Gone but Not Forgotten: The Central Asian Union, 1990-2005

Sanat Kushkumbayev

SILK ROAD PAPER
June 2025

Central Asia-Caucasus Institute
Silk Road Studies Program

Gone but Not Forgotten: The Central Asian Union, 1990-2005

Sanat Kushkumbayev

A Joint Transatlantic Research and Policy Center
American Foreign Policy Council, 509 C St NE, Washington D.C.
Institute for Security and Development Policy, V. Finnbodavägen 2, Stockholm-Nacka, Sweden
www.silkroadstudies.org

"**Gone but Not Forgotten: The Central Asian Union, 1990-2005**" is a *Silk Road Paper* published by the Central Asia-Caucasus Institute and Silk Road Studies Program, Joint Center. The Silk Road Papers Series is the Occasional Paper series of the Joint Center, which addresses topical and timely subjects. The Joint Center is a transatlantic independent and non-profit research and policy center. It has offices in Washington and Stockholm and is affiliated with the American Foreign Policy Council and the Institute for Security and Development Policy. It is the first institution of its kind in Europe and North America, and is firmly established as a leading research and policy center, serving a large and diverse community of analysts, scholars, policy-watchers, business leaders, and journalists. The Joint Center is at the forefront of research on issues of conflict, security, and development in the region. Through its applied research, publications, research cooperation, public lectures, and seminars, it functions as a focal point for academic, policy, and public discussion regarding the region.

ISBN: 978-91-88551-68-9

Printed in Lithuania

Distributed in North America by:
Central Asia-Caucasus Institute
American Foreign Policy Council
509 C St NE, Washington DC 20002
E-mail: info@silkroadstudies.org

Distributed in Europe by:
The Silk Road Studies Program
Institute for Security and Development Policy
Västra Finnbodavägen 2, SE-13130 Stockholm-Nacka
E-mail: info@silkroadstudies.org

Editorial correspondence should be addressed to the European offices of the Joint Center (preferably by e-mail.)

Contents

Preface

Why are the five Central Asian countries that gained independence with the collapse of the USSR the only world region that lacks region-wide structures? Thirty-five years after the collapse of the USSR, Central Asia is still without its own joint consultative bodies, organs empowered to take decisions to advance the common good, and a permanent region-wide secretariat covering diverse mutual concerns.

One common answer to this question is to blame the region's diversity of peoples and languages. But for all the differences among the peoples of Central Asia, the bonds uniting them are far deeper than those of the countries that comprise ASEAN and other successful regional organizations. A second explanation blames the countries' post-independence leaders who, it is claimed, were competing too frontally with one another to collaborate.

This remarkable paper by Sanat Kushkumbayev offers an entirely different approach to the question of regional cooperation within Central Asia. Basing his analysis on an exhaustive review of heretofore neglected documents, this Kazakh scholar demonstrates that leaders of the region's newly sovereign states all took a decisively *regional* approach from the outset, even as they worked to strengthen their separate sovereignties.

Here for the first time is an overview of the remarkable Central Asia Union launched in the late 1990s. So successful was this initiative that Russia's president, Vladimir Putin, asked to be admitted as an observer, which he followed two years later with a request for Russia to become a full member. With no international support to do otherwise, the Central Asian presidents

assented and within short the Central Asia Economic Union was dead, replaced by Putin's Eurasian Economic Community. It was above all Moscow's imperial hangover that thwarted Central Asia's emergence as a full-fledged world region with its own structures for cooperation,

Yet Central Asians never flagged in their desire to have their own regional organization. Their deft but prolonged struggle is now bearing fruit. Regularized consultations have been set up in many fields and the governments themselves are seeking joint approaches to matters as diverse as border regimens, tariffs, visas, education, and security. With the addition of Azerbaijan to their group, the presidents are creating a "Greater Central Asia," with its own interests and approaches to many issues of the day.

In short, Dr. Kushkumbayev's important paper not only brings to light a neglected past but points the way to a collaborative and positive future.

S. Frederick Starr
Chairman
Central Asia-Caucasus Institute

Executive Summary

The post-Soviet landscape of Central Asia, characterized by an intricate web of cultural ties, shared histories, and political ambitions, presents a unique case of regional integration that has both fascinated and perplexed international observers. From 1991 to 2005, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan worked assiduously to develop regional cooperation, an effort that had to contend with conflicting national interests and external geopolitical pressures.

The early years following the Soviet dissolution ushered in a moment of hope for a "Golden Age" of integration. Between 1992 and 1998, regional leaders embarked on ambitious initiatives aimed at constructing a new order that would facilitate collaboration and mutual development. However, as idealism gave way to pragmatism, the stark realities of internal and external challenges emerged.

From 1998 to 2002, the dynamics within Central Asia became increasingly contentious, with external powers asserting their influence and regional leaders jockeying for position. Despite the opportunities for collaboration, the interplay between national ambitions and external interests led to a dilution of collective efforts and a hesitation to fully commit to regional integration paths.

Still, the accomplishments of Central Asian regionalism were significant, especially coming at a time when the states of the region were focused primarily on the building of national sovereignty. In other words, they always saw the strengthening of sovereignty as entirely compatible with the development of regional cooperation.

The later phase, from 2002 to 2005, witnessed a significant decline in the momentum for regional initiatives against the backdrop of geopolitical shifts and mounting internal crises. The influence of larger powers, particularly Russia, shifted the focus of regional cooperation away from original Central Asian projects, culminating in key initiatives like the Central Asian Cooperation Organization (CACO) being subsumed into broader Eurasian frameworks.

This comprehensive analysis underscores the complexity of Central Asia's road to regional integration, highlighting the intricate balance between national aspirations and the overarching influence of external geopolitical factors. It serves as a crucial reflection for policymakers, analysts, and scholars interested in the intersection of regional dynamics and global geopolitics. In particular, as Central Asian states are once again embarked on a quest to deepen and institutionalize their regional cooperation, the lessons of the past attempts to build regional institutions will be valuable to the region's leaders as well as external supporters of this process.

Introduction

The dissolution of the Soviet Union in 1991 marked the beginning of a new, complex, and often turbulent chapter in the centuries-old history of Central Asia. The five republics—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—bound by a shared past, interwoven economies, and deep cultural ties, suddenly faced the daunting task of building sovereign states and defining their place in a rapidly evolving global order. From the outset, the idea of regional integration was not only appealing but appeared to be a vital strategy for survival and development.

The Soviet legacy—both its positive aspects, such as unified infrastructure systems, and its negative ones, including environmental disasters like the Aral Sea crisis and the prevalence of monoculture economies—combined with the new threats and uncertainties of the post-Soviet transition, compelled emerging leaders and political elites to seek collective responses.

The decade from 1991 to 2001 was marked by intense experimentation with integration: ambitious initiatives were launched, landmark agreements signed, and a variety of regional institutions established. Yet this was also a period of growing contradictions—of clashing national interests, personal rivalries among leaders, and the increasingly assertive presence of external powers, each pursuing its own geopolitical and economic agenda in this strategically vital region.

In a geopolitical environment where each external power pursued its own, often conflicting, interests, the region found itself constrained by a familiar logic of divide and rule—one that limited the maneuvering space of Central

Asian states and complicated their efforts to forge a cohesive regional identity.

This article traces the complex and often winding path of Central Asian integration over a fifteen-year period—from the first steps taken amid the Soviet collapse to the eventual absorption of the last purely Central Asian initiative, the Central Asian Cooperation Organization (CACO), into a broader Eurasian project led by Russia. It examines the driving forces behind integration, the key phases of its development, the stated goals versus actual outcomes, and the deeper structural challenges that ultimately hindered the realization of many of its most ambitious visions.

The Roots of Regional Integration

The years 1990–1991 served as a prelude to independence for the Central Asian republics—a moment of profound strategic choice: to pursue sovereign statehood in isolation or to seek collective strength through regional cooperation. The region's leaders, shaped by the Soviet system and acutely aware of the costs of fragmentation, leaned toward the latter. Their early overtures toward dialogue and cooperation were driven by both deep-rooted historical and cultural affinities and the urgent challenges of the post-Soviet transition.

The foundations for integration were embedded in centuries of shared history. The peoples of Central Asia, linked by Turkic and Persian cultural legacies, a common religion, and overlapping traditions, had long coexisted across the region. This civilizational common ground—reinforced by the legacy of the Silk Road—offered fertile soil for mutual understanding, even as the process of nation-building began to emphasize distinctions.

Equally, if not more, significant were the dense economic interdependencies inherited from the Soviet command economy. Central Asia's republics were bound together by integrated energy and transportation systems, and by a regional division of labor that left each state reliant on its neighbors. Power grids, gas pipelines, and rail and road networks had been designed without regard for future national borders. The abrupt severing of these ties after 1991 triggered a deep economic crisis, marked by industrial collapse and plummeting living standards—conditions that compelled leaders to coordinate crisis responses and explore ways to preserve or adapt the shared economic space.

Water management emerged as a particularly acute and unifying issue. The overexploitation of the Amu Darya and Syr Darya rivers during the Soviet era, with little regard for ecological consequences, had led to the catastrophic shrinking of the Aral Sea. This environmental disaster, which directly affected the livelihoods of all basin states, became one of the earliest and most enduring drivers of regional cooperation—even before the Soviet Union had fully disintegrated.

The transitional context was also shaped by the personalities and backgrounds of the region's leaders—Islam Karimov, Nursultan Nazarbayev, Askar Akayev, Rakhmon Nabiyev (and later Emomali Rahmon), and Saparmurat Niyazov. Most were products of the late-Soviet nomenklatura, sharing a common worldview and administrative experience. This "Soviet code" informed their strategies in the early independence period: prioritizing political stability, consolidating personal power, and seeking external partnerships. Shared concerns over potential destabilization, rising nationalism, and religious radicalism further encouraged episodic alignment and joint approaches to security and development.

Against this backdrop, the first institutional steps toward regional cooperation were taken even before the Soviet collapse was complete. On June 22–23, 1990, at the initiative of Nursultan Nazarbayev, the leaders of the five Central Asian republics convened in Almaty for their first consultative summit.[1] The meeting set a precedent for direct regional dialogue on a broad range of issues—from political uncertainty to economic hardship and the prospects of a new union treaty that would safeguard republican sovereignty. The summit concluded with the signing of the region's first five-party agreement on economic, scientific-technical, and cultural cooperation, laying the legal groundwork for future collaboration.

[1] Until early 1993, the countries of the region continued to use the Soviet-era designation 'Middle Asia and Kazakhstan' (*Srednyaya Aziya i Kazakhstan*).

The Aral Sea crisis was also prioritized, leading to the creation of a joint commission.

A second summit, held in Tashkent on August 13–14, 1991, continued the dialogue. Leaders reviewed the implementation of earlier agreements and discussed the draft Treaty on the Union of Sovereign States, focusing on the division of Soviet assets and the continued raw-material orientation of their economies. The meeting resulted in the establishment of an inter-republican Consultative Council, with a working group based in Ashgabat—an early attempt to institutionalize cooperation. Notably, a representative of Azerbaijan (at the prime ministerial level) participated in the signing, hinting at a broader geographic scope for early post-Soviet consultations and foreshadowing Baku's later engagement with Central Asia.

The third consultative meeting, held in Ashgabat in December 1991, was a coordinated response to the final collapse of the USSR and the signing of the Belavezha Accords. President Niyazov's proposal to form a confederation of the five Central Asian republics, though ultimately shelved—partly due to concerns voiced by Nazarbayev about appearing confrontational—reflected a search for alternative models of unity. Upon learning of the formation of the Commonwealth of Independent States (CIS) without their participation, the five leaders issued a joint statement on December 13, 1991, expressing their desire to become equal co-founders of the CIS and emphasizing the need to account for regional specificities. This unified stance paved the way for their full accession to the CIS in Almaty a week later.

The Ashgabat summit also produced an agreement to construct the strategically significant Tejen–Serakhs–Mashhad railway line, underscoring that even amid political turbulence, infrastructure development remained a shared priority.

In sum, the period of 1990–1991 laid a critical foundation for regional engagement in Central Asia. Driven by shared legacies, acute economic

dislocation, and common transitional challenges, the republics' leaders began to establish mechanisms for consultation and signed the first agreements of the post-Soviet era. These early steps—taken while the Soviet Union was still unraveling—reflected a growing awareness of the need for collective action and marked the starting point for a more complex and sustained search for regional integration in the era of full independence. Understanding this formative phase is essential to grasping the trajectory of integration efforts that followed.

The Dawn of Independence and the Fleeting "Golden Age" of Integration (1992–1998)

The years 1992 to 1998 marked a critical phase in the post-Soviet evolution of Central Asia—an era defined by an urgent search for viable models of regional cooperation. Economic necessity was the primary driver, as the newly independent states grappled with the challenges of transitioning to market economies and adapting to a rapidly shifting geopolitical landscape. The successful experience of European integration, particularly the formation of the European Union, served as both a practical and ideological reference point.

Constructing a New Regional Order

The post-Soviet economies of Central Asia were inherently fragmented, having inherited structures designed to serve the needs of a vast, centralized union. Individually, each national economy represented a relatively small domestic market with limited purchasing power. Heavy reliance on raw materials (Kazakhstan, Turkmenistan) or monoculture exports (cotton in Uzbekistan and Turkmenistan) left them vulnerable to global price fluctuations and dependent on external markets. In this context, the creation of a broader regional market—through a free trade zone or even a customs or economic union—appeared to be a logical strategic step aligned with global integration trends. Such cooperation promised to reduce transaction costs, eliminate trade barriers, encourage specialization, and enhance the region's overall investment appeal.

Alongside economic imperatives, the ideological influence of European integration—culminating in the Maastricht Treaty of February 1992 and the formal establishment of the European Union—was significant. The European trajectory from economic community to deeper political and economic union was seen by many Central Asian elites as a model worth emulating. The concept of the "four freedoms"—the free movement of goods, services, capital, and labor—became an aspirational goal. Leaders such as Nursultan Nazarbayev frequently cited the European example as a compelling vision for regional development.

The first concrete steps toward regional cooperation in the post-independence era were taken in 1992. On April 23, the leaders of Central Asian states convened in Bishkek under the framework of the Consultative Council. Although Turkmenistan was not represented at the highest level, its participation and subsequent endorsement of key documents underscored a shared regional commitment to dialogue. The summit addressed core issues of economic cooperation and produced several foundational agreements, including a legal cooperation framework and protocols on transport coordination—laying the groundwork for collaboration in critical sectors.

The Aral Sea crisis remained a powerful unifying force, catalyzing regional cooperation. Recognition of the transboundary nature of water management challenges led to the institutionalization of joint efforts. On February 8, 1992, in Almaty, the heads of water management agencies from the five republics signed an agreement establishing the Interstate Commission for Water Coordination (ICWC). This was the first permanent regional body created to address a specific shared problem—the management of transboundary rivers—acknowledging that water issues required collective solutions.

Institutional development continued at the January 4, 1993 summit in Tashkent, where the five presidents signed an agreement to establish the

International Fund for Saving the Aral Sea (IFAS). The fund was tasked with financing joint environmental and socio-economic initiatives in the Aral Sea basin. The election of President Nazarbayev as IFAS's first chair for a three-year term underscored the political weight of the initiative. A symbolic and strategic outcome of the Tashkent summit was the decision to abandon the Soviet-era term "Middle Asia and Kazakhstan" in favor of the unified designation "Central Asia," reflecting a growing sense of regional identity.

At the subsequent summit in Kyzylorda on March 26, 1993—convened at Kazakhstan's initiative—the agenda focused exclusively on the Aral Sea. Attended by the presidents of Kazakhstan, Kyrgyzstan, and Uzbekistan, along with the Chairman of Tajikistan's Supreme Council, the meeting reaffirmed Turkmenistan's willingness to join the adopted agreements. The summit produced a joint action plan for addressing the Aral crisis and formalized the IFAS charter.

While multilateral efforts advanced, the emerging Kazakhstan–Uzbekistan axis played a decisive role in deepening economic integration. Throughout 1993, bilateral meetings between Nazarbayev and Karimov served as platforms for shaping a subregional cooperation agenda. On July 28, 1993, the two governments signed an agreement on deepening economic integration for the period 1994–2000. This was followed by a trilateral summit in Kokshetau on August 27, 1993, where Nazarbayev, Karimov, and Kyrgyz President Askar Akayev discussed mutual resource exchanges, including grain and gas.

A particularly significant meeting took place on November 10, 1993, when Nazarbayev and Karimov coordinated the simultaneous introduction of national currencies—Kazakhstan's tenge and Uzbekistan's som—on November 15. This move toward monetary sovereignty required close coordination to mitigate disruptions to bilateral trade. The joint declaration on synchronized currency launches exemplified pragmatic problem-solving within the emerging core of regional cooperation.

In sum, the period from 1992 to 1994 laid the institutional and political foundations for regional engagement in Central Asia. Driven by economic necessity, inspired by external models, and focused on addressing urgent challenges such as water management, the region's leaders established the first cooperative structures and began to form a subregional integration nucleus centered on Kazakhstan and Uzbekistan, later joined by Kyrgyzstan. Yet the scale and depth of integration remained limited, reflecting the inherent difficulty of building new multilateral relationships atop the ruins of a collapsed imperial system.

The Emergence of Integration

The dawn of regional integration in Central Asia was marked by a landmark event: the signing of the Treaty on the Creation of a Single Economic Space (SES) between Kazakhstan and Uzbekistan on January 10, 1994, in Tashkent. Endorsed by Presidents Nursultan Nazarbayev and Islam Karimov, the treaty represented not only the culmination of bilateral efforts but also a symbolic milestone for the entire region. It set forth an ambitious vision: the free movement of goods, services, capital, and labor, alongside coordinated policies on credit, taxation, customs, pricing, and currency—an echo of the European model's "four freedoms."

The treaty also reaffirmed the inviolability of existing borders and mutual support for peace and stability. Its practical implications included the removal of customs barriers and other obstacles to mutually beneficial cooperation. The symbolism was unmistakable: the region's two largest economies and most populous states—akin to France and Germany in the European context—were positioning themselves as the engines of integration. As President Nazarbayev noted, the agreement was "the most important outcome of a series of meetings, discussions, and bilateral accords."

The Astana-Tashkent initiative quickly resonated with Kyrgyzstan, which was eager to deepen economic ties. President Askar Akayev even expressed diplomatic frustration at his country's initial exclusion. Kyrgyzstan formally joined the SES on April 30, 1994, forming what would become the core of regional integration—the "Central Asian trio."

To implement such an ambitious agenda, a robust institutional framework was required. On July 8, 1994, at a summit in Almaty, the presidents of Kazakhstan, Kyrgyzstan, and Uzbekistan agreed to establish an Interstate Council at the heads-of-state level, an Executive Committee (a permanent working body headquartered in Almaty), and the Central Asian Bank for Cooperation and Development (CABCD). Additional councils of prime ministers, foreign ministers, and defense ministers were also created. A parallel agreement on military-technical cooperation was signed. The Executive Committee was initially chaired by seasoned Kazakh economist Serik Primbetov; later, at President Karimov's initiative, the position was elevated to deputy prime minister level, underscoring its strategic importance.

By mid-1994, both the conceptual (SES with "four freedoms") and institutional (Interstate Council, Executive Committee, CABCD) foundations for deeper integration were in place. Inspired in part by the European example, the process also sought to reflect the region's unique needs, laying the groundwork for more active cooperation.

The period from 1994 to 1996 stands out as a time of heightened activity and optimism. Frequent high-level meetings, an expanding agenda that included security and defense, and the development of long-term programs created the impression of rapid movement toward a regional union. In 1995 alone, four summits of SES member states were held.

At the Dashoguz summit (Turkmenistan) on March 3, 1995, all five Central Asian presidents focused on the Aral Sea crisis. On April 14, 1995, in Shymkent (Kazakhstan), they approved an Economic Integration Program

through 2000, aimed at establishing a common market. The trio also issued a joint statement on the situation in Tajikistan. On September 20, 1995, an international conference on sustainable development in the Aral Sea basin was held in Nukus (Uzbekistan) under UN auspices. The year culminated in a December 15 summit in Zhambyl (Kazakhstan), where the Council of Defense Ministers was formalized and a joint peacekeeping battalion (CENTRASBAT) was established under UN auspices—marking a significant expansion of integration beyond economics.

The momentum continued into 1996. Presidential meetings in Burabay (Kazakhstan, January 12), Bishkek (Kyrgyzstan, May 6), and Almaty (Kazakhstan, August 23) addressed joint industrial ventures, preparations for NATO's Partnership for Peace exercises, SES implementation, and the creation of special economic zones.

Buoyed by this optimism, some observers and policymakers began informally referring to the bloc as the "Central Asian Union" (CAU)—a term that, while unofficial, reflected rising expectations. The legal framework remained rooted in the SES Treaty, and only in March 1998 would the grouping be formally renamed the Central Asian Economic Community (CAEC).

Several factors contributed to this unprecedented momentum. At this early stage of their rule, regional leaders were more attuned to Western opinion, which encouraged cooperation. Among elites and the public, there remained a post-Cold War belief in liberal development and a sense of "the end of history". The young states were asserting themselves on the global stage, and international financial institutions were extending credit. A joint journal—*Central Asia: Problems of Integration*—was launched (1996), and plans were made for a shared newspaper and television channel.

The external environment also played a role. Russia, preoccupied with painful economic reforms, the 1993 constitutional crisis, and the First

Chechen War (1994–1996), had limited capacity to influence its "near abroad." This created a window of opportunity for Central Asian states to pursue a more autonomous regional policy. China, meanwhile, adopted a cautious approach focused on Xinjiang's stability, trade, and border delimitation, and did not obstruct integration efforts.

Yet behind the façade of dynamism, a complex geopolitical backdrop loomed. Despite its domestic challenges, elements of the Russian establishment retained imperial reflexes. Central Asian leaders—veterans of the Soviet nomenklatura—were acutely aware of the risks of Russian revisionism. Conflicts in Georgia and Moldova, the "Russian question" in the Baltics, and territorial claims by some Russian politicians served as stark reminders.

Nevertheless, President Yeltsin's first term and Moscow's inward focus allowed the region to capitalize on this relative autonomy. The years 1994–1996 thus represented the high-water mark of integration—but even then, the seeds of future challenges were being sown, both internally and in the shifting geopolitical landscape.

From Idealism to Pragmatism

Despite the impressive momentum of 1994–1996, by 1997 the Central Asian integration project began to show signs of strain. Idealistic visions of harmonious convergence increasingly collided with the realities of diverging national interests, personal rivalries among leaders, and a shifting geopolitical landscape.

While the "Central Asian trio" of Kazakhstan, Kyrgyzstan, and Uzbekistan continued to project unity, underlying tensions—particularly between Presidents Islam Karimov and Nursultan Nazarbayev—began to surface. Karimov, leading the region's most populous state, adopted a more cautious

stance, emphasizing the primacy of national sovereignty and resisting any form of external dominance. His approach was marked by a strong insistence on Uzbekistan's autonomy, especially in matters of water management and regional security. Nazarbayev, by contrast, remained the chief architect of ambitious integration initiatives, envisioning Kazakhstan as a regional leader and championing deeper institutional convergence. These differing visions occasionally led to subtle but consequential frictions.

Nonetheless, the year began on a hopeful note. On January 9, 1997, the three presidents signed a "Treaty of Eternal Friendship" in Bishkek, signaling a renewed commitment to cooperation. Yet this symbolic gesture could not fully mask the growing divergence in strategic priorities.

Implementation of the Single Economic Space (SES) agenda encountered mounting difficulties. The three countries were transitioning to market economies at different speeds and under varying regulatory models. Currency convertibility remained limited, complicating trade. Despite declarations of a free trade zone, numerous customs barriers and non-tariff restrictions persisted, often introduced to protect domestic industries.

The civil war in Tajikistan (1992–1997) continued to destabilize the region. Refugee flows, arms and narcotics trafficking, and the growing threat of extremism—particularly following the Taliban's seizure of power in Afghanistan in 1996—posed serious security challenges. At the July 24, 1997 Interstate Council meeting in Cholpon-Ata, the situation in Afghanistan dominated the agenda.

A promising development came on December 12, 1997, when the trio met in the newly designated Kazakh capital of Akmola and agreed to establish three international consortia focused on water and energy, food security, and transportation. These sectoral initiatives reflected a shift toward more pragmatic, issue-specific cooperation.

Meanwhile, Turkmenistan's declared status of "permanent neutrality," adopted in December 1995 and consistently upheld by President Saparmurat Niyazov, effectively excluded Ashgabat from deeper integration—particularly in the security domain. While Turkmenistan continued to participate selectively in regional forums, such as those addressing the Aral Sea or energy transit, it remained largely detached from institutionalized cooperation. A notable exception was the January 5, 1998 summit in Ashgabat, where all five Central Asian presidents convened to discuss economic integration and hydrocarbon transport. At this meeting, the trio formally endorsed Tajikistan's accession to the integration process, following the June 1997 signing of the General Peace Agreement in Dushanbe.

By early 1998, Central Asian integration had reached a critical juncture. The initial enthusiasm was giving way to a more pragmatic, albeit more complex, phase—one that required institutional consolidation and adaptation to evolving realities. This transition was formalized in March 1998 with the establishment of the Central Asian Economic Community (CAEC), signaling a new chapter in the region's search for unity.

Central Asian Integration Between Internal and External Challenges (1998–2002)

This period marked a new chapter in the history of Central Asian integration—one defined by institutional consolidation through the creation of the Central Asian Economic Community (CAEC) and its expansion to include Tajikistan. Yet it was also a time of crystallizing internal contradictions, particularly the growing divergence between the strategic visions of Uzbekistan and Kazakhstan. External actors and emerging security threats began to exert a more pronounced influence on regional dynamics, ultimately prompting another transformation of the integration framework.

By 1998, it had become clear that the Single Economic Space (SES), despite its early promise, required a more structured institutional foundation. On March 26, 1998, in Tashkent, the Interstate Council of Kazakhstan, Kyrgyzstan, and Uzbekistan was formally reconstituted as the Central Asian Economic Community. The move was intended to provide greater legal clarity and organizational coherence. At the same time, Tajikistan officially joined the SES treaty and became a full member of the CAEC—a step widely welcomed as a stabilizing force, particularly in light of the growing threat from Afghanistan. The formation of a Central Asian "quartet" expanded the geographic scope of integration, though it also introduced new complexities, especially given Tajikistan's post-conflict reconstruction needs. At the CAEC summit in Cholpon-Ata on July 17, 1998, Tajikistan was also admitted as a founding member of the Central Asian Bank for Cooperation and Development.

The CAEC's stated goals reflected continuity: deepening economic integration, building a common market, coordinating economic policy, implementing joint projects, and harmonizing legislation. The Tashkent Declaration reaffirmed these objectives. The adoption of the UN Special Programme for the Economies of Central Asia (SPECA) further signaled a desire to attract international support.

Yet implementation proved difficult. Many decisions remained declarative, lacking enforcement mechanisms. The weakness of supranational institutions and the reluctance of member states to cede sovereignty meant that numerous agreements remained unfulfilled. Despite the formal establishment of a free trade zone, tariffs and non-tariff barriers persisted.

Divergent economic models compounded the challenge. Uzbekistan maintained a conservative, state-led approach, while Kazakhstan and Kyrgyzstan (which joined the WTO in 1998) pursued more liberal reforms. Tajikistan, meanwhile, was only beginning to rebuild its economy. These disparities made it difficult to establish common rules of the game.

Two Centers of Gravity and the Weight of Ambition

The relationship between Presidents Islam Karimov of Uzbekistan and Nursultan Nazarbayev of Kazakhstan largely defined both the potential and the limits of regional integration. Both were strong leaders committed to consolidating their countries' sovereignty, but their visions for regional order and integration diverged significantly, fueling a quiet rivalry.

Uzbekistan, as the region's most populous country with a rich historical and cultural legacy, naturally aspired to a leading role. Kazakhstan, with its vast territory and abundant resources, and pursuing more open market reforms, also saw itself as a regional anchor. This created fertile ground for competition.

Karimov approached integration with caution and pragmatism, wary of any arrangement that might compromise Uzbekistan's sovereignty or invite external dominance—particularly from Moscow. He favored bilateralism and was skeptical of initiatives that could dilute Uzbekistan's identity or economic autonomy. His vision leaned toward issue-specific coordination rather than the creation of supranational structures.

Nazarbayev, by contrast, advocated for deeper economic integration and the establishment of regional institutions, viewing them as a path to greater competitiveness. Yet even his proposals were carefully calibrated to align with Kazakhstan's national interests.

Water and energy disputes remained particularly contentious. Upstream countries (Kyrgyzstan and Tajikistan) prioritized hydropower generation, while downstream states (Uzbekistan, Kazakhstan, Turkmenistan) depended on water for irrigation. Uncoordinated water releases often led to tensions. Karimov adopted a hardline stance, insisting on Uzbekistan's interests being fully accounted for.

Border demarcation and delimitation—especially along the Uzbek-Tajik and Uzbek-Kyrgyz frontiers—also remained flashpoints. Uzbekistan's unilateral mining of border areas to combat militants and smugglers resulted in civilian casualties and strained bilateral relations.

Economic competition for investment, transit routes, and export markets often overshadowed integration rhetoric. Customs barriers were frequently used as tools of leverage. Diverging responses to shared threats, such as the Islamic Movement of Uzbekistan (IMU), further complicated cooperation. Following the February 1999 bombings in Tashkent, Karimov adopted a zero-tolerance approach, at times accusing neighbors of insufficient action against extremists—provoking resentment in return.

In his memoir *My Life: From Dependence to Freedom*, Nazarbayev described Karimov as a "complex personality" but also "a major political figure"—a diplomatic yet telling characterization that captures the ambivalence of their relationship, which would later stall the implementation of many regional initiatives.

At the Intersection of Interests

Despite mounting challenges, multilateral efforts under the Central Asian Economic Community (CAEC) continued, though their practical effectiveness remained limited. Summits and meetings were held regularly, and programs were adopted, but implementation—particularly in establishing a free trade zone and harmonizing legislation—lagged behind. The Central Asian Bank for Cooperation and Development failed to evolve into a meaningful financial instrument, and the CAEC Executive Committee lacked the authority to enforce decisions.

External actors increasingly shaped regional dynamics. With Vladimir Putin's rise to power, Russia adopted a more assertive posture in the post-Soviet space. The signing of the Treaty establishing the Eurasian Economic Community (EurAsEC) on October 10, 2000—uniting Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan—offered a deeper integration model and emerged as a competitor to the CAEC. Simultaneously, cooperation under the Collective Security Treaty (CST) intensified, culminating in the creation of the Collective Security Treaty Organization (CSTO) in 2002. Moscow likely viewed the CAEC as a lower-priority structure, and its relative autonomy may have raised concerns.

The events of September 11, 2001, dramatically elevated Central Asia's strategic importance to the United States and the West. Military bases were established in the region—Manas in Kyrgyzstan and Karshi-Khanabad in Uzbekistan. Western interest in the region surged, particularly in energy resources and transit corridors. However, this engagement focused more on

security and access than on supporting Central Asian integration as a standalone project. The emphasis remained on strengthening individual states' sovereignty.

China's economic and political influence also grew steadily. In June 2001, the Shanghai Five was transformed into the Shanghai Cooperation Organization (SCO) with Uzbekistan's accession. The SCO quickly became a key platform for regional security and economic dialogue, offering an alternative multilateral format.

Internal challenges further hindered integration. The incursions by Islamic Movement of Uzbekistan (IMU) militants into Kyrgyzstan's Batken region in 1999 and 2000 exposed the region's vulnerabilities and the weakness of its security mechanisms, prompting greater coordination. As a result, a four-party agreement on joint counterterrorism efforts was signed at the CAEC summit in Tashkent on April 21, 2000.

At the same time, political regimes across the region were consolidating power. This had a dual effect: while leaders could reach decisions quickly, they could also just as swiftly reverse course. Economic disparities and divergent reform trajectories persisted and deepened, further complicating integration.

Lowering the Stakes

By the early 2000s, it had become clear that the CAEC was falling short of its ambitions for meaningful economic integration. Accumulated challenges and the emergence of more robust integration frameworks raised questions about the CAEC's viability. Despite a proliferation of documents, tangible outcomes were limited. The goals of establishing a true free trade zone and common market remained unmet.

A growing consensus emerged that regional cooperation needed to expand beyond the faltering economic agenda to include political, security,

humanitarian, and environmental dimensions. The initiative to reform the CAEC came from President Islam Karimov of Uzbekistan. This may have reflected Tashkent's desire to reshape the organization into a forum less focused on deep economic integration—which conflicted with Uzbekistan's protectionist policies—and more oriented toward political consultation and security coordination. The creation of EurAsEC, which included three CAEC members, may also have raised concerns in Tashkent about overlapping commitments.

At the "Central Asian quartet" summit in Tashkent on December 28, 2001, Karimov called for a fundamental overhaul of the organization. Nazarbayev supported the proposal. The founding summit of the Central Asian Cooperation Organization (CACO) was held in Almaty on February 28, 2002. While CACO was built on the institutional foundation of the CAEC, it adopted a broader—but more diffuse—mandate. Karimov was elected as its first rotating chair.

CACO aimed to promote cooperation in political, economic, scientific, technical, transport, environmental, and cultural-humanitarian fields. Special emphasis was placed on international coordination and joint efforts to combat terrorism, extremism, drug trafficking, and other transnational threats. The focus shifted from economic integration to multidimensional cooperation with a security-first orientation. The CAEC Executive Committee was replaced by a Committee of National Coordinators—symbolically downgraded to deputy minister level.

The transformation of the CAEC into CACO drew mixed reactions. Some viewed it as a pragmatic attempt to revitalize cooperation and adapt to new realities. Others saw it as an admission of failure—an abandonment of ambitious economic goals in favor of a looser political forum. Still others interpreted it as a tactical move by Uzbekistan to assert greater influence within a less economically binding structure.

Regardless of interpretation, the creation of CACO marked the beginning of a new—albeit short-lived—phase in the complex history of Central Asian integration, unfolding amid intensifying external influence and growing competition among Eurasian integration projects.

The Decline of the Regional Initiative: In the Shadow of Geopolitics (2002–2005)

The lifespan of the Central Asian Cooperation Organization (CACO), formally launched in 2002, coincided with a period of intensifying geopolitical complexity. Following the events of September 11, 2001, and the fall of the Taliban regime, the United States established a significant presence in Afghanistan and Central Asia—drawing increasing scrutiny and concern from both Russia and China. Against this backdrop, CACO's efforts to expand its agenda and revitalize cooperation were overshadowed by the growing influence of external powers and the emergence of competing integration frameworks.

At the Epicenter of Change

CACO's creation unfolded amid sweeping shifts in global politics. Central Asia, sharing a border with Afghanistan, became a focal point of U.S. strategic interest. The establishment of American military bases in Kyrgyzstan and Uzbekistan reshaped the region's security landscape. CACO member states actively cooperated with the United States in counterterrorism efforts, enhancing their international standing but also triggering unease in Moscow and Beijing. A new great-power rivalry began to take shape in the region: Russia sought to preserve its traditional influence, the U.S. pursued access to energy and transit corridors, and China expanded its economic footprint while deepening engagement through the Shanghai Cooperation Organization (SCO).

Rising global energy prices in the early 2000s bolstered the economic positions of Kazakhstan and, to a lesser extent, Uzbekistan, but also risked exacerbating regional disparities and competition. In this environment, CACO sought to carve out a niche. At the October 5, 2002 summit in Dushanbe, the four presidents agreed to develop a framework for an international water-energy consortium based on a Kazakh proposal. This was followed by a parliamentary forum in Tashkent on November 18, 2002, which established the CACO Parliamentary Assembly.

While counterterrorism, extremism, and narcotics trafficking remained top priorities, economic issues stayed on the agenda. At the July 5, 2003 summit in Almaty, Kazakhstan continued to advocate for regional consortia in water-energy, transport, and food security—an idea endorsed again in Dushanbe in October 2004. Yet implementation stalled due to funding shortfalls and policy misalignment. Environmental concerns, particularly the Aral Sea crisis, remained under discussion through the International Fund for Saving the Aral Sea (IFAS). Humanitarian cooperation also advanced modestly: at the May 28, 2004 summit in Astana, an agreement was signed on the mutual broadcasting of television and radio programs.

The December 27, 2002 CACO summit in Astana, focused on regional security, drew observers from Russia, Turkey, and Ukraine—highlighting international interest but also the growing influence of external actors. At the July 2003 summit in Almaty, a legal review of the CAEC's legacy agreements was completed; notably, many of the more than 150 documents were formally annulled.

A turning point came with the decision to admit Russia as a full member of CACO, approved at the May 28, 2004 summit in Astana and formalized in Dushanbe on October 18, 2004. This move fundamentally altered the organization's character, stripping it of its exclusively Central Asian identity

and transforming it into yet another platform for advancing Russian interests—effectively sealing its fate.

CACO inherited many of the unresolved issues of its predecessors: declarative policymaking, a lack of political will to subordinate national interests, and persistent leadership rivalries. Turkmenistan remained outside the organization. National priorities continued to trump regional ambitions. Tellingly, in February 2005—just four months after Russia's accession—President Nazarbayev proposed the creation of a "Union of Central Asian States," arguing that deeper integration was essential to preserving independence. He declared:

"We face a choice: to remain a perpetual raw-material appendage of the global economy, to await the arrival of the next empire, or to pursue serious regional integration. I propose the latter. Our further integration is the path to regional stability, progress, and economic and geopolitical independence. We share common economic interests, cultural and historical roots, language, religion, environmental challenges, and external threats. The architects of the European Union could only dream of such preconditions. We must move toward a common market and a shared currency."

Yet the proposal was met with skepticism by President Karimov and ultimately fell by the wayside.

Domestic Crises and External Pressures

A decisive external factor that sealed the fate of the Central Asian Cooperation Organization (CACO) was the rise of the Russia-led Eurasian Economic Community (EurAsEC). Moscow viewed EurAsEC as the primary vehicle for its integration strategy in the post-Soviet space. For years, President Islam Karimov of Uzbekistan remained wary of Russian-led initiatives, fearing a loss of sovereignty and Moscow's dominance. Tashkent preferred looser, less binding formats of cooperation.

The situation changed dramatically after the tragic events in Andijan in May 2005. Harsh criticism from the United States and the European Union, followed by sanctions, led to a sharp deterioration in Uzbekistan's relations with the West. In response, Karimov turned to Russia and China for political backing. A key consequence of this geopolitical pivot was Uzbekistan's demand for the closure of the U.S. military base at Karshi-Khanabad—granted in November 2005. The rapprochement with Moscow paved the way for a reassessment of Uzbekistan's stance toward EurAsEC. Russia's accession to CACO in 2004 had already shifted the balance of power within the organization. Now, with Uzbekistan's foreign policy reorientation, the path was clear for CACO's merger with EurAsEC.

Events in Kyrgyzstan added further turbulence. The "Tulip Revolution" of March 2005 ousted President Askar Akayev following mass protests. The precedent of regime change through street mobilization alarmed neighboring leaders, who feared the spread of political unrest. The new government under Kurmanbek Bakiyev sought to maintain close ties with Russia and deepen participation in Russian-led integration projects. The upheaval in Kyrgyzstan underscored the fragility of regional regimes and reinforced their reliance on external patrons—particularly Moscow—thus indirectly accelerating CACO's absorption into EurAsEC.

The Endgame

In the wake of Uzbekistan's diplomatic rupture with the West, President Karimov announced in mid-2005 his country's intention to join EurAsEC. The move was driven by a desire to escape international isolation and secure political and economic support from Russia. Moscow, for its part, was eager to expand EurAsEC and formally absorb CACO—eliminating a potentially competing regional structure and consolidating its role as the principal architect of Eurasian integration.

The final CACO summit took place symbolically in St. Petersburg on October 6–7, 2005. Behind closed doors, the presidents of Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan, and Russia agreed on a declaration "On the Further Development of Integration Processes in the Eurasian Space," which effectively endorsed the merger of CACO into EurAsEC. The initiative formally originated from the Uzbek side. This marked the end of CACO as an independent organization. Simultaneously, Uzbekistan submitted its application to join EurAsEC, becoming a full member in January 2006.

The significance of this development for Moscow was underscored by President Vladimir Putin's remark that the decision was "the best birthday gift from my colleagues"—a reference to his October 7 birthday. The comment reflected the Kremlin's view of the merger as a major geopolitical win.

The motivations behind the merger varied. For Russia, it was a strategic gain that reinforced its influence in Central Asia. For Uzbekistan, it was a tactical retreat from isolation and a bid to normalize ties with Moscow. For Kazakhstan, Kyrgyzstan, and Tajikistan—already members of both organizations—the merger was a pragmatic acceptance of the inevitable, with hopes of deriving economic benefits from the new format.

Thus, the dissolution of CACO marked the end of a distinct phase in the pursuit of a self-directed, purely Central Asian integration project. The "closure" of CACO symbolized the conclusion of more than a decade of efforts by regional states to craft an indigenous model of cooperation relatively free from the gravitational pull of the former imperial center. For skeptics, it was confirmation that Central Asia lacked the cohesion and capacity to sustain a viable, independent integration framework. Yet history would show that the idea of regional unity was far from extinguished.

Conclusions

The period from 1990 to 2005 was a time of profound transformation for Central Asia—marked by unprecedented challenges and fleeting opportunities. Independence brought with it a natural impulse toward regional integration, seen as a strategic response to shared legacies and the uncertainties of transition.

Yet the fifteen-year arc that began with the optimism of sovereignty and ambitious visions of a deeply integrated regional order—often modeled on the European experience—ended with the quiet absorption of the Central Asian Cooperation Organization (CACO) into the larger, Russia-led Eurasian Economic Community (EurAsEC). This trajectory, punctuated by moments of momentum and inertia, revealed the structural limits of regionalism in the face of both internal fragmentation and external pressure.

Several interlocking factors help explain the shortcomings of Central Asian integration during this period.

First, the influence of external powers proved decisive. Russia, viewing the region as part of its strategic periphery, advanced its own integration agenda that ultimately competed with—and subsumed—regional initiatives. Moscow remained wary of autonomous efforts, perceiving them as a challenge to its influence. China, meanwhile, steadily expanded its economic footprint, offering an alternative framework through the Shanghai Cooperation Organization (SCO). In this crowded geopolitical landscape, where each external actor pursued its own interests, the space for independent regionalism narrowed considerably.

The United States, following the events of 9/11, intensified its engagement in the region, focusing on security, energy access, and democracy promotion. But Washington's approach, while bolstering the sovereignty of individual states, did little to advance regional cohesion.

Second, the primacy of national sovereignty over supranational commitments remained a persistent obstacle. The newly independent states, focused on consolidating their own political systems, were reluctant to delegate authority to regional institutions.

Third, leadership dynamics and regime types played a critical role. Decision-making was concentrated in the hands of a few, and personal rivalries—particularly between Presidents Islam Karimov and Nursultan Nazarbayev—often stalled progress. The shared Soviet-era background of the ruling elites, while facilitating communication, also reinforced paternalistic governance models that were ill-suited to institutional innovation.

Fourth, economic asymmetries and divergent reform paths—from Kazakhstan's liberalization to Turkmenistan's isolationism—undermined efforts to harmonize policies and build a common market.

Fifth, the chronic absence of enforcement mechanisms rendered many agreements aspirational rather than actionable.

Finally, region-specific challenges—such as water and energy disputes, unresolved borders, and transnational security threats—demanded high levels of trust and compromise, which were often in short supply.

Despite the formal dissolution of CACO, the legacy of 1990–2005 remains significant. A nascent culture of cooperation took root, functional mechanisms such as the International Fund for Saving the Aral Sea endured, and the region's political elites underwent a necessary period of mutual adjustment.

From the vantage point of 2025, it is clear that the end of CACO did not mark the end of Central Asia's regional aspirations. The past two decades have seen renewed experimentation. Most notably, the launch of regular Consultative Meetings of the five Central Asian heads of state in 2018 has revived interest in regionally driven cooperation.

The fact that these summits are held outside the framework of external multilateral organizations underscores a continued desire to develop a distinctly Central Asian format. A concrete step in this direction came in 2023 with the creation of a Council of National Coordinators—accompanied by discussions on establishing a permanent Secretariat—signaling a gradual move toward institutionalization.

Notably, while this format centers on the Central Asian five, it remains open to broader engagement. The participation of Azerbaijan's president as a guest at recent summits echoes the wider consultative contours of the early 1990s.

Yet the fundamental challenges remain. The lessons of 1990–2005—about the layered nature of integration, the ambivalent role of external powers, the need to resolve bilateral disputes, and the importance of pragmatism—remain as relevant as ever.

Indeed, a central paradox has come into sharper focus: it is precisely through deeper regional interconnectedness and cooperation that Central Asian states can strengthen their sovereignty and expand the space for independent policymaking. Rather than diluting national autonomy, integration—when driven from within—can serve as a strategic instrument for reinforcing it.

Regional integration in Central Asia is not a linear process. It is a cyclical, often uneven endeavor—shaped by the region's evolving political, economic, and strategic realities. The fifteen-year period examined here

offers a cautionary but instructive chapter—one that revealed both the promise of cooperation and the formidable obstacles to its realization.

Internalizing this experience is essential for building a more resilient framework for regional engagement. A gradual, measured approach—tempered by the lessons of the past—now appears to be the most viable path forward. Success will depend on the region's ability to build trust, temper excessive leadership ambitions, transcend narrow national interests, reduce economic disparities, and navigate a complex web of external influences with strategic clarity.

Authors Bio

Dr. Sanat Kushkumbayev is a Chief Research Fellow at the Kazakhstan Institute for Strategic Studies (KazISS). He also serves as a Professor at the L.N. Gumilyov Eurasian National University in Astana. He holds a Doctorate in Political Science, with a focus on regionalism in Central Asia, from al-Farabi Kazakh National University in Almaty, where he previously worked as an Associate Professor. With 28 years of experience in research, teaching, and public service—including roles in academia, think tanks, and the Ministry of Foreign Affairs—his expertise focuses on foreign policy, international relations, regional cooperation, and security issues in Central Asia. His latest book, *Kazakhstan and Central Asia: Between the Challenges of the Past and the Future*, was published in 2022 by KazISS.