

# Central Asia news update

July 2014

MIDDLE  
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STUDIES  
FORUM

HOSTED BY THE CENTRE FOR  
CITIZENSHIP & GLOBALISATION

## Recent Developments

### Economic

On May 29, Russia, Kazakhstan and Belarus formally signed a treaty to [establish](#) the Eurasian Economic Union (EEU). The treaty will come into effect on January 1 2015, creating a [unified market](#) across the three countries. The EEU hopes that other Eurasian countries will join the union.

The World Bank released its 2014 'Ease of Doing Business' report, which looks at the challenges of starting a business in [four](#) of the Central Asian states.

The situation in Ukraine has impacted the Central Asian economies, with further Western sanctions against Russia likely to be deeply [felt](#) in the region. The Russian economic downturn led Kazakhstan to devalue its currency by nearly [20 percent](#) in February.

China announced in June that the third stage of the Central Asia-China natural gas pipeline had been [completed](#). China now plans to [build](#) a second pipeline that will cross the Chinese border from the Kyrgyz Republic.

The ISAF withdrawal from Afghanistan will represent an [economic boon](#) for Central Asia, which lies on the strategically important Northern Distribution Network. Central Asian countries have charged ISAF approximately [\\$500 million](#) per year in transit fees for the duration of the Afghanistan intervention, and are expected to charge significantly higher fees for the ISAF withdrawal.

Kazakhstan's ill-fated Kashagan oil field project has hit further problems. It was [announced](#) in May that production at the oil field – which was supposed to begin in 2005 – would be delayed for a further two years because of technical difficulties.

The Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline project proposed in the 1990s remains frozen, although India's state owned oil and gas [expressed](#) an interest in supporting the project in June.

The Canadian mining company, Centerra Gold, announced in June that mining would continue at Kyrgyzstan's troubled Kumtor gold mine. The company, which is Kyrgyzstan's largest investor, [threatened](#) to shut down the operation on June 13 unless Kyrgyz officials approved a work plan that had been in limbo since 2013.

### Politics

Kazakhstan announced in May that it would buy military radars from French-American company ThalesRaytheonSystem, signalling a further attempt by Kazakhstan to gain some [independence](#) from Russia following the Russian invasion of Crimea.

NATO opened a regional [bureau](#) in Tashkent in May. Although some see this as a signal of Uzbekistan's move away from Russia, NATO insists that it is part of a regular [rotation](#) of NATO offices in the region. Russia has interpreted the move [unfavourably](#).

Russia has been investing heavily in Kyrgyz infrastructure, investing \$2 billion in the [Kambarata-1](#) hydropower plant in 2013 and buying Bishkek Oil and a majority stake in the [Manas](#) airbase in February. This is thought to be linked to Russia's poor relations with Uzbekistan.



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In May 2014, Freedom House released its annual 'Freedom of the Press' report, which provided a damning [account](#) of press freedom in Central Asia.

The US has signalled Central Asia's declining strategic importance, [slashing](#) aid for Central Asia's security forces. US aid had previously been linked to Central Asia's cooperation on Afghan logistics, so this represents an unsurprising, albeit sudden development.

Results of the Afghan President election are still not known, with the run-off poll continuing to be marred by controversy. In June, the leading candidate, Abdullah Abdullah withdrew after accusing the Afghan electoral commission of fraud. While Abdullah has since [re-entered](#) the race, the Chief Electoral Officer has [resigned](#).

In June, the grandson of the Uzbek President, Islam Karimov Jr. [confirmed](#) that his mother, Gulnara Karimova, was being held under 'unofficial' house arrest in their home in Tashkent. Karimova, was named in a 2009 US Diplomatic [cable](#) as a likely successor to her father, but recent developments suggest that her candidacy may no longer stand. Even if it did, it is likely that Karimova – who is credited with helping amass the family's estimated multi-billion dollar wealth – will not win the support of the political elite, as she is widely disliked. Karimova is currently being investigated by [Swedish](#) authorities on claims of bribe-taking, and [Swiss](#) authorities on suspicion of money laundering.

## Security

In June, Alexander [Sodiqov](#), a Tajik-Canadian PhD Researcher, from the University of Toronto was arrested by Tajik authorities in Badakhshan province. Sodiqov had been undertaking fieldwork on civil society and conflict resolution in the region. His arrest prompted [condemnation](#) from the international community.

In 2012, President Karimov [warned](#) that Central Asia could be on the brink of a water war because Tajikistan has continued to build hydroelectric dams on the Amu Darya river. Uzbekistan is [concerned](#) that its cotton-reliant economy will face water shortages, and that it might

## Upcoming Elections

**Kyrgyzstan** Parliamentary elections 2015. This could be interesting given the instability Kyrgyzstan faced with the collapse of government this year. This will be the second parliamentary election since the 2010 revolution.

**Tajikistan** Parliamentary elections 2015. No great change expected – the last election in 2010 saw the governing party returned to the parliament in a reasonably undemocratic race. There have been no significant structural changes since, so this pattern could expect to be repeated.

**Uzbekistan** Parliamentary election: December 2014, Presidential election: early 2015, although no great change is expected.

experience flooding in winter when Tajikistan releases water for electricity production. Uzbekistan has cut off energy supplies to Kyrgyzstan and rail deliveries to Tajikistan (ostensibly blocking hydropower equipment, but has also included food, prompting severe food shortages in 2011).

Violence has flared in northern Afghanistan in recent months. Afghan militants have killed [six](#) Turkmen troops on the Afghan border in two separate incidents in 2014 alone. Although the affiliation of the militants was unconfirmed, there was speculation that they may have come from groups affiliated with the Taliban.

China, which is deeply concerned about security along the Xinjiang border, [reportedly](#) pledged hundreds of millions of dollars in military aid to Tajikistan in April. China has expressed [concern](#) about the destabilisation of Central Asia as a result of the Afghanistan withdrawal.

Central Asia's leaders are very [worried](#) about the impact that the 2014 US withdrawal from Afghanistan will have on the region. Together, Turkmenistan, Uzbekistan and Tajikistan share 1900km of borders with Afghanistan, prompting both [Tajikistan](#) and the [Kyrgyz Republic](#) to sign new military cooperation deals with Russia. However, some [commentators](#) believe that the threat has been overstated.

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