office expires in 2005, Georgia is currently ill-positioned to organize free and fair elections and handle the succession. Even leaving aside Abkhazia and South Ossetia, the government barely controls large tracts of the country, such as the Armenian-populated Javakheti region, the southwestern region of Ajaria, or Svaneti and Mingrelia in the west. Georgia faces real challenges to its very statehood, which have been far from addressed or remedied.

In Armenia and Azerbaijan, the situation is slightly better. Both have widespread corruption, but neither has the weakness of the Georgian government, and they do exercise authority over their territories. But Azerbaijan, like Georgia, is facing a serious succession crisis. Former President Heydar Aliyev, one of the Soviet Union's most powerful men under the Brezhnev and Andropov eras, in ill health and under pressure from his inner circle, transferred leadership in Azerbaijan to his son Ilham. Ilham was formally elected president in the October 2003 election. Ilham is a skilled politician in his own right, with important positions in the State Oil Company. He headed the national Olympic committee with great success, as well as the Azerbaijani Delegation to the Council of Europe. Yet, he lacks his father's experience and support in the bureaucracy. Moreover, the opposition, while weak and fragmented, vehemently opposed his succession.

Armenia does not have the same succession issue, having already experienced a transfer of power in 1998, albeit in the form of a palace coup, which ousted former President Levon Ter-Petrossian. Nonetheless, current President Robert Kocharyan, who is originally from the Armenian community in Nagorno-Karabakh and moved to Armenia only in the late 1990s, is increasingly alienated from the population. The murder—in live parliamentary session—of the then Prime Minister Vazgen Sarkisian and Speaker of Parliament Karen Demirchian in October 1999, and subsequent messy investigation, in which Kocharyan's aides were accused of conspiracy and five top witnesses were murdered or died in mysterious circumstances, hit the country's stability. As a result of the war in Nagorno-Karabakh, Armenia has no economic links with either Turkey or Azerbaijan, and its economy plunged in the 1990s, according to some estimates forcing nearly half of the country's population of three million to migrate either permanently or temporarily in search of livelihood. Although Armenia is working constructively with the International Monetary Fund (IMF), unless peace and prosperity arrive soon, it risks a further weakening of its statehood.

In Central Asia, only Kyrgyzstan seems to have some light at the end of the tunnel: President Askar Akaev has indicated he will step down at the end of his term and not seek

reelection, a first in the region. Still, regional and clan rivalries risk destabilizing the struggle for succession in all states. Given the erratic character of its leadership, Turkmenistan is a case in point, where the disappearance of President Niyazov from the scene may cause a vacuum difficult to fill. Uzbekistan is rife with clan and regional tensions that are currently being man-

Regional rivalries do not necessarily mean violent conflict.

aged by Karimov's leadership, but little is known of the strength of these rivalries. It should be recalled, however, that regional rivalries do not necessarily mean violent conflict. In fact, strong vested interests for stability and a willingness to compro-

mise are historically well-grounded in the region, and may lead to manageable regime transitions. This is the case especially if they are gradual; however, the sudden demise of a leader could trigger power grabs and ensuing unrest.

State weakness is not an isolated problem, as practically all major problems facing the region are in one way or another related to this phenomenon. The states are weak not only in terms of their ability to serve citizens or control territory, but also in terms of legitimacy and the cohesiveness of national identity. This contributes to the attractiveness of radical ideologies, especially Islamic radicalism. Meanwhile, the economic collapse and failure to build states based on the rule of law have contributed to rampant corruption at all levels of the state. The weakness of both state power and the state idea was a main factor in the emergence of ethnic and regional conflict. In turn, conflicts breed insecurity that prevent investments and hinder trade, thereby prolonging the economic problems of the region. The weakness of the regional states also makes them vulnerable to the interests of external and transnational actors, which include regional powers as well as transnational crime—two of the main security challenges in the Caucasus and Central Asia.

Regional Actors

The international environment surrounding the Caucasus and Central Asia is complicated, as regional actors have sought to maximize their influence and security in the power vacuum that the collapse of the Soviet Union left. In fact, the region has become one of the focal points of geopolitical rivalry in the post-Cold War era.

U.S. presence in Central Asia may have been welcomed by the local states, but most regional powers were less thrilled. Russian President Vladimir Putin may have voiced no objection publicly, but he spent energies after September 11 trying to convince Central Asian presidents not to allow the United States in. However, Putin was shrewd enough to under-

stand the futility of the enterprise and abandon it without losing face. Iran, for obvious reasons, is feeling extremely threatened as it sees U.S. military forces, which could potentially be used against it, surrounding it from all sides: in Georgia, Uzbekistan, Afghanistan—and now also in Iraq—in addition to the earlier bases in Turkey, Oman, and the Persian Gulf. China, though less acutely, is also feeling alarmed by U.S. encirclement. The U.S. military presence in Kyrgyzstan—a country which shares a long border with China, not with Afghanistan, the stated aim of the base—is reminiscent to some Chinese observers of the Korean and Vietnam wars, during which U.S. troops massed on the borders of the People’s Republic. In 2002, for the first time since 1949, the People’s Liberation Army held exercises on another state’s territory. Of the thirteen countries that China borders, the exercises were held in Kyrgyzstan. Meanwhile, Russia, also in 2002, opened a military base in Kant, Kyrgyzstan, just miles from the U.S. base, in a clear signal that it, too, remains a player in Central Asia.

In fact, China and Russia before September 11 had worked hard to exert a dominant influence over Central Asia, using the Shanghai Cooperation Organization (SCO) for this purpose. Though local states had a modicum of interest in the establishment of a cooperative umbrella organization for the resolution of disputes in Central Asia, by 2001 the SCO was effectively being used by Beijing and Moscow to force the Central Asians to follow their foreign policy priorities, including so-called “multilateralism,”—shorthand for a world not dominated by the United States. As local states found no concrete support from the West for their acute security concerns, including Islamic radical incursions, they saw themselves forced to cautiously seek the support of Moscow and Beijing. The dexterity with which they ignored the SCO—whose main aim was anti-terrorism—and opted for bilateral relations with the United States demonstrates their apprehensions about the Sino-Russian policies, and the weakness of multilateral structures in Central Asia in general.

As the war against the Taliban and Al Qaeda downscales, the United States is certain to face increasing pressures—whether explicit, implicit, or perhaps even covert—from Russia, China, and Iran to withdraw or to reduce its presence, as its bases are no longer as easily justified by the war on terrorism. Whether in tandem or individually, China and Russia are likely to take initiatives to regain some of the ground they lost in the region since autumn 2001. Current initiatives such as the Russian airbase in Kant, Kyrgyzstan, suggest this process may already have begun. The United States should expect implicit “tests” of its determination to remain in Central Asia, and U.S. lack of attention to the region will likely be exploited by these powers to try to increase their own presence, perhaps at the expense of U.S. interests there.

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As for the Caucasus, it is a region where three empires, Russia, Turkey, and Iran, have historically overlapped. All three retain very important interests in the region today. Turkey is primarily interested in trade and commerce, the supply of Caspian oil and gas in order to diversify its market, preventing Nagorno-Karabakh from flaring into a regional war, and in promoting the sovereignty and independence of Georgia and Azerbaijan as a barrier to possible future Russian expansionism in the South Caucasus. Iran's attention is primarily focused on breaking out of the isolation resulting from U.S. policy, protecting its borders and internal cohesion—given the very substantial ethnic Azeri population in northern Iran, and blocking the expansion of U.S. and Turkish influence in the region—an interest it has shared with Russia. Iran's domestic cohesion concerns largely have caused it to side with Armenia over Nagorno-Karabakh, while Turkey has been Azerbaijan's strongest international adherent in this conflict. All three regional powers still keep a close watch on the activities of the others and are particularly concerned about the outcome of current debates over the geographical direction of pipelines carrying Caspian energy to market, military and security arrangements in the area, and possible solutions to the ongoing ethno-territorial conflicts.

For Russia, the South Caucasus carries an especially significant geostrategic weight. It was the launch pad of Russia's efforts to expand its influence and territory southward in the eighteenth and nineteenth centuries, and later seen as a gateway to the Middle East. The South Caucasus, especially Georgia, was essential to Russia's conquest of the North Caucasus in the mid-nineteenth century and the Russians today still see Georgia as crucial to their maintaining control of the North Caucasus. The South Caucasus is viewed as the soft underbelly of Russia, where unwelcome influences, ranging from radical Islamic groups to Turkey or the United

The South Caucasus is viewed as the soft underbelly of Russia.

States, could make inroads and then potentially spread to Russia. The war in Chechnya is intimately tied to the developments in the South Caucasus, and Russia's relations, especially with Georgia, have been colored by the war. The Chechen conflict has

on several occasions led to the bombing of Georgian territory by the Russian air force, and the spill-over into Georgia of the refugees and fighters who sought refuge in the Pankisi Gorge in northern Georgia in late 1999, in turn led to the growth of extremist groupings in the area and to the deployment of U.S. special forces in Georgia in 2002 to train the Georgian military.

As such, while Russia has accepted the placement of U.S. forces in Georgia in the struggle against terrorism, for the most part the Russians still view the South Caucasus from a zero-sum game perspective and wish to minimize the spread of U.S. influence. Much of Russian activity in the region has been driven by a "divide and conquer" approach, exploiting the area's rich mix of ethno-territorial conflicts and internal governance weaknesses to maintain its influence

as the key arbiter. Russia today retains military bases in Armenia and seeks to keep its two remaining bases in Georgia for eleven more years, while the Georgians are willing to agree to no more than three.

Russia remains a key player in the region with considerable capability to block or undermine agreements it does not like and destabilize governments if it chooses. At the same time, a Russian policy supporting the sovereignty and territorial integrity of all the Caucasus states, and recognizing the legitimate interests of all regional powers as well as the United States and European Union, would be a significant step forward in assuring peace and stability in this volatile region. Russia, being both part of the problem and part of the solution, remains key to any future makeup of the Caucasus.

Transnational Crime

A major, but often neglected, challenge to the security of the region is the salience of transnational crime. This sector is booming in the absence of strong licit economies, and benefits from the weakness of states and rampant corruption. In turn, the immense profits in the drug trade strengthen corrupt practices and risk criminalizing entire states or parts of state bureaucracies. In the 1990s, opiate trafficking from Afghanistan, which had primarily moved through Pakistan and Iran toward Turkey and European markets, began shifting north. This was a result of the strong response to smuggling by the Iranian state as well as the vacuum in Central Asia and Russia: smuggling followed the path of least resistance.

The trade in narcotics, especially opium and its main derivate, heroin, is perhaps the area in which the United States has failed most blatantly since September 11. Whereas the Taliban regime in Afghanistan, for all its flaws, had eradicated almost all opium production in the part of the country they controlled, the new U.S.-backed Karzai administration has done very little to prevent the boom of opium cultivation and heroin production that has taken place since the Taliban regime fell. In fact, parts of the government are likely deeply involved in the trade—the drug trade is no peripheral issue. Central Asia, with the weakest and most corruptible states surrounding Afghanistan, has rapidly become perhaps the main trafficking route of Afghan heroin, eclipsing even Iran. In a region with little economic activity outside of oil, gas, and cotton, the drug trade plays an important economic role in the economies and politics of Central Asia. The region is impoverished, and the profits of the drug trade are so enormous that it infiltrates governments and society as a whole. Afghanistan, Tajikistan, and Turkmenistan are by now candidates to be labeled “narco-states”—where the drug trade has infiltrated bureaucracy and the political elite to such an extent that it actually controls part of the states.

Over a third of Tajikistan's GNP is considered to be drug-related. In countries involved in the production and transfer of opiates, drug consumption—which follows the trafficking routes—affects public health with severe diseases including HIV/AIDS, creates social conflicts, fuels corruption, finances extremism and terrorism, and even plays a role in civil wars. The armed incursions by the Islamic Movement of Uzbekistan (IMU) in 1999 and 2000, which affected Kyrgyzstan, Tajikistan, and Uzbekistan significantly, were almost certainly in great part related to the IMU's involvement in the drug trade and its need to open up new trafficking routes.

In Afghanistan, the return to a drug economy directly conflicts with the rebuilding of the state and its central authority. Drug production and trafficking also leads to an automatic destabilization of society and states. Criminal networks need instability and weak states to be able to continue with the production and trade of narcotics. The stronger the state is, and the more efficient the police and system of justice are, the worse the environment for criminal networks will be. These networks, therefore, have an interest in keeping entire areas outside government control, or in ensuring the government does not disturb their criminal operations. The consequences are deteriorating law and order, a more difficult situation for the local population, and conditions that discourage investments and therefore result in decreased economic production and increased poverty. This situation forces the population to participate in the production and/or smuggling of narcotics. It is, hence, imperative for the United States to tackle the drug trade, not only at its roots in Afghanistan, but also its role and salience in the politics and economy of Central Asian transit states.

The three states of the South Caucasus as well as the Russian North Caucasus, especially Dagestan and Chechnya, have also been increasingly plagued by illicit activities perpetrated by criminal organizations. In addition to cigarette, fuel, and alcohol smuggling rings—

Given its proximity to Russia, Turkey, and the Arab world, the South Caucasus acts as a natural channel for arms smuggling.

which pose little more than an economic threat—the region, situated along both the “Balkan” and “northern” smuggling routes, is an important international center for narcotics and arms trafficking—perhaps the downside of being an emerging “east-west” transportation corridor. Widespread corruption, political and economic instability, and ethnic

conflicts have further helped root transnational crime in the Caucasus—most obviously as armed conflict has resulted in the loss of central government control over territory, including approximately 30 percent of Georgia and 20 percent of Azerbaijan. Given its proximity to Russia, Turkey, and the Arab world, the South Caucasus acts as a natural channel for arms smuggling. Separatist and civil conflicts also led to a flood of weapons pouring into the region since 1989, from Russia, Turkey, Iran, Greece, and Western states. Given the unresolved nature of these

conflicts, there is both a great demand for arms in the region and a steady supply. Criminal organizations involved in the large scale trafficking of arms and drugs tend to be highly organized entities with influential leaders and connections to key state institutions, in some cases directly connected to the upper echelons of government. The breakaway Georgian region of Abkhazia is a particular area of concern, a hub of the drug trade given its location on the Black Sea coast, with easy access to Eastern and Central Europe, and with no international oversight whatsoever. An even greater concern is that the Caucasus may be used as a transit route for nuclear, biological, chemical, and radiological weapons and material. Incidents of unsafeguarded radiological material being found in or trafficked through Georgia have been reported. Moreover, Abkhazia was a storage point for enriched uranium and other radioactive materials during the Soviet period that may have been sold to Iraq or terrorist groups.

Radical Islam in Central Asia

The growth of movements espousing a radical and millenarian version of Islam, which are often both anti-American and violent by nature, is a phenomenon spread throughout the Islamic world. These groups have made inroads in Central Asia and Azerbaijan since the early 1990s, but their influence remains very limited. Central Asian Islam is very different from Arab Islam, especially the Gulf variety, and Central Asians have a centuries-long track record of living peacefully with other religions and allowing for a plurality of views *within* Islam. Yet a set of factors has enabled radical movements to prosper. Islam suffered heavily from the Soviet experience, and young and middle-aged people have a much weaker knowledge of the tenets of the religion than their parents, due to forced Soviet atheism. This contributed considerably to the secularization of society, but also created a moral and spiritual vacuum among the youth. Moreover, knowing their own religious traditions less well, youngsters in Central Asia are more susceptible to believe that views imported from the Arab world are *the* true Islam, especially as indigenous religious institutions are weak.

Central Asian Islam is very different from Arab Islam, especially the Gulf variety.

In addition, poverty, rampant unemployment among the young population, and increasing social and income gaps, together with official corruption, are playing into the hands of radical groups. Their message is really not only a religious one but also one of social justice and equality, stressing the imposition of law and order and just rulers. Furthermore, the large financial sums available from the Gulf region to radical organizations help them propagate their

views effectively. Finally, the deficit of democratic debate and civil society in Central Asia may be pushing increasing numbers of politically active citizens to radical movements, in the absence of legal alternatives to political activity independent of the government.

Rising radical Islamism brings with it increasing anti-American sentiments. These views are marginal today, but need to be watched, analyzed, and preempted by regional governments, with U.S. support and assistance, in order to prevent their growth. Central Asia is an area where the United States still brings positive connotations to most people; the United States needs to ensure this remains the case, through its policies toward the various regimes in Central Asia. Strengthening and supporting moderate Islamic institutions in the Central Asian and Azerbaijani societies is one example of how the United States could not only curtail possible extremism and terrorism, but also gain popularity in a region where radical groups are feared and loathed by a majority of the population.

Democratic Reform

Ever since the mid-1990s, the Central Asian region has been notorious for its backtracking democratic development. While Turkmenistan and Uzbekistan have been exposed more than others for their shortcomings and human rights abuses, functioning opposition and free media are suffering in the entire region. Even Kyrgyzstan, which once tried to portray itself as an island of democracy in Central Asia, has reverted to a governmental behavior very similar to that of its autocratic neighbors. Differences between Central Asian governments are not in the nature of their rule, but in degree and in their capacity to enforce it.

So far, closer U.S. relations with the regional states have done little to improve this situation. Issues of human rights and democratization have clearly dropped in priority in U.S. foreign policy, though they are constantly mentioned in U.S. dealings with the region at all levels. Meanwhile, the Central Asian governments have tried to exploit the war on terrorism to eliminate, neutralize, and discredit their political opponents. The “consolidating autocracies,” as Freedom House calls some of the Central Asian states (Uzbekistan, Turkmenistan, and most recently Kazakhstan) in their yearly publication *Nations in Transit*, nevertheless risk further exacerbation of social tensions and political stability, by pushing opposition to the fringes of the political scene, thereby playing into the hands of radical Islamic and other violent forces.

In the past, Western and American governments rightly accused Central Asian governments of undemocratic policies and human rights abuses, and threatened sanctions when matters grew worse. This policy nevertheless produced little result, as it was very much a mono-

logue rather than a dialogue. The Central Asian governments felt hectored and alienated by the West, and shrugged off Western criticism, which they felt failed to comprehend the very serious security threats in the region. In particular, the West's failure to understand their suppression of Islamic radicalism estranged them from the West.

Since September 11, however, the United States (as well as some European states) has changed its approach, rather than its aims. It now holds dialogue with countries like Uzbekistan, and as Uzbekistanis feel that the United States is listening to them, they are slowly becoming more permeable to influence and advice regarding reforms. This is an important lesson, as it shows that these countries are not impermeable to change; the process may be excruciatingly slow, but the right approach and attitude in dealing with these governments can actually pay off.

Turkmenistan

Turkmenistan has, since independence, remained aloof from developments in the rest of Central Asia. Its policy of "permanent neutrality" has enabled the country to stay out of any regional alliance or organization, but has also meant that it has freely conducted relations with all neighboring states, including Iran, and simultaneously with the two opposing administrations in Afghanistan, the Taliban and the Northern Alliance, both of which it accorded diplomatic status. Turkmenistan is also a country that has a potential to become wealthy, as it has the world's fourth largest reserves of natural gas for a population of less than five million. However, Turkmenistan is at present the most problematic country in Central Asia, and the one most likely to see violent unrest or an implosion in the near future.

Turkmenistan's main problem is its leader, Saparmurad Niyazov. In power since the Soviet era, Niyazov at independence built an ever more erratic and ridiculed personality cult. The cult began with the standard omnipresent posters and slogans, but soon expanded. Niyazov named cities, buildings, parks and streets after himself, then erected statues of himself around the country, including a 30-foot golden statue in central Ashgabat that rotates with the sun. He also called himself "Turkmenbashi," or "Head of all Turkmens," and prohibited any mention of his name in the press without this title. By 2001 the epithet "the Great" was added, and Niyazov also published the *Rukhnama*, a book allegedly written by him. *Rukhnama* claims to "explain the world anew," but is really a singular mix of mythology, an ambitious but questionable history of the Turkmen nation (which allegedly dates back to the prophet Noah and has founded 70 states, including Safavid Iran), and general ethics and admonitions ("wear clean and decent clothes").

These measures, including Niyazov's renaming of all months of the year, (with January named after him) are the subject of much ridicule, and actually obscure the seriousness of the situation. In spite of the country's gas wealth, Turkmenistanis are increasingly impoverished and isolated, and health care and education are collapsing. Niyazov slashed higher education to two years, and the *Rukhnama* is the focal point of school instruction. For weeks at a time, pupils are taken away from school, for example, to harvest cotton fields. No opposition exists in the country, and Niyazov's rule is increasingly paranoid, moving high officials every six months and constantly purging key offices to prevent the emergence of any opposition. Many of his former aides have joined the exiled opposition, and a failed assassination attempt took place on November 25, 2002.

It is impossible to speculate on the viability of Niyazov's regime, as even Central Asia experts know very little of what is actually going on in Turkmenistan. However, it is safe to say that the Turkmenistani situation is not viable. Tribal divisions are very strong, and the country's position between the Caspian Sea and Afghanistan, as well as its large gas reserves, invites foreign meddling. It then follows that the situation developing in Turkmenistan should be a major concern for the United States, while it at present lacks significant leverage to influence the country.

Regional Trade and Development

A final, but important, point is the need to revive the stagnant economies of the entire region, including Afghanistan and Pakistan. Kazakhstan (and in the future Turkmenistan) may have large energy resources, but these capital-intensive industries will not be a sound base for the economy of the region, and will certainly not generate enough jobs. Only Kazakhstan, with impressive GDP growth in the early 2000s, is achieving a macroeconomic leeway that other countries in the region lack. Meanwhile, Central Asia is landlocked, and still overwhelmingly linked to Russian and Baltic sea ports for its foreign trade. This Soviet legacy is clearly illogical, given the relative proximity of the Arabian sea and the port of Karachi, which is Central Asia's historic link to the world. Babur, the founder of the Mughal empire, in his memoirs wrote about how the pistachio nuts of Ferghana were of such quality that they were exported all the way to Hindustan—in the sixteenth century. However, the British-Russian standoff in Afghanistan in the early nineteenth century forced Central Asian states into an isolation from their southern neighbors that intensified under Soviet rule, and lasts to this day.

Afghanistan's lawlessness, and the Taliban regime, made the use of that country as a transport corridor impossible, whereas the fall of the Taliban generated great hope in Central

Asia for the opening up of trade routes that could help this wider region restore its traditional trade links to the south, which are indispensable for its economic development. For this purpose, the reconstruction of major highways, bridges, and tunnels through Afghanistan and the improvement of their links to the Central Asian infrastructure are crucial. If these major repairs are undertaken, and a modicum of security and stability persists in Afghanistan, the restoration of a significant part of the great Silk Road has a chance of gradually being accomplished. In order to promote the economic development of Central Asia, reduce poverty, and thereby address one of the core roots of Islamic radicalism, the United States needs to keep its focus on advancing regional cooperation in the transportation field.

Deadlocked Conflicts in the Caucasus

The Caucasus is plagued by a pervasive deadlock in three ethnic conflicts in the South Caucasus, with a rising risk of a return to warfare present in two of the three, and current warfare raging in Chechnya that destabilizes the entire region. The three are Georgia's conflicts with its South Ossetian and Abkhazian minorities, and Armenia's war with Azerbaijan over the Nagorno-Karabakh region of the latter. The Armenian-Azerbaijani conflict is by far the most threatening to the region, as it involves two independent states, and because of its larger humanitarian and regional ramifications. Between 1992 and 1994, as Armenia occupied Nagorno-Karabakh and seven surrounding regions of Azerbaijan, close to a million Azeris became internally displaced persons (IDPs). They remain in camps to this day. A cease-fire was achieved in 1994 and has held since, but negotiations that have been underway for almost a decade have failed to lead to a solution, though a deal was almost reached on three occasions, in 1997, 1999, and 2001. The failure of the last round of negotiations has increased feelings (on both sides, but particularly in Azerbaijan) that the scope of negotiations has been exhausted, and voices calling for a military approach to the restoration of Azerbaijan's territorial integrity are on the rise. In Georgia, the situation is similar. The South Ossetian conflict was relatively limited in terms of human and material losses, in contrast to the conflict with Abkhazia. Georgia lost control of Abkhazia after Russia backed the Abkhaz side in the 1992–1993 war. This creates a major political issue that no Georgian government can ignore, especially as the 250,000 IDPs from the conflict form an important pressure group. As in Azerbaijan, a cease-fire has been in place for close to a decade, and negotiations have failed to bring the parties closer to a solution. But unlike Nagorno-Karabakh, Abkhazia has seen a return to warfare in both 1998 and 2001, and low-intensity conflict is a constant in the border areas between Georgia proper and areas controlled by the self-styled Abkhaz government. The loss of territory was a major humiliation for the people as well as leadership in both Azerbaijan and

Georgia, and many citizens see most of their problems as linked to these conflicts. Although neither at present has the military capability to take back the lost lands, belligerence is increasing in both countries, and unless these conflicts are resolved, something will snap sooner or later.

The War in Chechnya

Just north of the mountains, a deadly war is raging in Chechnya, which has by now led to devastating damage, the killing of an estimated one hundred thousand Chechens or one tenth of the nation, while three to four hundred thousand have been forced to flee their homes. The conflict has already spilled over to the South Caucasus, as Chechen forces sought refuge in the Pankisi Gorge in northern Georgia, leading to Russian threats of intervention against Georgia and Azerbaijan, where some Chechen networks also established a presence. The war has also shifted in character. Whereas the first war between 1994 and 1996 was primarily an ethnic-based struggle for independence, many Chechen fighters now cloak the war in religious terms—as Russia has indeed done since Chechnya declared independence in 1991. This has helped regionalize the conflict and bring in radically-minded fighters from other parts of the Islamic world, which has increased friction with other less radical Chechen groups. Russia is clearly at a loss trying to find a solution to the situation in Chechnya. President Putin staged his presidential campaign on restoring “law and order” in Chechnya. However, while Putin has repeatedly claimed that the war is over, this is far from the case. Chechen fighters have, since fall 2002, acquired weapons enabling them to shoot down a dozen Russian helicopters, challenging the Russians’ command of the skies. Some Chechen factions have staged high profile terrorist acts that Russia has been

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unable to prevent. The bombing of the Russian central administrative building in Chechnya in December 2002 is an example, but far more important was the hostage-taking led by a young renegade Chechen in a Moscow theater in October 2002, which led to the death of 120 hostages, killed by gas used by Russian special services that stormed the building. These events illustrate how the complete collapse of the social fabric in Chechnya is providing a fertile ground for the radicalization of the young generation. Growing up with no hope for the future, many young Chechens are and will be drawn toward radical Islamic ideas that can proliferate as long as the war goes on, affecting the entire Caucasus and beyond. In spite of Putin’s regular statements that the war is over and attempts to institutionalize a new remote-

controlled constitutional arrangement there, Moscow is unable to win the war, but also unable to stop it, increasing concerns that this war will go on for longer and become a wound that is so infected that no one knows where to start cleaning it (to paraphrase a UN official speaking about Afghanistan).

U.S. Policy

The United States is in no position to dictate the policies of Central Asian states, neither should it do so. But the malaises of faraway lands in the heart of Asia, as so tragically shown by the terrorist attacks of September 11, can and do affect the interests and the very security of the United States. The United States, however, is in a position to have a significant influence—perhaps the most significant external influence—on the course of Central Asia’s political future. The year 2003 is marked by elections in all three countries of the South Caucasus and concomitant domestic struggles for power. As a result, little progress is likely to be made in resolving the region’s outstanding problems, especially the deadlocked ethnic conflicts. However, the conditions for peace are likely to become more auspicious by early 2004. In order to promote stability in the South Caucasus and Central Asia, the United States needs to take the lead in an effort to resolve the conflicts of the region, beginning with the most important one, the Armenian-Azerbaijani conflict. In the past, direct U.S. involvement has brought the conflict close to a solution on two occasions. More generally, U.S. policy toward Central Asia has earlier been characterized by a measure of unpredictability. The sheer power of the United States made its potential role in the region well understood by all actors, but its failure to clearly outline and determine its interests and policies toward the region was potentially destabilizing, as different actors and states had different assumptions regarding the U.S. role. While formulating its long-term policy in Central Asia, U.S. focus on the clarity and consistency of its policy will be crucial to its success.