



Eurasian Visions

INTEGRATION AND GEOPOLITICS IN CENTRAL ASIA

PONARS Eurasia Policy Perspectives
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PONARS Eurasia

NEW APPROACHES TO RESEARCH AND SECURITY IN EURASIA

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PONARS Eurasia
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Cover image: From left: Tajikistan's President Emomali Rahmon, Kyrgyzstan's President Almazbek Atambayev, Kazakhstan's President Nursultan Nazarbayev, Russian President Vladimir Putin, Chinese President Xi Jinping and Uzbekistan's President Islam Karimov pose for a photo ahead of the Shanghai Cooperation Organization (SCO) summit in Ufa, Russia, Friday, July 10, 2015. (AP Photo/Ivan Sekretarev)

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Foreword

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The idea of regional integration in post-Soviet Eurasia is as old as the post-Soviet states themselves. From the moment the USSR collapsed, Russia, Belarus, and Kazakhstan spearheaded efforts to establish supranational links to replace the domestic ones they had sundered. The Commonwealth of Independent States that the leaders of Russia, Belarus, and Ukraine founded in December 1991 served more as a protracted mechanism for divorce than a basis for new forms of integration. But more targeted efforts at security and economic integration, like the Collective Security Treaty Organization and the pre-EEU Customs Union, held more promise of success, even as questions concerning the practical functioning of their institutions and the distribution of benefits across their members remained.

Then, in October 2011, Vladimir Putin [declared](#) Russia's ambition to "go beyond" existing levels of post-Soviet integration by building a Eurasian Union that would become "one of the poles in the modern world" and serve as a "bridge between Europe and the dynamic Asia-Pacific region." Many observers dismissed the Eurasian Union as campaign rhetoric in advance of Putin's return to the Russian presidency. But just over three years later, in January 2015, the Eurasian Economic Union (EEU) came into being, uniting the Russian Federation, Kazakhstan, Belarus, Armenia, and later Kyrgyzstan into a regional trade bloc with a set of EU-imitating administrative institutions.

The timing of the EEU's inception could not have been worse. In the months before, Russia had engulfed Ukraine in conflict over the ousting of Ukraine's ex-president Viktor Yanukovich. The birth of the EEU thus became entangled with the specter of a new Russian "gathering of lands," by which Moscow would force countries into ever closer integration and threaten to tear off Russian-populated chunks of those that resisted. The juxtaposition of the Ukraine conflict and the EEU's inception highlighted tensions in Russian foreign policy: between multinational integration and ethnic unification; geopolitical ambition and economic rationality; respect for territorial integrity and the fomenting of secession and annexation.

These tensions have been acutely felt by Russia's neighbors and not only by those that have distanced themselves from Russia's integration ambitions. Other EEU members have sought to balance their Russia-oriented integration efforts by cultivating close economic and, occasionally, security relationships with other powers, in the West but also with China. These powers have eagerly reciprocated. In Central Asia, they have engaged in parallel bids for influence, promoting alternative visions of "New Silk Roads" that would embed the region into Southern-oriented or Eastern-oriented trade and investment networks to complement (or, in the extreme, replace) established linkages with the North.

This collection, *Eurasian Visions: Integration and Geopolitics in Central Asia*, explores a number of these themes. **Marlene Laruelle**, **Andrey Makarychev**, **Viatcheslav Morozov**, and **Alexandra Yatsyk** examine the tensions between the differing ideologies underpinning Russia's regional foreign policy and their consequences for actual foreign and domestic policymaking. **Sergei Golunov**, **Caress Schenk**, and **Nicu Popescu** shift from ideology to practice, analyzing the impact of Russian economic policy on EEU trade, the tension between EEU freedom of movement and members' own labor and migration policies, and the challenges of aligning EEU economic and political objectives. **Eric McGlinchey**, **George Gavrilis**, **Sean Roberts**, and **Elizabeth Wishnick** assess Eurasian geopolitics at a time when the states of Central Asia are navigating among multiple centers of influence, and Russia and China are reassessing their political relations. **Sebastien Peyrouse**, **Anar Valiyev**, **Alexander Cooley**, and **Vladimir Popov** take a closer look at the viability of new economic projects across Eurasia, including the "New Silk Road" that the United States has promoted, China's "Silk Road Economic Belt," and Russia's efforts to reorient its economy toward China and the East. Finally, **Natalie Koch**, **Anar Valiyev**, and **Scott Radnitz** investigate two puzzles of Central Asian politics: the logic of spectacular construction projects and mega-events and the various possibilities for succession politics after the departure of this generation of leaders.

The 17 policy memos included here are based on the proceedings of *Security and Regional Integration in Eurasia*, a June 2015 workshop of the George Washington University's Program on New Approaches to Research and Security in Eurasia (PONARS Eurasia), held at Nazarbayev University in Astana, Kazakhstan, and co-sponsored by Nazarbayev University and the University of Wisconsin-Madison. The memos were originally published [online](#), together with a number of others on different topics, from June-September 2015 and are reprinted here in their original form.

We know you will find these policy perspectives informative and thought-provoking. Many individuals were instrumental in the production of this volume, as well as the organization of the workshop that generated it. In addition to all the authors and conference participants, we would like to especially thank our colleagues and co-sponsors at Nazarbayev University and the University of Wisconsin-Madison, in particular Charles Sullivan and Yoshiko Herrera; PONARS Eurasia Managing Editor Alexander Schmemmann; former Program Coordinator Olga Novikova; Program Assistants Matthew McDonald and Eileen Jorns; Senior Research Associate Sufian Zhemukhov; Research Assistant George Terry; IERES Operations Manager Evan Alterman; and IERES Director Peter Rollberg.

PONARS Eurasia is an international network of scholars advancing new policy approaches to research and security in Russia and Eurasia. Its core missions are to connect scholarship to policy on and in Russia and Eurasia and to foster an international community, especially of mid-career and rising scholars, committed to developing policy-relevant and collaborative research.

PONARS Eurasia, together with the George Washington University's Elliott School of International Affairs and Institute for European, Russian, and Eurasian Studies (IERES), expresses its appreciation to Carnegie Corporation of New York for its support.

Eurasia, Eurasianism, Eurasian Union

TERMINOLOGICAL GAPS AND OVERLAPS

Marlene Laruelle

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Ever since Vladimir Putin launched the Eurasian Union project in 2011, scholars and the media have tended to analyze it as the victory of the Eurasianist ideology. This memo investigates the relationship between Eurasia, Eurasianism, and the Eurasian Union project. In looking at this specific relationship, I hope to capture the fact that ideas, ideologies, and doctrines, on the one hand, and ongoing political, institutional, and economic evolutions, on the other, may not be directly and causally connected.

The term “Eurasia” largely attained greater visibility for want of something better: it expresses conveniently, and in a rather intuitive way, the historical space of Russia and its “peripheries.” The term is not free of presuppositions, as it assumes a minimal geographical, if not geopolitical, unity between post-Soviet countries, or at least part of them. It also contains a fundamental terminological ambiguity: is it Europe *and* Asia, or *neither* Europe *nor* Asia? “Eurasia” was originally a geographical term coined to designate countries located on the Euro-Asian tectonic plate, thus covering both Europe and Asia. Even in its restricted meaning of being neither Europe nor Asia, but a median space of Russia and its neighbors, the term provokes debate on who does or does not belong to it.

Despite its limitations, the term has replaced “post-Soviet” in many North American, European, and Asian academic institutions and international organizations, as a way to describe the post-Soviet space without referring to the Soviet legacy. Paradoxically, it is used to describe Russia *and* the new states as well as the new states *without* Russia. In this way, it is given the adjective of *Central* Eurasia to encompass all the “others” of Russia: both external others—Central Asia, South Caucasus, Mongolia—and internal ones—North Caucasian, Tatar, Bashkir, and Siberian cultures.

Eurasia and Eurasianism are Plural Notions

The Russian language does not distinguish between Eurasian (a purely geographical definition) and Eurasianist (an ideological belief in the unity of this region): both are expressed as *evraziiskii*. Similarly, a Eurasian, in the sense of a person who lives in Eurasia or was born of a mixed Euro-Asian marriage, and an ideologue of Eurasianism will both be called *Evraziitsev*. Even since its founding at the start of the 1920s, Eurasianist ideology has been defined as *evraziistvo* (-*stvo* being the suffix of abstraction,

while *-izm* is that of doctrine), which thus potentially leaves a semantic space open for *evrazizm* to emerge with another meaning, but no such neologism has yet been forged.

There are myriad Eurasianisms – from the classic version seen in the founding fathers of the 1920s-1930s, to Lev Gumilev’s version during Soviet times, to neo-Eurasianisms, such as that promoted by the infamous geopolitician Alexander Dugin, who is also a vocal supporter of an updated fascist doctrine. The collapse of the Soviet Union multiplied narratives on the theme of Eurasia. They are to be found in present-day Russia but also in some of the other post-Soviet states, in particular Kazakhstan, where it functions as an official doctrine for a state that presents itself as an encounter between East and West, Europe and Asia, Russia and the East. Many neo-Eurasianisms are also present in the Russian Federation: in autonomous republics, some political figures and scholarly groups elaborate their own local versions of neo-Eurasianism, wielding it as a tool that allows for claims of localism and of loyalty to the Russian state. Tatarstan has been at the forefront of this trend, followed by Yakutia-Sakha. Multiple local variations have taken shape in Bashkortostan, Buryatia, Tuva, Kalmykia, and elsewhere.

Neo-Eurasianisms are also temporally diverse, insofar as their narratives have evolved over the past two decades. At the start of the 1990s they were used primarily to compensate for the Soviet collapse, offering a way of thinking about the suddenly fragmented post-Soviet space as a unity without referencing Communism. In the 2000s, the Kremlin’s rehabilitation of the Soviet past as the key common dominator of Russian society, together with nostalgia for the late Soviet decades, weakened the originality of neo-Eurasianisms. They made their return, however, with the emergence of the Eurasian Union project—an old scheme promoted by Kazakhstan’s president Nursultan Nazarbayev in 1994, but updated by Putin in 2011 to fit current tastes.

This new Eurasian Union is diverse too. The Eurasian Union strictly speaking is an aspirational project with a clear political endpoint—the recreation of some supra-national institutions—that is backed mostly by Putin and the Kremlin, with little enthusiasm from other countries. The Eurasian Economic Union is a different project, which include several member states: Russia, Belarus, Kazakhstan, Kyrgyzstan, and probably Armenia. Seen from Moscow, Minsk, Astana, Bishkek, or Yerevan, it is each time imbued with a different color. The Kazakh case is the most divergent, as it has its own ideological genealogy, separated from the Russian one, and based on Nazarbayev’s personal legitimacy. Last but not least, the member states are not the only ones that give an interpretation of what the Eurasian Economic Union is: the Eurasian Commission, the first genuinely supranational post-Soviet body, has its own institutional practice and dynamism that often contradict the objectives of member states.

Eurasia without Eurasianism?

In Russia, the term “Eurasia” has easily made a mark thanks to a certain terminological vacuum, enabling it to be adapted to shifting contexts and different realities. Under the label “Eurasia,” it is possible to express a geopolitical principle—that is, Russia’s claim to be the “pivotal” state and “engine” of the post-Soviet world, and its right to oversee the strategic orientations of its neighbors. But the term can also be used to designate a philosophical principle—that is, Russia’s status as the “other Europe,” an already old notion expressed by the Slavophiles in the first half of the nineteenth century. In this case, “Eurasia” is above all a *mirror* of Europe and the West, a *response* to what is perceived as a challenge that would undermine Russianness, and an *alternative* to what is seen as the deadlock of liberalism as ideology and the West as a civilization. Lastly, the term “Eurasia” points to a third dimension, that of memory, mourning, and commemoration. Through it, Russian society can understand the imperial and Soviet experiences: it enables it to make peace with the lost past, closing these historical chapters, at the same time integrating them into a national grand narrative.

It is probably the way that the term can inhabit the juncture of these different dimensions that explains its success and its instrumentalization by Russian authorities. Indeed, when Vladimir Putin launched his Eurasian Union project, his speech articulated several dimensions. He proclaimed that reintegrating the post-Soviet space under its leadership is Russia’s “natural” geopolitical destiny and that the country cannot be denied this vocation. He stated that the European Union has been a successful model to follow, and that Russia should offer an “EU-like” construction for Eurasia but also increasingly engage in a discourse criticizing liberal principles and call on Europe to remember its “true” (read: conservative) values. Last but not least, he accelerated the previous trend of rehabilitating Russia’s Soviet and, to a lesser extent, imperial past, in the hope that citizens’ pride in their country and its legacy would be replicated as support for the regime.

But what is the role of Eurasianism in this Eurasia? Even if the founding fathers of Eurasianism such as Nikolai Trubetskoi or Petr Savitskii were all republished with large print runs at the beginning of the 1990s, as were all the great authors of the Russian Silver Age, and reintegrated into the national pantheon, they enjoy only academic success. In Kremlin circles, the preference is to refer to conservative thinkers with a clear political message such as Konstantin Leonte and Ivan Ilyin rather than to the Eurasianists, who are not on Putin’s communication gurus’ list of “must-read” authors. In the autonomous republics and in Kazakhstan, the scholarly circles that celebrate Gumilev are much more interested in his concepts of “ethnos” and “passionarity” than that of Eurasia, and they do not return to the founding fathers. Dugin borrows his entire repertoire from the German Conservative Revolution and from the French and Italian New Right far more than from the Eurasianist circles of the emigration. As for the high senior officials in charge of the Customs Union and Eurasian Union institutions, they

derive inspiration from founding European texts such as that of Jean Monnet, or from Beijing's rhetoric of Chinese-style harmonious development, but not from Eurasianism.

Shared Assumptions, Disparate Projects

Eurasianism and the Eurasian Union project share a similar vision of the fluidity of the term Eurasia. They both conflate Eurasia as the space that Russia has historically dominated and as the shared Euro-Asian continent, and tend to merge the definitions whenever they need to demonstrate the critical role of the strictly defined Eurasia within the broader one. They also overlap the territory of Eurasia with that of the Soviet Union, with some subtractions and additions. All consider the Baltic states to be part of Europe but not Eurasia. The Eurasianists tend to add Mongolia to their definition but subtract the South Caucasus, while the Eurasian Union project aims to hold onto the South Caucasus but does not have much interest in Mongolia.

In both cases, there exists a core group of Eurasian countries, Russia and parts of Ukraine and Kazakhstan, that represent the historical interaction between the Slavic and steppe worlds. In both cases, Ukraine is seen as a divided country, fractured by a "civilizational" line of divide between Europe and Eurasia, where eastern Ukraine is integrated into Eurasia and western Ukraine is seen to be moving toward its European destiny. To this core group can be added some concentric circles of other countries that are welcome to join, but with secondary roles: the sedentary and more Islamic Central Asia and Christian Armenia and Georgia. A third concentric circle includes countries that are outside the strictly defined Eurasia but are potential "bedfellows": Eurasianists have traditionally mentioned Iran and Japan, while the Eurasian Union prefers Vietnam, Syria, and Egypt as potential free trade partners.

However, the overlap between Russian Eurasianism and the Eurasian Union stops there. As we delve into the contents of the Eurasian project, in terms of political values and economic politics, critical dissonances soon emerge. The Eurasian Union takes nothing from (neo-)Eurasianism in defining a political and economic strategy for the region. No official text produced in Russia about the Eurasian Union mentions Eurasianism as an ideology. Dugin has not been given any official status since the coming into force of the Eurasian Economic Union; he is not a member of the Public Chamber and he even lost his position at Moscow State University since the onset of the Ukraine conflict.

Conclusion

Eurasianism predates the Eurasian Union. It has its own intellectual genealogy and its doctrinaires have not been co-opted by the Kremlin. Eurasianism connects mostly to the sphere of metapolitics and operates independently of the regime's political project, the rationale of which is far more pragmatic and based on other kinds of references. Hence the strange destiny of a movement, Eurasianism, that has contributed to shaping

Russian intellectual life in the twentieth century but which is today both central and forgotten. The more "Eurasia" invades Russia's public space, popular culture, and state-produced narratives in Russia, the more forgetful of its Eurasianist founding ideologists it seems to be. The production of ideas, their agents, and places of production should thus be given more attention. We need to examine the deployment of terms and their operationalization before taking a restraining shortcut of conflating metapolitics with state strategies.

Reassembling Lands or Reconnecting People?

GEOPOLITICS AND BIOPOWER IN RUSSIA'S NEIGHBORHOOD POLICY

Andrey Makarychev

University of Tartu (Estonia)

Post-Soviet states tend to view Russian policies toward them through a geopolitical lens, interpreting the approaches as that of a regional power competing for the control of nearby lands. This, however, is only half the picture. Russia's approach to its so-called "near abroad" includes an important refinement: between the geopolitical control of territory and the biopolitical administration of populations. We can better understand this difference by juxtaposing Eurasianism, as a set of geopolitical ideas focused on governing territories, and the "Russian world," as a biopolitical doctrine premised on protecting an imagined transborder community with a common identity.

Contesting realist explanations, I assert that both Eurasianism and the "Russian world" as neighborhood strategies have unfolded beyond the domain of the state, and their proponents prefer to keep a certain distance from the Kremlin. In this memo I explore the policy implications of the geopolitical and biopolitical approaches, the conceptual gaps between them, and the areas of mutual gravitation. I also discuss the implications of the geopolitics-biopolitics nexus for the current crisis in Russian-Ukrainian relations.

The Geopolitics – Biopolitics Nexus

Geopolitics and biopolitics emerged as two key elements of a rather ambiguous Russian policy toward its post-Soviet neighbors. On the one hand, post-Soviet Russian elites tended to view all ideologies as discredited and unnecessary, fueling aversion to the development of ideological constructs. On the other hand, Russian diplomacy understood the need to ground power over neighboring states in something "natural," "objective," and "indisputable." "Civilizational" geopolitics (which treats Russia as a country with a natural sphere of influence) and biopolitics (which emphasizes Russia's family-like connection to its "compatriots living abroad") became cornerstones of an allegedly non-ideological but pervasive neighborhood strategy aimed at the reintegration of post-Soviet lands.

With all their differences, both concepts were premised on the incompleteness of the Russian Federation and its incongruence with the idea of a "genuine Russia," which supposedly should be extended beyond its current borders. The two concepts may overlap, as epitomized by the annexation of Crimea and Russia's insistence on spheres

of influence under the guise of “Russian world” slogans. Yet they also differ significantly from each other, as I demonstrate below.

Geopolitics and Eurasianism

Most variants of Russia’s geopolitical/Eurasianist neighborhood policy share at least four important tenets. First, they are explicitly anti-neoliberal, which makes them especially popular among both conservatives and the left. Second, their common denominator is the perceived fluidity of Russian borders: Eurasianist ideologies portray Russia’s borders as movable frontiers rather than as relatively stable instruments for delineating the outside of the country from within. Third, geopolitical thinkers claim that Russia’s identification with Europe comes with a high price of submission. Finally, many argue that the only alternative to a Russian sphere of influence throughout the post-Soviet space is military confrontation.

Despite these commonalities, at least two main versions of Eurasianism can be discerned. One is *normative and ideological* and associated with Alexander Dugin’s anti-universalist doctrine aimed at deconstructing Western hegemony. It contains post-colonial elements (i.e., Russia as forced to submit to the imperial policies of Euro-Atlantic forces) and is close to the leftist critique of the West as a civilization allegedly grounded in racist attitudes toward outsiders. Dugin’s geopolitics, however, are not state-centric; his major reference points are civilizations, not nation-states.

A different vision of Eurasianism is grounded in *geo-economic* reasoning. This vision portrays the EU as a colonial power, a politicizing actor that functions beyond economic rationality, while portraying Russia as a state that sets politics and ideology aside for the sake of pragmatism. Russian presidential advisor Sergey Glazyev has even claimed that the main difference between the EU and the Eurasian Union is that the former deprives neighboring countries of their sovereignty while the latter protects it. For Glazyev, Eurasianism is Russia’s attempt to challenge the predominance of Euro-Atlantic institutions by forming its own wide bloc of countries, as well as to geopolitically counter-attack by means of enticing Greece, Cyprus, and Hungary to break out of the EU orbit.

Biopolitics and the Genealogy of the Russian World

Biopolitical discourse—even if it comes under other, less academic, names—offers its own language of post-Soviet integration. It provides an overarching platform aimed at reattaching Russian-speaking communities to Russia while re-constituting Russian identity. The key biopolitical metaphor is the family, with its strong Soviet and imperial connotations. Its adherents view the disintegration of the Soviet Union as less a “geopolitical catastrophe,” as Vladimir Putin famously dubbed it, than a “biopolitical catastrophe” which turned Russians into a divided nation.

Biopolitics as a concept is much broader than either ethnopolitics or “kinship politics.” As I show below, the Russian Orthodox Church (ROC), which has some influence in the realm of biopower, denies that ethnicity is the crucial factor defining the concept of the Russian world. Viacheslav Nikonov, the head of the “Russkiy Mir” foundation established in 2007, claimed a few years later that the whole project is inherently trans-ethnic, since Ukrainians, Belarusians, and Jews can be part of the “Russian world.” He underlined the biopolitical core of the concept by arguing that “we need to aggregate people, not lands.” Underlining the “objective” and allegedly neutral character of the Russian world, he asserted that “it is about justice and truth, not nationality.”

Biopolitics contains strong non-governmental elements. Beyond the state—though in close proximity to it—ideas about the Russian world have been promoted from two dissimilar perspectives: the technocratic (Pyotr Schedrovitsky, Sergey Chernyshov, Sergey Gradirovsky) and the religious (ROC).

The *technocratic* version, popular in the 1990s, was associated with ideas of cosmopolitanism and world-system theory. The concept resonated among the liberal part of the Russian political community, which conceived of the Russian world as part of a global trend toward post-national and territorially-dispersed governance. They saw the Russian world as a global mega-project reattaching the Russian diaspora to Russia and, hence, as part of a globalized world of trans-border mobility, communication, and networking.

Proponents of this idea did not believe in the smooth inclusion of Russia into world civilization, which they viewed as highly competitive and unfriendly. In their view, the strongest global actors would never accept Russia as an equal partner. This stimulated a binary type of thinking: “*they* would make us extensions of themselves.” Many policy thinkers believed that Russians were deprived of their “authentic” identity during Soviet times and after. As they perceived the West becoming more sophisticated in its policies, they saw Russians “miserable without a (Russian) World.”

Even in this technocratic narrative, the concept became tantamount to empire. In the 1990s, proponents [advocated](#) less for the construction of a modern nation-state within Russia’s contemporary borders than a “return” to something authentic and “real,” a “Russian alternative” (evidently, to the West).

The technocratic reading of the Russian world did not imply territorial expansion, however. Rather, it was akin to the notion of “cultural imperialism.” Future conflicts would not be over territory but communication among large agglomerations of people, with the key to success being investment in human capital. This gave the Russian world a humanitarian spin, an element of soft power aimed at producing an attractive “image of the future.”

The *religious* vision of the Russian world emanated from the ROC, which claimed that the boundaries of the Russian world coincide with the canonical boundaries of the Church. Geographically, this concept embraces Russia, Ukraine, and Belarus; sometimes Moldova and Kazakhstan are also mentioned. The religious conceptualization assumes that in civilizational terms the “real” Russia is more than the current Russian Federation.

Unlike secular versions of the Russian world, the religious discourse insists that it is not language but Orthodoxy that determines the boundaries. The ROC is also critical of the characterization of the Russian world as a trans-ethnic community, insisting that Russians are a “super-ethnos” that incorporates many other smaller ethnic groups both inside and outside Russia. Finally, the ROC does not agree with the poly-confessional nature of the Russian world, claiming Orthodoxy at its core. This explains why the Russian Muslim community tends to be critical of the “Russian world.” Damir Mukhetdinov, deputy chairman of the Muslim Spiritual Board of Russia, has [dubbed](#) it a proto-ideology that is constitutionally questionable and disrespectful to Russia’s Muslim population.

As a key element of its neighborhood policy, Russia includes in the sphere of “biopolitical care” categories of people like pensioners and Second World War veterans who live outside the country; migrants from Armenia who receive the same labor rights as Russian citizens; and students from eastern Ukraine who compete on an equal footing with Russian students for university admission. At the same time, the policies of “biopolitical care” are conducive to the Russian incorporation of certain territories, as evidenced by the annexation of Crimea and the close integration of Abkhazia and South Ossetia.

In all its versions, biopolitics is a strategy ultimately aimed at redefining extant borders. It thus plays a political role, even if this is refuted by promoters. Biopolitical borders shape the dynamics of inclusion in—and exclusion from—Russia as a political community with shifting territorial contours.

At the same time, the biopolitical strategy also contains strong exclusionary elements. It reduces the importance of wide swathes of Central Asia and the South Caucasus where the ethnically Russian population is statistically miniscule and cannot constitute a viable political resource. Russia’s support for the military insurgency in Ukraine on behalf of the “Russian world” also demonstrated how the concept could negatively impact the implementation of the Eurasian project, as it tempered the enthusiasm of the Belarusian and Kazakh leaders for the Eurasian Union.

The Crisis in Russia-Ukraine Relations: Geopolitics and Biopower

Territorial politics can go biopolitical, while biopolitics can evolve into land grabs. This is what the war in Ukraine has illustrated: the biopolitics of the Russian world merging with the geopolitical seizure of territory (and war).

The intertwining of humanitarian care and territorial appropriation reveals the coercive dimension of biopolitics due to the Kremlin interpretation of the Russian world as a matter of “political choice” between staying in or out, with a severe reaction reserved for those who opt for the latter. The projection of an either-or logic of political distinction onto Ukraine triggered war and inevitably refocused attention from caring for people to legitimizing mass killing within territories that the adherents of the Russian world considered to be rightfully theirs. This coercive dimension of biopolitics was clearly [articulated](#) by Deputy Prime Minister Dmitry Rogozin’s claim that “civil war gives birth to people with a [more] civil position.”

The crisis in Ukraine triggered the overt politicization of biopolitical and geopolitical discourses. In the biopolitical realm, this was illustrated by the devolution of the “Russkiy Mir” foundation from a model based on similar European institutions (like the Alliance Francaise, the British Council, the Goethe Institute, and the Cervantes Institute) to a militant advocate for a specific set of state policies. Nikonov rejected his previous assurance that “Ukraine was formed as an independent nation” in favor of promoting the recognition of the “independence” of eastern Ukrainian provinces. His [interpretation](#) of the Euromaidan revolution as a declaration of war on Russia and the government in Kyiv as “assassins of its own people” clearly demonstrates the possibilities for politicizing and radicalizing the concept of the Russian world.

The same goes for geopolitics. The crisis in Ukraine pushed many Eurasianist proponents into the radical nationalist opposition. For example, Mikhail Delyagin has [spoken](#) about the “obvious failure of Russian policy toward Ukraine,” manifested in his view by the Kremlin’s de facto support of Ukrainian President Petro Poroshenko’s “Nazi regime.” Dugin praised Putin for the annexation of Crimea but lambasted him for hesitating to intervene militarily in eastern Ukraine. He claims that Putin faces the challenge of transforming Russia from an (economically motivated) “state-corporation” to a full-fledged “state-civilization” capable of putting an end to Western hegemony and openly acknowledges that to achieve this transition Russia must be ready for real war.

Meanwhile, the religious discourse, which is typically supportive of state policy, has moved in a different direction. Its adherents view the crisis in Ukraine as “incomprehensible,” necessitating “only prayer.” The symbolic absence of the Patriarch at the ceremony incorporating Crimea into Russia may be interpreted as a sign of his disappointment with the way Putin has used the idea of the Russian world. The ROC made clear that it does not take sides and that it has representatives on both sides of the

conflict. In his message to president-elect Poroshenko, Patriarch Kirill [characterized](#) Ukraine as an “inheritor and protector of the testaments of the great prince Vladimir who baptized Russia....During my visits to Ukraine I have seen everywhere the best of Christian traditions.” In this view, Ukraine is not a country whose deviation from the Russian world represents a challenge to Moscow but rather the most authentic incarnation of Orthodoxy. At the same time, while speaking about the conflict in Ukraine, the Patriarch emphasized the necessity of preserving the unity of Russia itself—a sign of disapproval of Russia’s territorial expansion.

Still, the ROC has failed to stay out of politics. It sees the origins of the conflict in the political activity of Western Ukrainian Greek Catholics. In the ROC’s interpretation, Western Ukrainians were instrumental in instigating inter-ethnic clashes, which reached their zenith during the Euromaidan. Emulating the Kremlin’s discourse, the ROC portrays Ukrainian Greek Catholics as former collaborators of Nazi Germany. It also links the Euromaidan with developments in the Middle East, a chain of events allegedly aimed at fostering instability along Russia’s borders.

Conclusion

Russia’s neighborhood policies are a blend of Eurasianism and Russian world doctrines. This widens Russia’s policy toolkit by means of combining geopolitical strategies with the biopolitical care of populations beyond Russia’s borders. The problem, clearly elucidated by the war in Ukraine, is that both doctrines are prone to radicalization and militarization. Geopolitical reasoning easily evolves from calculating Russian resources and advantages in the “near abroad” to militarily conquering parts of neighboring states, while biopolitics shifts from protecting the linguistic rights of Russian speakers to enforcing a family-type of union with post-Soviet nations. As the annexation of Crimea made clear, it is the combination of geopolitical and biopolitical instruments that Russia has used to redefine its borders, triggering security dangers for the entire Euro-Atlantic region.

Kazakhstan and the “Russian World”

IS A NEW INTERVENTION ON THE HORIZON?

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Russia’s annexation of Crimea and subsequent support for separatists in eastern Ukraine gave rise to fears that this scenario could be repeated elsewhere. Especially worrisome is the fact that the intervention was justified by the alleged need to protect ethnic Russians, and Russian foreign policy in general has become increasingly focused on the idea of the “Russian world.” Since Russian minorities exist throughout the post-Soviet space, it is possible that they could be used for provocations against their host states. Although the Baltic countries and Moldova are named as the most vulnerable among Russia’s neighbors, similar concern has been expressed with regard to Kazakhstan.

There is a sizable Russian minority in Kazakhstan, numbering around 4.3 million people, or 23.7 percent of the total population (and up to nearly 27 percent if all groups that could qualify as Russia’s “compatriots” are counted). Of significance, the Slavic population is concentrated in the north and east of the country, along the border with Russia. There is a Slavic majority in most administrative districts of the North Kazakhstan, Kostanay, and Akmolá regions, as well as along the eastern borders of the East Kazakhstan and Pavlodar regions (see map). In addition, ethnic Kazakhs tend to be underrepresented in urban populations, making the predominance of the Russian identity in these regions even more substantial.



Discussing a possible Russian intervention in Kazakhstan might sound unnecessarily alarmist, but since this theme is already present in the media, ignoring it is hardly a good idea either. Besides, one lesson learned from Crimea is that even if a scenario looks unbelievable given a particular historical situation, it can suddenly materialize with a change in circumstance. Instead of ignoring the risks or overreacting to imagined threats, one is better off assessing the probability of various outcomes in a sober and realistic way.

This memo attempts to contribute such a risk assessment. I adopt the logic of the worst-case scenario, while differentiating between intentions and capabilities. We know little about the former, but I assume that given the chance, the Kremlin would again use the idea of the “Russian world” to violate the territorial integrity of its neighbors. To assess the latter, I look at one key aspect of the Russian intervention in Ukraine which is typically ignored when reasoning by analogy in other cases.

A crucial element of capability is legitimacy in the eyes of domestic audiences. This applies to authoritarian regimes probably even more than democracies. In Russia’s case, one of the major reasons for aggression was to boost the leadership’s popularity by rallying the public against a postulated external threat. This involved a massive propaganda campaign, but one that did not operate in a vacuum: it had to rely on pre-existing socially accepted attitudes and narratives. Comparing the Ukrainian and Kazakh cases in this regard reveals significant differences, which suggests that the repetition of the same sequence of events in Kazakhstan is unlikely in the short term. This does not exclude other scenarios of potential intervention, but it does invalidate the analogy between Ukraine and Kazakhstan based on the presence of Russian minorities. In the longer run, monitoring public discourse can be used as a predictive tool in risk assessment.

Kazakhstan as a Proxy?

Russian intervention in Crimea and eastern Ukraine was made possible by the acute destabilization of the domestic situation in Ukraine in the context of the Euromaidan revolution. This domestic instability within Russia’s neighbor was then grossly exaggerated by Russian propaganda, making it possible to present the ethnic Russian population of Ukraine as facing an imminent threat of large-scale violence.

While Kazakhstan has remained relatively stable throughout the post-Soviet period, personalist regimes are always fragile and in the shadow of inevitable transition. As demonstrated by the disturbances in Zhanaozen in December 2011, which echoed throughout the country, there remains a significant potential for mobilization against the current ruling elites. Moreover, Kazakhstan’s location makes it vulnerable to the potential spread of instability from the south, in view of Afghanistan’s uncertain future and a rather unstable equilibrium in the rest of Central Asia, especially Kyrgyzstan and Tajikistan.

Instability, however, is not by itself sufficient grounds for intervention. Starting at least with the “Orange Revolution” of 2004, Ukraine was perceived as a battleground in a global geopolitical struggle between Russia and the West, in particular the United States. Both the 2004 and the 2013–14 Maidans were seen as directly instigated from Washington with the final goal being regime change in Russia. This picture resonates with the commonsense worldview of ordinary Russians, inherited from the Soviet times,

in which NATO has always been Russia's main adversary and a quintessentially anti-Russian force. It was this interpretation of events that precipitated the Russian intervention in Ukraine.

In the hypothetical case of a Kazakh "color revolution," Russian elites will most probably be inclined, once again, to view developments as the product of an anti-Russian intervention. However, presenting this as a direct threat to Russia's sovereignty and security will be a much more difficult task. Unlike Ukraine, Kazakhstan has no realistic membership prospects in either the European Union or NATO. There will be few incentives for whatever government would be in power in Astana to pull out of Vladimir Putin's pet project of the Eurasian Economic Union (EEU). Even should that happen, there would be fewer chances for such a move to be seen as part of an encirclement of Russia by the West.

Closer relations with China might in fact be a better alternative for a future Kazakh ruling class. In principle, a Kazakh shift to China might present a more tangible threat to Russia's interests than any putative rapprochement with the West. However, China has been consistently portrayed by the Kremlin as a friendly power, a partner in the promotion of a multipolar world in defiance of U.S. hegemony. The Russian public would not be ready to immediately accept a framework in which China replaces NATO as Russia's main adversary, with Kazakhstan associated to this newly hostile force. Mobilizing memories of the Sino-Soviet confrontation or the flaring up of fears of a Chinese demographic takeover in the Far East would be relatively easy, but it would not be sufficient to justify any action in northern and eastern Kazakhstan. Even such a construction, moreover, would still miss a crucial element needed to justify any territorial claims: the idea that "compatriots" in the borderlands are in grave and immediate danger.

Contrasting Images of the "Russian World"

Even if Russia ends up facing a material and undeniable challenge to its interests in Central Asia, such as the spread of radical extremist ideologies or a new assertive Chinese policy, this would not be enough to put the existing borders in question. If the Ukrainian script were to be used for that, Moscow would have to demonstrate that the instability is a direct and imminent threat to Russian-speaking communities there. With all due regard to the power of the Russian state-controlled media, this cannot be done overnight, in the absence of pre-existing points of reference.

With Ukraine, clear "friend-enemy" images, conflicting historical narratives, and symbols had all been established long before the conflict started. A whole generation of nationalist Russian politicians, most prominently former Moscow mayor Yuri Luzhkov, made their careers promoting the myth that Crimea had always been a piece of the "Russian world," that the Russian language was all but banned in Ukraine, and that

Ukrainian leaders were forcefully promoting false, anti-Russian interpretations of history domestically and in the West.

This memory and culture conflict was actively waged also on the Ukrainian side, thus helping the Russian state to promote an image of Ukrainians as a hostile nation. Of particular importance was the 2006 law officially defining the famine of 1932–33 (known by its Ukrainian name *Holodomor*) as a genocide against the Ukrainian people, as well as the later unsuccessful attempts by then-president Viktor Yushchenko to criminalize denial of the *Holodomor*. Steps toward the political rehabilitation of radical nationalist leaders who fought against the Soviets during and after the Second World War, along with relentless debates on the status of the Russian language, also contributed to alienation between the two nations. It is indicative that one of the major pretexts for the annexation of Crimea was the adoption by the Ukrainian parliament immediately after the Euromaidan of a bill (that was never signed into law) repealing the 2012 language law, which had endowed Russian with official status as a regional language.¹

What needs to be highlighted is the contrast between the two cases. For Ukraine, Russian propaganda had plenty of established reference points on which to construct an enemy image that could be further radicalized. Nothing of the kind is present with regard to Kazakhstan. The Russian language in Kazakhstan enjoys official status as the “language of interethnic communication” and is spoken by 95 percent of the population, as opposed to Kazakh, which is spoken by less than 65 percent of the population. Also, no region in northern or eastern Kazakhstan has any special symbolic significance in Russian national mythology. Places associated with major achievements of Soviet times—the Baikonur launch site, the “virgin lands” that were converted to agricultural use in the late 1950s–early 1960s, the Semipalatinsk nuclear testing ground—cannot be even remotely compared to Crimea in either symbolic or geopolitical terms. Alexander Solzhenitsyn, who suggested in 1990 that Kazakhstan, or at least its northern and central part, should remain in a union with Russia after the imminent end of communist rule, is still respected by many, including Mr. Putin. However, his proposal is mostly discussed by critics of the Kremlin, especially among Kazakhstani intellectuals, and does not really constitute a major part of the Russian world concept.

More broadly, Kazakhstani elites are certainly anxious about Russia’s plans with respect to their country. This, however, is not matched by an equal degree of attention to Kazakhstan in the Russian public space. Furthermore, Kazakhstani and Russian elites largely share a common memory of the Second World War, the focal point in the contradictions between Russia and its neighbors in the West, while existing points of controversy are never politicized. While Kazakhstan is trying to establish its own national narrative in opposition to Russian and Soviet colonialism, this is done in a low-

¹ The question of whether and to what extent these policies by Ukrainian governments were justified is important but has no bearing on the key argument of this memo.

key manner, without any major symbolic steps that would draw the attention of the Russian media.

Still today, Russian public opinion remains in denial about the country's imperial past and the consequences of Russian and Soviet colonialism for subaltern nations. In relations with Russia's Western neighbors, this leads to head-on confrontations between national narratives. When it comes to Russia's attitude to Kazakhstan, however, the lack of postcolonial reflection, while still morally reprehensible, has a defusing effect. In the Russian public mind, there is no established image of a "Kazakh nationalist," which could be quickly radicalized to produce scarecrows like "Ukrainian fascists," a key element of the Russian narrative justifying annexation of Crimea and support for the Donbas separatists. While one might wish Russia would come to terms with its past in a more democratic way, for the time being this suboptimal equilibrium seems to be better than open confrontation.

Listen to Your Neighbor

The dramatic events of 2014 have taught us not to discard any possible scenarios just because we believe they contradict what we assume are the norms of rational international conduct. However, regardless of the type of rationality behind a certain policy line, the question of capabilities remains essential in risk assessment. In this memo, I have highlighted one key moment that a regime like Putin's Russia is bound to take into account: the need for its actions to appear legitimate in the eyes of the Russian public. The Kremlin sees the West as pursuing regime change in Russia using its neighbors as proxies in an undeclared war. Yet exactly for this reason, it has to conform to public expectations in its foreign policymaking: ignoring them would amount to undermining the domestic stability that is the key goal of the regime.

Putin was able to use the idea of endangered "compatriots" to justify the annexation of Crimea and the support of separatists in Donbas. However, even if Kazakhstan, along with Ukraine, is perceived as part of the "Russian world," it is a part that is presented as friendly and well integrated. While Kazakhstan's Russians might have their problems, these are generally not on the radar of Russian media. What is important for the latter is the role of the country as a key partner in the EEU and as Moscow's key ally in the region.

As long as this image is sustained and there are no open provocations (such as a nationalist force openly harassing ethnic Russians), the Kremlin will not be able to immediately use the "Russian world" as a concept legitimizing an intervention. In this respect (and in this respect only) the analogy with Ukraine seems to be false. Should Moscow decide to use this card, Russian public opinion will first have to be mobilized against Kazakhstan. The reference points needed for such a mobilization would have to be nurtured before any massive propaganda campaign could start. Unless we see signs

of this in the Russian public space, any challenge to the post-Soviet territorial settlement in this part of the “Russian world” is highly unlikely.

Promoting Islam within the “Russian World”

THE CASES OF TATARSTAN AND CHECHNYA

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Tatarstan and Chechnya, two federal republics with strong Islamic elements in their regional identities, have nimbly positioned themselves within the “Russian world,” an ideological concept that has increased in prominence since the outbreak of the Ukraine conflict. Both republics have sought to raise their visibility within the Russian Federation and promote themselves as regional success stories, but their policies differ in many respects. Tatarstan promotes itself as a region where Islam and Orthodox Christianity harmoniously coexist, while the republic’s leadership avoids overt political or ideological agendas in pursuit of federal resources for regional development. Chechnya, on the other hand, has been a republic of extremes: President Ramzan Kadyrov has fostered a resurgent fundamentalist Islam and vigorously defended his region’s autonomy, all the while playing the role of stalwart defender of the Putin regime and – paradoxically – of the “Russian world” as its ideological core.

The Russian World and Non-Russian Identities

Despite the fact that Putin himself only occasionally comments on the “Russian world,” the ideational underpinning of his third-term discourse is a combination of technocratic, civilizational, and Orthodox approaches, which can be characterized as inherently conservative. Added to this blend is a “biopolitical” component: in a speech on the first anniversary of the “reunification” of Crimea and Russia, Putin denied the territorial importance of annexation (“we have enough lands”) while emphasizing its unity to Russia by blood, a family-type relationship and a “source of Russian spirituality.”

Such a civilizational view of Russian identity, grounded in mutually reinforcing ideas of common language and culture, combined with traditional Orthodox values, poses a challenge to the non-Russian Slavic cultures within the newly constructed “Russian world.” The concept encourages integration into the dominant cultural and political framework of Russian civilization, but it also encourages Russian republics with strong non-Slavic, non-Orthodox cultural identities to build their own “blood-based” connections with countries and institutions that have common identity characteristics.

Different Republics, Different Outlooks

As the leaders of two prominent Muslim regions in Russia, the presidents of Tatarstan and Chechnya, Rustam Minnikhanov and Ramzan Kadyrov, are often linked together in the Russian public eye. It is wrong, however, to consider the two republics as sharing a common approach to the “Russian world.”

Tatarstan’s approach is embodied in its strategy of “Euro-Islam,” a concept fully articulated by local historian Rafael Khakimov. Euro-Islam is characterized by a harmony with secular policies, including promoting education and a liberal economy. It also emphasizes Tatarstan’s exceptionalism, both in its interpretation of Islam and in the building of a special type of relationship with Moscow. Local advocates of Euro-Islam link the religious underpinnings of Tatar identity to European civilization and values, detaching “Tatar Islam” from the practices of the North Caucasus, a region historically more isolated from non-Muslim peoples.

In Chechnya, a stricter version of Islam dominates. Kadyrov wears Islamic beads and cap, and he favors *sharia* laws (and polygamy) even when they contradict Russian legislation. He keeps in close contact with the Saudi elite, sharing experiences in the security realm and acting as an intermediary between Russia and Saudi Arabia. Kadyrov is also known for his explicit anti-Western, anti-liberal, anti-LGBT utterances that are almost identical to those made by Russian conservatives. This may make his vehement rhetorical support for the “Russian world” appear less paradoxical.

Shifting from rhetoric to practice, Tatarstan uses its identity resources and good relations with the federal government to its advantage. The Euro-Islam branding has had the practical benefit of putting Tatarstan on the national—and international—map. The “northern capital of the Islamic world” has hosted the KAZANSUMMIT, an international summit of Islamic business and finances, and the Russia-Islamic World Strategic Vision Group. In the meantime, Tatarstan has also hosted a series of international sporting mega-events, including the 2013 Universiade, 2015 FINA World Swimming Cup, and 2018 FIFA World Cup matches, for which funds from Moscow were secured for modernizing regional communication infrastructure and tourist facilities.

Chechnya, on the other hand, may be verbally loyal to the Kremlin but has allowed the center less and less interference into what Kadyrov deems Chechnya’s “local affairs.” The more Kadyrov says about his loyalty to Putin and his conservative agenda, the more autonomy he requires from Moscow. Arguably, Kadyrov both supports Russia’s sovereignty on the global stage while de facto strengthening Chechnya’s own autonomy. He helps Putin promote a conservative agenda while remaining a potential scapegoat that could at any time be accused of deviating from Russia’s dominant normative standards.

The “Intermediary” and the “Foot-Soldier”

The first president of Tatarstan, Mintimer Shaimiev, promoted his region for years as a multicultural, peaceful meeting point of Islam and Orthodoxy. Moscow (re)assigned the function of potential cultural intermediary to Shaimiev’s successor, Rustam Minnikhanov, in 2014, when it faced the challenge of convincing Crimean Tatars to peacefully accept the annexation of Crimea. In this case, Tatarstan’s role as a cultural intermediary was assigned to it by the Kremlin, and the only advantage that authorities in Kazan could hope to get from it is raising their profile and importance as a useful region in the eyes of Moscow.

As a result of Minnikhanov’s shuttle diplomacy, the World Congress of Tatars based in Kazan and the Mejlis of the Crimean Tatar People signed a four-year cooperation agreement—so far largely remaining on paper—soon after Crimea’s annexation. Two elements were crucial in constructing this nexus: an emphasis on brotherly (blood-based) bonds between the two groups of Tatars in spite of their territorial distance, and the positive experience of Tatarstan’s development as part of Russia, with all the ensuing pragmatic benefits.

Of course, elements of this relationship were contextual and politically motivated. The Kazan Tatars are culturally and socially dissimilar from their Crimean co-ethnics. The latter, according to Ildar Safargaleev, advisor to the Spiritual Board of Muslims in Moscow, are closer in mindset to Chechens, due to their common traumatic experience of deportation. Yet it was not the head of Chechnya who the Kremlin tasked with building bridges to the Crimean Tatars. The Kremlin wanted a consensual—and non-political—dialogue. Kadyrov, with his self-assigned role as militant “defender of Russian borders” and “personal foot-soldier of Putin” was obviously an inappropriate ambassador.

Yet Kadyrov used the crisis in Russia’s relations with Ukraine in his own way, taking advantage of Putin’s appeal for patriotism and the vulnerabilities of key elements of Russia’s policies toward Ukraine. Kadyrov’s “patriotic” narrative was grounded on a tacit request by Putin for support and even protection. Kadyrov’s loyalists formed paramilitary brigades of professionally trained soldiers, dramatically raising his profile as the only head of a Russian region allowed by Moscow to command a *de facto* army. In May 2014, Kadyrov was also personally involved in releasing a captive Russian journalist in Ukraine. In his Instagram account, Kadyrov demonstrated his attachment to and sympathies with the fighters in eastern Ukraine. Kadyrov used the war as a political tool, exchanging Chechen allegiance and fidelity for more benefits (greater autonomy) from Moscow. A telling illustration of Kadyrov’s political weight was his announcement permitting Chechen police to open fire on Russian federal security personnel unless they coordinated their operations in Chechnya with him.

Conclusion

Despite the apparent similarity of two Muslim regions that overtly demonstrate loyalty to the Kremlin, their strategies toward the "Russian world" are different. Via "Euro-Islam," Tatarstan emphasizes its ability to function as a mediator and bridge between Islam and Orthodoxy, while pursuing integration in Russia (and globally) through economics rather than politics, developing projects in energy, transportation, sports, and finance. Chechnya, on the other hand, tilts toward various demonstrations of "personal" fidelity of a "foot-soldier" to his sovereign, less for funding than to receive political *carte blanche* locally.

The "Islamic world," like the "Russian world," is a space of and for peoples, and thus is irreducible to specific states. The political ingredient of the Islamic world, for both Tatarstan and Chechnya, consists in harmonizing Russian citizenship with belongingness to the global Islamic community. It is likely that this strategy, even in its different incarnations, will define the content and the contours of the Tatarstani and Chechen identity-making in the future.

How Russia's Food Embargo and Ruble Devaluation Challenge the Eurasian Customs Union

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The Russian economic crisis of 2014-15 has dramatically affected cross-border trade among the three central states of the Eurasian Economic Union (EEU), Belarus, Kazakhstan, and Russia (all of which are also members of the EEU's Customs Union, or CU). For many entrepreneurs, the volatile Russian currency and prices have been a disadvantage. For others, the absence of customs controls between CU members has opened a wide range of opportunities. What has been the impact of the 2014 "war of sanctions" on trade within the EEU? What effects did the devaluation of the ruble have? Who were the winners and the losers in these changing trade dynamics?

"Belarusian" Tangerines

In response to Western sanctions, Russia introduced an embargo in August 2014 against dairy products, meat, and produce from Australia, Canada, the EU, Norway, and the United States.¹ Neither Belarus nor Kazakhstan joined the embargo, however, creating opportunities for entrepreneurs to bring goods to Russia via these two states. Belarus is situated perfectly for shadow trade in EU goods, and the long Russia-Kazakhstan border also provides transit opportunities.

Soon after the start of the embargo, the Russian government launched negotiations with Belarus to limit illicit border trade. While Belarusian officials have repeatedly promised to cooperate with Moscow, Minsk has not stopped the transit flow, which offers significant gains to Belarus' economy.

Belarusian traders employ various legal and illegal schemes to get goods into Russia. The main method involves concealing the true origin or destination of products. The embargo allows products to be brought into Russia if they are processed in countries not targeted by the Russian sanctions; Norwegian salmon salted and packed in Belarus, for instance, becomes "Belarusian" and legal to sell in Russia. However, some Belarusian entrepreneurs have simply repackaged goods and stamped them with a "Belarusian" label, leading to a proliferation of "Belarusian" salmon, oysters, and tangerines, none of which could actually come from Belarus. Some traders use even more blatantly illegal

¹ For more on the impact of the embargo on EU-Russia trade, see: Serghei Golunov, "[The Grey Trade of the EU-Russia Borderlands: Economic Obstacle or Opportunity?](#)" PONARS Eurasia Policy Memo No. 360, March 2015.

transit schemes, bringing banned foodstuffs into Russia under the false pretense that their end destination is Kazakhstan.

Permeable Borders and New Quasi-Controls

The transit of banned goods via Belarus and, to a lesser extent, Kazakhstan has become a serious challenge to the very existence of the EEU Customs Union. While Russia has been eager to close loopholes and illicit activity that undermine the embargo, Belarus and Kazakhstan have been reluctant to take any costly measures, particularly given what they perceive as unilateral confrontationist policies on the part of Moscow.

Since restoring formal customs controls at its borders with Belarus and Kazakhstan would mean the de facto termination of the CU, Russia has decided to introduce quasi-customs controls that may not violate the rules of the CU but contradict it in spirit. This is most evident in the fact that the Federal Service for Veterinary and Phytosanitary Supervision (Rosselkhoznadzor) and not the Federal Customs Service was charged with supervising the border trade with these two states, allowing for import checks that would otherwise be impermissible.

Until the end of November 2014, such quasi-customs controls were uneven and not very successful. Rosselkhoznadzor tried to monitor Belarusian and Kazakh agricultural companies and even blacklisted some of them. In November, Rosselkhoznadzor representatives [estimated](#) that roughly 20 percent of Belarusian foodstuffs “exported” to Kazakhstan via Russia were part of fake transit schemes.¹ The head of the Federal Customs Service, Andrey Belianinov, [claimed](#) that the export to Belarus of foodstuffs banned by Russia had increased 80 percent as compared to the same period a year before.²

Subsequently, Rosselkhoznadzor tried tightening controls. In the latter half of November, it introduced full inspections on all foodstuffs coming from Belarus. It also banned the transit of foodstuffs between Belarus and Kazakhstan via Russia. These strict measures provoked displeasure in Minsk, and Belarusian President Aleksandr Lukashenko condemned them as unfair and indecent. In December, Belarus began to systematically check all Russian trucks, and it informally tightened controls over the transit of Russian goods from the exclave of Kaliningrad to the rest of Russia. Belarusian authorities even confiscated (and sold) a shipment of household appliances and consumer electronics worth several million dollars, under the pretext that Russian entrepreneurs were dealing in counterfeit Chinese goods within the EEU.

¹ Marina Magay, “Rossiya ogranichila transit produktov iz Belorussii iz-za reeksporta,” RBC.ru, November 24, 2014, <http://top.rbc.ru/business/24/11/2014/547265cacbb20fa9cc00998d>

² “FIS zaiavila o rezkom roste postavok sanktsionnyh tovarov v Belorussiyu,” Interfax.ru, November 27, 2014, <http://www.interfax.ru/business/409729>

Russia introduced more customs controls at the end of February 2015 at its borders with Belarus and Kazakhstan. The Federal Transportation Inspection Service (Rostransnadzor) opened inspection checkpoints to make sure that cargo carriers were operating to Russian standards and had the correct permissions and certificates. Concurrently, Moscow tried to persuade Minsk to agree to jointly monitor Belarus' borders with the EU and Ukraine, but this was met with a lukewarm response by Minsk, which called for symmetric measures at border crossings between Russia and Kazakhstan and non-EEU members.

Overall, Moscow's unilateral measures have not been very successful. Checkpoints can be readily bypassed by private individuals and vehicles. They are also not equipped to identify banned items that have been repackaged and relabeled in Belarus or Kazakhstan.

Ruble Devaluation and Cross-Border Trade

From October 2014, the Russian ruble experienced a noticeable decline. By mid-December, it had lost one third of its value. The devaluation opened great opportunities for border residents of Belarus and Kazakhstan. They could spend a relatively small amount on a trip to Russia, buy inexpensive goods, and sell them at home without having to deal with customs duties and controls. By mid-December, the media was reporting huge lines in many supermarkets in Russian cities close to Belarus and Kazakhstan.

Cars and home appliances—and even apartments—were among the best-selling items. According to some estimates, consumers from Belarus and Kazakhstan [bought](#) about 18 percent of all cars sold in Russia in November and December.¹ Increased traffic congestion was reported at Russian-Kazakh border checkpoints. Some ethnic Russian citizens of Kazakhstan who had wanted to relocate to Russia but lacked money to buy an apartment were now able to do so. There were, of course, some instances of fraud, particularly in the auto market, with reports of people buying stolen cars and others simply cheated by dealers.

Increased cross-border shopping activity also helped many Russian retailers survive the peak of crisis. In particular, it offered a unique chance to small Russian retailers operating in areas bordering Belarus and Kazakhstan to increase their sales dramatically.

The cross-border bonanza slowed in January 2015 due to the Russian ruble's appreciation and growth in retail prices of cars, home appliances, and other goods. While the flow of buyers from Kazakhstan still remained significant, the flow from

¹ Roman Asankin, "Bolee 15 tys. prodannyh v yanvare mashin ne bylo postavleno na uchiot v GIBDD," RBC.ru, March 3, 2015, <http://top.rbc.ru/business/03/03/2015/54f5be689a7947408fc63acd>

Belarus decreased dramatically: the Belarusian national bank dealt with the substantially increased demand for foreign currency by introducing a 30 percent tax on the purchase of foreign currencies. The tax was abolished by the second week of January, but by then the value of the Belarusian ruble had dropped 20 percent, partially leveling price differences and decreasing the profitability of the cross-border trade.

Still, following the ruble's devaluation, Russian goods became highly competitive in both Belarusian and Kazakh markets, at the expense of domestic producers and retailers. Belarus was better protected against an uncontrolled influx of Russian goods thanks to its more centralized economy. Kazakh producers and retailers were more seriously damaged. From January to March 2015, automobile sales in Kazakhstan [fell](#) by more than a quarter.¹ Producers and sellers of foodstuffs, fuel, building materials, and other products also experienced large losses. As a result, some influential business associations lobbied for a temporary restoration of customs controls with Russia or an embargo on certain Russian goods; there was also discussion of a devaluation of Kazakhstan's own currency. While Astana did not want to spoil relations with Moscow by introducing decisive measures, in March it introduced temporary restrictions on the import of certain fuels and tightened "sanitation" controls over Russian meat and dairy products. While these measures were partial and temporary, Astana could eventually decide that more resolute responses are necessary.

Conclusion

Trans-border economic activities are highly sensitive to price and supply differences. The Russian food embargo and subsequent devaluation of the ruble exacerbated such differences between Belarus and Kazakhstan, on the one hand, and Russia, on the other. The ensuing cross-border trade, Russia's attempts to control it, and reciprocal responses by Belarus and Kazakhstan have put a strain on the EEU. This has led to more open conflict between Russia and Belarus but also complicated Russian-Kazakh relations.

In the end, the balance sheet of winners and losers is not clear-cut. Those who managed to establish transit trade by semi-legal or illegal means have been the greatest winners, together with consumers who managed to secure serious bargains in the first months after the devaluation. By comparison, most of those who have continued to engage in legal trade have at best enjoyed marginal gains. At worst, they have incurred serious losses, thanks to the reduction of profit for Russian producers and suppliers and the decline in competitiveness of Belarusian and Kazakh goods on the Russian market.

¹ "Ofitsial'nye prodazhi avtomobiley v Kazahstane v pervom kvartale snizilis' na 27,3%," *Novosti-Kazahstan*, April 10, 2015, <http://newskaz.ru/economy/20150410/7832569.html>

Labor Migration in the Eurasian Union

WILL FREEDOM OF MOVEMENT TRUMP DOMESTIC CONTROLS?

Caress Schenk

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In preparation for Romanian and Bulgarian citizens' full access to the EU labor market in January 2014, UK Prime Minister David Cameron proposed a new policy agenda that would reduce welfare and employment benefits to migrants from European Union member states, in contravention of EU principles. The proposal launched a debate within the UK about the ability of domestic legislation to counter EU treaty provisions. In light of such debates in a well-established free labor zone, it is to be expected that labor migration in the new Eurasian Economic Union (EEU) will remain a contested issue. Given migration pressures in the EEU zone and a pattern of reliance on domestic regulations over and above multilateral agreements, the provisions for free movement of labor in the EEU treaty are unlikely to usher in a new era of liberalized labor movement.

Migration Patterns in the EEU Zone

The EEU treaty between Russia, Kazakhstan, Belarus, and Armenia came into force in January 2015, with Kyrgyzstan joining in May 2015. The agreement provides for the free movement of goods, people, services, and capital. Migration between Russia, Belarus, and Kazakhstan makes up a small part of labor migrant flows, and therefore the provisions for free movement of labor are not particularly controversial for these three countries alone. However, the accession of Armenia and Kyrgyzstan could have a visible impact on labor markets in Russia and Kazakhstan both.

Currently, Kyrgyzstan and Armenia are the fourth and fifth largest labor donors to Russia. Each country sends well over 100,000 official labor migrants annually to Russia, in addition to unofficial or undocumented migrants. Remittances from Russia in 2012 made up 27 percent of Kyrgyzstan's GDP and 14 percent of Armenia's. Kazakhstan is a secondary destination for migrants from Kyrgyzstan, who make up a significant portion of the low-skilled migrant labor in the retail and agricultural sectors. Statistics for Kazakhstan's migrant workers are difficult to come by, as the vast majority work in the informal sector. Even remittance data is not particularly illustrative; migrants from Kyrgyzstan can just as easily take their earnings across the border physically or use non-official channels.

The EEU Treaty and Free Movement of Labor

According to the EEU treaty, governments may not implement protectionist restrictions on workers coming from member states, and employers are allowed to hire workers without special permission (i.e., a work permit and/or a labor market test to prove that a local worker is not available to do the same job). Workers can stay in the host country as long as they have a valid employment contract. Without a contract, they are limited to stays of 90 days (like all other CIS citizens).

The free labor provisions in the EEU treaty run counter to many of the labor market protections in Russian and Kazakhstani legislation. A blanket exemption for EEU citizens thus seems significant and with a potential to add much-needed flexibility to the migration policies of Russia and especially Kazakhstan. Currently, neither provides virtually any possibility for the legal presence of low-skilled migrant laborers.

Patterns of Domestic Control

Despite the seeming advantages of the treaty, the language of the agreement generalizes enough to allow for the development of alternative controls on migrant labor. Multilateral international agreements, like the CIS visa-free agreement of 1992, have never been the primary governing documents of labor migration in Russia or Kazakhstan. Rather, labor market controls and regulation of the terms and period of legal stay in host countries have been governed by bilateral agreements and domestic legislation. Bilateral arrangements have traditionally been used to provide exceptions to domestic migration laws for citizens of certain countries. Tajikistan, for example, has been active in advocating for bilateral agreements and the physical presence of the Tajik Migration Service in Russia. As a result, Tajik citizens have had longer periods to register their presence within Russia. They have also been able to obtain a three-year work permit, whereas other CIS citizens have been limited to single-year permits. Citizens of Uzbekistan, on the other hand, though they are dominant in labor migrant flows to Russia and Kazakhstan, have had no exemptions as the Uzbek government is loath to intervene on behalf of its citizens working abroad.¹

Primarily, labor migration has been managed through each country's domestic legislation. Despite its general lack of development, Kazakhstani migration law has made a minimal distinction between visa and non-visa migrants, allowing CIS citizens to purchase a monthly labor permit as of 2013. Compared to the Kazakhstani legislation, which tends to implement piecemeal components borrowed from the Russian system, Russian migration laws are much more developed and complex, creating entirely different programs and mechanisms for visa and visa-free entrants. Russian legislation is

¹ In June 2013, President Islam Karimov spoke out against Uzbek labor migrants in Russia, calling them "lazy" and saying he was "disgusted" with the situation.

constantly changing and often advances seemingly liberal measures alongside increasing restrictions. For example, in January 2015, quotas for CIS workers were cancelled. Yet at the same time, the requirements for obtaining permission to work (called a “patent”) were increased substantially, including the introduction of a new language, history, culture, and legal norms examination and the need for a contract to extend a patent beyond two months. Patents also require pre-payment of taxes, proof of medical insurance, and a medical exam, all within thirty days of arriving in Russia at a cost typically ranging from 20,000-30,000 rubles (\$335-500) depending on the fees of intermediary services. The end result is an increasingly restricted labor market.

Domestic legislation also regulates the period of legal stay in a country. Toward this end, amendments to Russian legislation have been increasingly restrictive. As of 2013, CIS migrants are limited to a 90-day stay within every 180-day period in the absence of an employment contract. Previously, many migrants would cross the border every 90 days to refresh their status. There is no exemption from the “90/180 rule” for EEU citizens without an employment contract.

Despite the general provisions for visa-free movement of CIS citizens, the persistent use of domestic controls and management of bilateral exemptions suggest that similar mechanisms of controlling immigrant labor may evolve to compensate for the liberal provisions of the EEU treaty. In July 2014, for example, Russia signed a new bilateral agreement with Armenia on the terms of entry for citizens traveling between the two countries, even as Armenia was preparing to accede to the EEU. The treaty was ratified and entered into force from the Russian side only in March 2015, after the EEU had come into being.

Available Mechanisms of Domestic Control

One potential point of control through domestic legislation could be labor contracts. As noted above, the EEU treaty requires that migrants sign a contract with an employer in order to stay in the host country beyond 90 days. In December 2014, an entirely new chapter (50.1) was added to the Russian Labor Code regulating the work and contracts of foreign citizens. Under the new rules, employment contracts are tied to the migration status of foreign workers and can be annulled if there are irregularities in migration status. In cases where the medical insurance policy required by the Labor Code lapses, the contract can also be annulled, putting a migrant’s status in further jeopardy. For low-skilled migrants, signing contracts has not been a traditional part of the working arrangement in Russia or Kazakhstan; the new primacy of contracts both in Russian legislation and in the EEU treaty is thus a significant development.

Nonetheless, the focus on contracts highlights a departure from established *de facto* practices. Because many employers traditionally have been reluctant to sign contracts and thus formalize a working relationship in a way that obligates them to pay taxes and

social insurance, tying migration status to a formal labor contract can make the legal status of foreign workers, even from EEU countries, vulnerable.

In both Russia and Kazakhstan, the low-skilled migrant labor market has long operated partially, if not primarily, in the shadow sphere. This is especially true in Kazakhstan, where the available quota for low-skilled workers has long been far below labor market needs.¹ Though Russia has experimented with different mechanisms for legalizing migrant workers from CIS states, the one common thread that has persisted is the insufficient availability of legal work documents, either because of hard limits (quotas) or cumbersome and often corrupt bureaucratic procedures. The EEU regulations will do very little to encourage migrants working in the informal sector to legalize their status as signing a labor contract presents a barrier that many foreign workers will not be able to overcome.

Another potential point of control in the Russian case is the use of blacklists to restrict certain migrants from entry for periods of five years or longer. In recent years, the number of CIS citizens who have been placed on the blacklist as a result of administrative violations related to irregularities in work or registration status has grown. The EEU treaty does not address how to handle blacklisted migrants. Furthermore, though EEU citizens are given 30 days to register their presence in Russia, some violations of registration procedures have been raised to the level of a criminal offense carrying the penalty of immediate deportation.

A Variety of Options for Migrants

In lieu of procedures outlined by the EEU treaty, foreign workers also have the option of pursuing more favorable working terms and migration status through a variety of mechanisms regulated at the level of host countries' domestic legislation. These vary from country to country, but they can include registering as an individual entrepreneur² or obtaining residency status (or citizenship). In addition, while simplified procedures for CIS citizens exist in some cases, these are regulated by domestic law and rarely enter into the text of bilateral or multilateral agreements.³ In many cases, the mechanisms are regulated by their own bureaucratic specificities. For example, a temporary residence permit in Russia (required in order to eventually get permanent residence and, subsequently, citizenship) is regulated by quotas (rarely more than 200,000) and a language exam. In the end, if migrant workers choose this path toward more secure

¹ The quota for all foreign workers in 2015 was 63,000, only 30 percent (18,900) of which by law can be allocated for low-skilled or temporary workers.

² A parallel mechanism in the UK allowed Bulgarian and Romanian citizens to register as self-employed even prior to 2014, thereby gaining access to a fuller range of welfare benefits.

³ A major exception was an agreement between Russia and Kyrgyzstan on simplified citizenship procedures that was in effect for 15 years between 1997 and 2012. Russia also has simplified residence and citizenship procedures for compatriots with historical ties to Russia and native Russian speakers (where native proficiency is determined by an interview with migration officials rather than by objective criteria).

residency and work status, it will demonstrate that the EEU treaty's free labor movement provisions are of little real value.

If Russia and Kazakhstan hope to demonstrate the robustness of the EEU, free labor movement is a visible way to entice countries like Armenia, Kyrgyzstan, and possibly Tajikistan. Because the stakes are higher for the current union than any past post-Soviet integration arrangement, there is a real demand for Russia and Kazakhstan to truly liberalize access to their labor markets. Nonetheless, to fully abandon protectionist impulses may alienate domestic voices that have traditionally opposed labor immigration. The use of domestic legislation to create additional points of control, regulating borders, registration requirements, labor market entry, employment documents, and so on, allows some degree of flexibility for governments to manage these disparate interests.

In the United Kingdom, proposals to replace entry restrictions with reduced welfare benefits allowed Conservative politicians to navigate the demands of multilateral commitments alongside anxious domestic constituents. As the main labor recipients in the EEU, Russia and Kazakhstan may similarly fall back on their default strategies of using domestic legislation to manage incoming labor migrants, even within the context of the EEU's free movement zone.

Eurasian Union Uncertainties

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The emergence in 2015 of the Eurasian Economic Union (EEU) on the map of regional integration initiatives occurred in a difficult regional context. The war in Ukraine and ensuing tension in Russian-Western relations were sparked—but not caused—by divisive trade-related matters that began to unfold in 2013. Even before its formal unveiling, therefore, the EEU was thrown into the middle of a major crisis, which focused attention on the geopolitical implications of Eurasian integration.

The latest round of this integration is based on two impulses: real and imaginary. The real EEU is an international economic organization, much like any other. The imaginary one is fueled by geopolitical aspirations, a [vision](#) of a Eurasian Union that will not only foster a new round of post-Soviet reintegration but will serve as one of the “building blocks” of “global development” —on par with the EU, NAFTA, APEC, or ASEAN. This Eurasian Union is ultimately to crown Russian President Vladimir Putin’s efforts to reverse the civilized divorce of the post-Soviet states.

The duality of Eurasian integration creates tensions in the union and with external partners, as it is difficult to dissociate the economics of Eurasian integration from its geopolitics.

Eurasian Economic Questions

The economics of Eurasian integration itself raises questions. In the two decades since the collapse of the Soviet Union, Russia’s weight and importance as a trading partner for most of the post-Soviet states has declined considerably. China’s economic rise and the opening of relations with the EU have profoundly altered patterns of trade in the vast territory of what was once the Soviet Union. For every post-Soviet state except Belarus, the EU and China are now bigger trading partners than Russia. This does not prevent post-Soviet states from integrating, but it does suggest that the economic synergies of this integration may be limited.

Table 1: The foreign trade structure of post-Soviet states, 2013**EEU members:**

	Top trading partners (except Russia), 2013	Trade with Russia (% of foreign trade), 2013
Russia		
Belarus	EU: 26.2% Ukraine: 7.8%	Russia: 49.6%
Kazakhstan	EU: 32.8% China: 24.2%	Russia: 21.1%
Armenia	EU: 27.9% China: 7.6%	Russia: 24.3%
Kyrgyzstan	China: 47.6% Kazakhstan: 9.6%	Russia: 19.7%

Other post-Soviet states:

Ukraine	EU: 31.2% China: 7.6%	Russia: 27.3%
Moldova	EU: 45.7% Ukraine: 10.1%	Russia: 18%
Georgia	EU: 26.7% Turkey: 14.2% Azerbaijan: 12.5%	Russia: 7.2%
Azerbaijan	EU: 44% Indonesia: 8.1%	Russia: 7.4%
Tajikistan	China: 26.9% Jordan: 26.1%	Russia: 10.4%
Turkmenistan	China: 42.7% Turkey: 12.5% EU: 11.3%	Russia: 7%
Uzbekistan	China: 22.5% Kazakhstan: 11.3% EU: 10.5%	Russia: 20.6%

Source: <http://ec.europa.eu/trade/policy/countries-and-regions>

This is reinforced by the fact that the record of the EEU's predecessor, the Customs Union, has not been reassuring. After an initial boost in trade in 2010-2012, trade among Customs Union members Russia, Belarus, and Kazakhstan has actually been falling. In 2013, it fell by 5.5 percent, in 2014 by 11 percent, and in the first half of 2015 by 25.6 percent.¹ These initial complications might yet be overcome, but they do raise questions about the economic viability of the EEU.

¹ Eurasian Economic Commission, [data for 2013](#), [data for 2014](#), and [data for 2015](#) (released on July 27).

Eurasian Political Questions

Beyond economic considerations, the political foundations of the Eurasian integration initiative are also precarious. On the one hand, Russia is a key driver of the Eurasian integration process and there appears to be a wide degree of elite and public support within Russia for it. While strong on the surface, however, this consensus in favor of Eurasian integration may yet clash with other widely shared ideas and social realities.

The prospect of free movement of labor is probably the single most attractive feature of the EEU from the point of view of most post-Soviet states, particularly in Central Asia, where retaining access to the Russian labor market is a matter of crucial socioeconomic stability. But the issue of migration may be something of a political time bomb inside of Russia. While the Russian government aims to liberalize and open the labor market for EEU members, up to 84 percent of Russians are in favor of restricting the current regime by introducing visas for migrants from Central Asia.¹ Public hostility to migrants from different ethnic and cultural backgrounds has already degenerated on a number of occasions into violent anti-migrant riots.²

Nationalist opposition to the EEU has yet to crystallize in Russia, partly because of the popularity of the Crimean annexation and partly because hostile nationalist sentiment is currently directed at Ukraine. Nonetheless, with the passing of the hot phase of the Ukraine conflict, it may not take long for anti-immigrant nationalism to start taking the form of opposition to the free movement of labor in the EEU. Ignoring such sentiments could create new domestic problems. At the same time, failing to deliver on the free movement of labor by adopting tough border and migration policies could create complications among EEU members and undermine one of its key points of attraction.

Eurasian Geopolitical Questions

When asked what Russia wants from the EEU, a Russian expert responded with the (probably false) parable of the boiling frog: “If you throw a frog into boiling water it will jump out, whereas if you put a frog in cold water and heat it gradually, the frog will stay there until boiled. That is the role of the Eurasian Economic Union—to be an economic stepping stone toward a bigger geopolitical project, without raising too many objections too early.” Even if boiling a frog actually worked that way, the heating of the water would need to be very, very slow.

Time, however, may be a bigger problem for the EEU than for potential frog-boilers. The economic disintegration of the post-Soviet space is rather advanced and ongoing. The EU and China have increased their role as external trade partners for most post-Soviet

¹ Levada Center, Opinion Poll on “[Attitudes to migrants](#),” July 3, 2013.

² For more, see Nicu Popescu, “[The Moscow riots, Russian nationalism and the Eurasian Union](#),” *EUISS Brief* no. 42, November 2013.

states and are likely to continue doing so, especially with the EU's creation of free trade areas with some post-Soviet states and China's "Silk Road Economic Belt" project.

The idea that economic integration can lead to deeper (geo)political union is not a novel one. European integration began with the creation of a common coal and steel market and then expanded into dozens of other areas of cooperation. Throughout its existence, the EU has gone through several rounds of deepening integration and widening membership.

Eurasian integration processes face similar questions but enjoy much less time. There is a serious tension between the real Eurasia (as represented by the EEU) and the imaginary one (as represented by Russia's vision of a geopolitical super-bloc). On the one hand, the EEU is supposed to be the engine for the future geopolitical Eurasian Union. But for economic integration to function and move forward requires a measured, steady, and calculated approach. This means a small number of countries, a manageable number of internal contradictions, and clear economic benefits.

The logic of geopolitical Eurasia is the opposite. It suggests that the larger the Eurasian Union, the stronger Russia's great power image will be. The Union's ultimate form also needs to materialize relatively fast, before Russia loses even more of its economic centrality in the post-Soviet region to China and the EU. But the rush to expand creates the risk that adding too many carriages to the train or pushing the Eurasian engine too fast will break it.

This tension is not new. Russia, Kazakhstan, and Belarus have tried to manage it by a careful widening and deepening of their integration. That is why the Eurasian Economic Community of six states, launched in 2000, was dropped, and Russia moved ahead with a customs union with the two other states only.

Conceivably time could work in favor of deepening the EEU, but it certainly seems to work against its enlargement. The risk is that the longer the EEU's enlargement is postponed, the fewer interested candidates there will be since the other post-Soviet states are increasingly tied into other international trade networks and commitments that complicate their potential accession.

Ukraine: The Avoidable Trade Clash?

Take Ukraine, where the tension between EEU enlargement and deepening was most acute. When the EEU was being pre-cooked in 2012-2013, Ukraine was supposed to be the jewel in the Eurasian integration crown. To assuage Ukraine's fears of a potential loss of sovereignty, Russia dropped the system of qualified majority voting from the Customs Union and moved toward consensus-based decision-making (giving each state

veto power) in the EEU. In other words, it traded streamlined decision-making and the imperative of deepening integration in favor of potential enlargement to Ukraine.

In the end, it didn't work. This was partially for lack of time, as Ukraine was moving toward signing an Association Agreement with the EU, which contained provisions for a Deep and Comprehensive Free Trade Area. On paper, Russia opposed the EU-Ukraine Association Agreement on the basis of legitimate trade interests, not geopolitical designs. Russia feared that European exports would be re-routed (and relabeled) via Ukraine to the Russian market, which would let non-Ukrainian exporters circumvent Russian customs duties. It also claimed that the agreements were imposing an "either-or" choice on its signatories, i.e., that they forced countries like Ukraine or Moldova to "choose" between Russia and the EU.

On their own, these two problems could easily have been addressed. The fear of trade re-routing was not unjustified in principle but could have been solved by improved cooperation concerning the rules governing the origin of goods (and not by the kind of major economic and diplomatic offensive that Russia launched against the Association Agreement from mid-2013). Moreover, in May 2015, Russia, Ukraine and the EU actually reached a technical solution to assuage Russian fears by [agreeing](#) "to consider initiation of a revision of the rules of origin of the CIS FTA" and "to strengthen the informal dialogue on customs cooperation with Russia and, where requested, provide EU expert advice and technical support to the Parties." What started with Russian opposition to the standards stipulated in the Association Agreement ended with a Russian agreement to adapt to some of its rules.

As for the supposed "either-or" choice between free trade with Russia and free trade with the EU, this was not a justifiable concern. The Association Agreements were not a challenge to the pre-existing trade relations between Russia and its post-Soviet neighbors. The EU's free trade area provisions with Ukraine, Moldova, and Georgia were compatible with the existing free trade area agreements of the Commonwealth of Independent States (CIS)¹. Article 18§1 of the 2011 CIS free trade area agreement explicitly states that the treaty "does not preclude participating states from taking part in customs unions, free trade, or cross-border trade arrangements that correspond to WTO rules." Neither did the Association Agreements impose an either-or choice on Ukraine or Moldova. They stipulate (in, for example, Article 39 of the EU-Ukraine Association Agreement) that they "shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier traffic except insofar as they conflict with trade arrangements provided for in this Agreement."

¹ Georgia is party to the CIS Free Trade Area Agreement, even though it withdrew from the CIS after the 2008 Georgian-Russian war.

The best illustration of the compatibility of the CIS free trade regime and an Association Agreement is the fact that Moldova currently is party to both (as is Serbia and, possibly soon, Israel). Russia introduced bilateral trade restrictions on Moldova for its signing of the Association Agreement, but Moldova remains a member of the CIS free trade area.

What a state cannot do is have a free trade area with the EU and join the EEU. This is because joining the latter organization implies a delegation of the sovereign right to negotiate tariffs to a supranational level, making it a legal impossibility to enter into independent bilateral (as opposed to EEU-level) free trade deals. However, such an incompatibility was theoretical, insofar as no leader of an AA country, including former Ukrainian president Viktor Yanukovich, ever expressed an intent to join the EEU.

In the end, what fueled the Ukraine crisis were not trade-related matters but the pure geopolitical consideration that at some point down the road Ukraine might be “persuaded” to join the EEU. For that option to be available, Russia had to oppose the EU-Ukraine Association Agreement, and it dashed to buy time for the EEU to become attractive to Ukraine. This went wrong, not just for Ukraine but also for Russia’s economy and its capacity to act as a political and economic locomotive of Eurasian integration. It has had negative implications for intra-Eurasian trade, the EEU’s economic viability for current members, and its attractiveness to future ones.

Conclusion

The EEU is a reality, but it remains far from being consolidated. Its economic benefits and intra-union trade dynamics have been problematic. The changing patterns of trade interdependence of most post-Soviet states away from Russia (and toward China and the EU) has already complicated the EEU’s potential to be either economically dynamic for existing members or attractive to new ones. These issues have been compounded by the geopolitics of Eurasian integration, which required expansion of the trading bloc before economic consolidation.

The EEU has ended up in something of a catch-22. It was designed as an economic initiative which could gradually achieve geopolitical objectives. But the perceived urgency and prevalence of geopolitics helped precipitate a crisis in Ukraine. This, in turn, has further undermined the potential for Eurasian integration to become a sustainable economic project. Thus, rather than have economic integration bring about geopolitical results, geopolitics has threatened the economic basis for the EEU.

Central Asia's Autocrats

GEOPOLITICALLY STUCK, POLITICALLY FREE

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It is often [said](#) that China, Russia, and the United States are playing a “great game” in Central Asia. To the extent that these three states are playing games in Central Asia, they are in fact decidedly different ones. China is playing Monopoly. Russia is playing Risk. The United States is playing Solitaire. For policymakers in Beijing, the game is business. For policymakers in Moscow, the game is existential. For policymakers in Washington, the game is an afterthought. Central Asia is material for Beijing; China can easily walk away if its natural resources and infrastructure investments sour. Central Asia is imperial for Moscow; Russia will not walk away if its influence is questioned. Central Asia is inconsequential for Washington; the United States has all but forgotten the region now that attention has shifted away from Afghanistan.

As a result, Central Asian political elites are in the curious position of needing to woo a comparatively disinterested Chinese suitor, acknowledge the desires of its decidedly interested northern neighbor, and decide whether it is worth attempting to reengage a distracted United States. Though an awkward dance, it is not an impossible one. Neither Beijing, nor Moscow, nor the United States cares it is being two-timed. As such, Central Asian leaders are limited in their ability to leverage relations with one great power to extract concessions from another. At the same time, because the great powers are content playing their separate games, Central Asian elites need not fear that negotiations with one might jeopardize relations with the others. This frees Central Asian leaders to devote a minimum of energy to geopolitics and maximum attention to domestic politics.

The China Game

China's interest in Central Asia is economic. Beijing is attracted to Central Asia's hydrocarbons and metals, not the region's politics. In contrast to Washington, which claims it has a “Silk Road Strategy,” China actually does have a plan, a “Silk Road Economic Belt.” In a March 2015 articulation of the plan, the Chinese Ministry of Foreign Affairs [explained](#) that the objective of China's Silk Road Economic Belt is:

Aimed at promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards;

and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all.

What China is most keen to develop are energy resources. Beijing's Silk Road Economic Belt seeks to:

Advance cooperation in hydropower, nuclear power, wind power, solar power and other clean, renewable energy sources; and promote cooperation in the processing and conversion of energy and resources at or near places where they are exploited, so as to create an integrated industrial chain of energy and resource cooperation.

Beijing's March 2015 announcement of its Silk Road Economic Belt was little more than an articulation of the massive economic investments China has already made or committed to in Central Asia. Tajikistan anticipates \$6 billion in investments from China in the near future—investments destined for the construction, textiles, and metal industries. China is already the major player in Tajikistan's gold industry. The Chinese Zijin Mining Group holds a 75 percent share of the Zarafshan gold joint venture, a venture responsible for the lion's share of Tajik gold production. The newly built Junda China Petrol Company oil refinery in Kara-Balta, Kyrgyzstan, has the capacity to meet half of Kyrgyz fuel consumption needs. According to U.S. Department of State statistics, China invested \$334 million in Kyrgyzstan in 2012, an amount two and a half times greater than Russia's foreign direct investment for the same period. FDI figures for Kazakhstan are even more staggering. In a report issued in December 2014, the Eurasian Development Bank (EDB) found that Kazakhstan received 91.5 percent—\$22.57 billion of the \$24.67 billion—that China invested in 2013 in the EDB member states of Kazakhstan, Russia, and Belarus. Although China's investments in Turkmenistan are not on the same scale as Chinese investments in Kazakhstan, China has notably displaced Russia as the largest consumer of Turkmen gas. Ever hungry for more energy, China concluded \$15 billion in oil, gas, and uranium agreements with Uzbekistan in 2013. In so doing, it has eclipsed Russia as Uzbekistan's largest foreign investor.

Russia, it should be noted, is also economically important in the region. For Kyrgyzstan, Tajikistan, and Uzbekistan, remittances from labor migrants working in Russia will continue to be a much-needed source of revenue for these countries' struggling economies. The long-term pattern, however, is clear: Moscow simply cannot match China's economic might.

Chinese investment is in its early days. Should China's new Silk Road Economic Belt take off and Beijing make good on its promise to create a \$40 billion fund to improve Eurasia's transportation infrastructure, Beijing's economic preeminence in the region will become even more pronounced.

The Russia Game

Remittances and the Russian-led Eurasian Economic Union, which includes both Kazakhstan and Kyrgyzstan, speak to Moscow's enduring economic influence. Economics, though, is not Moscow's endgame in the region. Rather, what Moscow wants is for its political domain over Central Asia to be uncontested. Moscow ensures this continued domain through the Collective Security Treaty Organization (CSTO), a Russian-led defense pact that includes Kazakhstan, Kyrgyzstan, Tajikistan, as well as Armenia and Belarus.

Despite the Soviet collapse, Moscow's political elites still view Central Asia as part of the broader Russian empire. That Central Asians continue to travel to Russia for work and Central Asian leaders accede to Moscow's Eurasian Union are signs of Russia's continued tutelage in this former Soviet space.

In contrast to Beijing, which is hands off when it comes to Central Asian politics, Moscow actively intervenes in the region's political affairs. Tajik President Emomali Rahmon owes his seat to Moscow's support during and after Tajikistan's 1990s civil war. Russian state media—media which blankets the Kyrgyz press—actively [undermined](#) President Kurmanbek Bakiyev's rule and made the Kremlin's position clear, once the Kyrgyz president was ousted in 2010, that he "would not be welcome in Moscow." In Astana, not a single Kremlin initiative has crossed President Nursultan Nazarbayev's desk without receiving his approval. Although Nazarbayev needs little prodding, Russian President Vladimir Putin does [emphasize](#) from time to time that he is "confident that a majority of its [the Kazakh] population supports development of close ties with Russia....Nazarbayev is a prudent leader, even the most prudent in the post-Soviet space. He would never act against the will of his country's people."

Moscow's influence in Uzbekistan and Turkmenistan is, admittedly, less pronounced than in the three other Central Asian states. Both Uzbekistan and Turkmenistan have avoided Moscow's multilateral treaties and organizations. At the bilateral level, though, Russian-Uzbek and Russian-Turkmen relations remain stable. Here too there is little indication that Central Asia's seeming outlier states have any intention of challenging Moscow's political hegemony in the region.

The U.S. Game

U.S. policy toward Central Asia is entering a new, third stage. In the decade after the Soviet collapse, Washington focused its efforts on encouraging Central Asian states to democratize. Following the September 11 terror attacks and the initiation of military actions in Afghanistan, Washington pivoted from democracy promotion to power projection. Now that the United States has drawn down its force in Afghanistan, Washington is attempting to define anew its mission in Central Asia.

This effort at redefining the U.S. mission in Central Asia has begun with a rocky start. Deputy Secretary of State Antony Blinken, in a March 2015 speech introducing the new yet “Enduring Vision for Central Asia” awkwardly began his [remarks](#) by noting the “sometimes Byzantine regional politics of Eurasia and Central Asia.” Blinken went on to outline Washington’s three objectives in Central Asia: (1) advancing “mutual security,” (2) “forging closer economic ties,” and (3) “advocating for improved governance and human rights.” Good luck. Moscow has the market on regional security. China eclipses U.S. foreign investment in the region. And the Uzbek, Tajik, Kazakh, and Turkmen leaders have repeatedly demonstrated that they can ignore with impunity any U.S. efforts at promoting good governance and human rights.

Short on economic resources, Kyrgyzstan has long welcomed Washington’s aid. This aid, in return, afforded Washington a Central Asian partner open in principle, if not always in substance, to good governance and political reform. The Kyrgyz-U.S. relationship soured, however, when the U.S. Department of State awarded Azimjon Askarov, an activist jailed following the Osh 2010 ethnic riots, one of the two Human Rights Defenders Awards granted for 2014. The Department of State, in announcing the award, praised Askarov for being a “uniting figure,” for “bringing together people of all ethnicities and backgrounds.” The Kyrgyz government rejects this assessment and has jailed Askarov for allegedly provoking ethnic conflict and violence. The tiff between Washington and Bishkek and the resulting annulment of their bilateral assistance treaty, in place since 1993, will result in the elimination of tax, customs and diplomatic status courtesies accorded to USAID projects and workers. If the United States is playing a game in Central Asia, it is increasingly playing alone.

Three Games, Little Leverage, Much Freedom

For the region’s states to have leverage, the three great powers would need (1) either to be playing the same game or (2) care that they are being two-timed. Russian, Chinese, and U.S. policymakers do not care. In fact, Moscow likely welcome’s Beijing’s no-strings-attached investments in Central Asia, and Beijing is likely grateful that Moscow, in pursuing its regional political hegemony, continues to shore up Central Asia’s autocrats. Washington, for its part, appears happy to check out.

China welcomes Central Asia’s natural resources but, economically, Central Asia is a minor component of Beijing’s international investment portfolio. Central Asia needs Chinese investments more than China needs Central Asia. Russia, in contrast, is obsessed with Central Asia. Even if Russia were not important to the region—and economically, culturally, and historically Russia is important—Central Asians are in no position to spurn Moscow. The ongoing conflict in Ukraine serves as a clear reminder to Central Asian leaders of this reality. And the snap military exercises Russia mounts in Central Asia demonstrate Moscow’s ability to project power.

Central Asians are geopolitically stuck. They have been geopolitically stuck for a long time. Being stuck, though, offers one clear advantage: playing to the great powers' interests internationally allows Central Asian autocrats a free hand at home. The Uzbek, Kazakh, Turkmen, Tajik, and Kyrgyz leaders need not worry that any external power will challenge Central Asia's domestic status quo. Yes, the United States will from time to time offer a dissenting voice, rhetorically pushing a vision of good governance and human rights. But this is a vision that Central Asian leaders have learned they can ignore, a lesson reemphasized by Washington's recent delivery of 308 mine-resistant ambush protected vehicles to Uzbekistan, the region's worst human rights violator. Political change may yet come to the region, but this change will not come as a result of any great power rivalry in Central Asia.

Why Central Asia is More Stable than Eastern Europe

THE DOMESTIC IMPACT OF GEOPOLITICS

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In the early 1990s, scholars, journalists, and political observers predicted that the new Central Asian states would descend into chaos and break apart. More than 20 years later, Central Asia's states seem relatively stable, both at their political centers and outlying territories, including states like Tajikistan that were once embroiled in civil war. Eastern Europe, meanwhile, is littered with frozen and active conflicts and states whose rulers may very well envy the staying power of their Central Asian counterparts.

With the exception of revolution-friendly Kyrgyzstan, Central Asia seems more stable than Eastern Europe on a number of fronts: the longevity of leaders, lack of civil or separatist conflict, and overall lower incidence of social protest. This stability has much to do with how rulers coerce populations, co-opt potential rivals, and collect revenues that keep them in power. Central Asia's ruling elites have also proactively monitored unrest in Eastern Europe, the Caucasus, Iran, and more recently the Middle East, devising measures to nip similar challenges to their authority in the bud.

In this memo I explore another factor—the geopolitical dimension. Central Asian rulers, on balance, are more adept at neutralizing destabilizing geopolitical competition. Perhaps more importantly, they make crucial foreign policy decisions behind closed doors and then sell them to domestic publics as winning strategies. In contrast, Moldovan and Ukrainian rulers poorly mediated contradictory geopolitical pulls on their countries, deepened social divisions over their countries' directions, and intensified mobilization across opposing camps seeking victory for their favored national vision. The Ukraine conflict and the dynamics of the Euromaidan are only the more recent of such ruptures. More turmoil lies ahead.

The Domestic Burden of Foreign Policy

Foreign policy decisions matter domestically—even more so when these decisions decisively alter a state's geopolitical and national space. In that regard, both Central Asia's and Eastern Europe's states face recurring strategic choices on whether they will pitch to the West, gravitate to Russia, or beat a more neutral, go-it-alone path. As Ayşe Zarakol has argued in [*After Defeat: How the East Learned to Live with the West*](#), decisions about whether a country's rightful place is in the West or East can trigger a highly emotional response in society. In other cases, the decisions affect the fortunes of

economic elites. ADA University's Anar Valiyev [notes](#) how Azerbaijani oligarchs prefer to keep their distance from the Eurasian Economic Union for fear of competition from their Russian counterparts; the European Union is a less burdensome partner.

Given the domestic repercussions of foreign policy, rulers in semi-democratic and semi-authoritarian states face a dual dilemma. They must pursue their desired foreign policy and prevent that policy from triggering a domestic backlash which threatens their longevity. Kazakhstan and Tajikistan in Central Asia and Ukraine and Moldova in Eastern Europe show the very different outcomes rulers face domestically as they handle (and mishandle) foreign policy.

What Kazakhstan and Tajikistan Have in Common

Over the course of two decades Kazakhstan's President Nursultan Nazarbayev has emerged as a consummate balancer of foreign policy, juggling countervailing pressures of Russia, China, and the United States while participating in Western and non-Western international organizations like the Organization for Security and Cooperation in Europe, the Eurasian Economic Union (EEU), and the Shanghai Cooperation Organization. In [Great Games, Local Rules](#), Alexander Cooley underscores Nazarbayev's skillful handling of diplomacy, which has enabled Kazakhstan "to present itself as the geopolitical crossroads of multiple identities and influences, invoking the often-quoted slogan that 'happiness is multiple pipelines.'" But this balancing is, in part, possible because the country's foreign policymaking mechanisms are made at the pinnacle of the executive, not unlike many of Kazakhstan's more consequential government decisions. Decisions are then reinforced through the government's well-funded patronage mechanisms ensuring that the country's key business and political interests fall in line with foreign policy choices.

Kazakhstan has managed to sidestep domestic blowback from major foreign policy decisions, among them membership in the EEU and the sale of national land to China. While protests have taken place in Kazakhstan on a variety of domestic issues, popular blowback on the country's foreign policy choices is limited to quiet grumbling. For example, the EEU has exposed Kazakhstani entrepreneurs to competition from Russian businesses, but as long as the country's patronage mechanisms remain well funded, the government can buy acquiescence. As KIMEP University's Nargis Kassenova [explains](#), "The public discussion was very short...it was very, very fast; done incredibly fast. We didn't even have time to have a proper discussion. It wasn't really encouraged. Now we have these multiple conferences on Eurasian integration. But it's post post-factum."

In Tajikistan, the government of Emomali Rahmon is trying to carry out a similar balancing act. But while Kazakhstan's multi-vector foreign policy is all about shoring up stability and promoting the country's image as a geopolitical bridge, Tajikistan's motives are driven by economic necessity. Tajik authorities have long tried to court as much

economic assistance as possible from any and all donor countries, while preventing the public from questioning the government's ability to protect national interests and security from neighboring Uzbekistan and Afghanistan.¹

This is a delicate balancing act, even as Rahmon has consolidated his authority throughout the country. One key foreign policy issue is the country's prospective membership in the EEU. Rahmon's government has officially noted that it is exploring the costs and benefits and the country's readiness to join the EEU, but in reality the downsides of membership weigh heavily on the government. Membership in the EEU comes part and parcel with greater ties to Russia and less freedom of movement from Moscow's geopolitics. For example, it will be nearly impossible for Tajikistan as a member of the EEU to turn down hosting Russian troops on its border with Afghanistan.

As 72 percent of Tajiks [polled](#) in early 2015 support accession to the EEU (a number reflecting a slight drop in enthusiasm in the wake of the Ukraine conflict), the government faces a choice: it can ride the wave of public opinion, bring the country into the EEU, and reduce the country's ability to maneuver, or it can indefinitely postpone accession and risk public criticism. Many Tajiks believe that EEU membership will grant them unrestricted access to the Russian market, but fewer understand that a more likely result will be a flood of Russian goods and an increased Russian security imprint. No matter the decision on the EEU, the prospect of popular mobilization over foreign policy is remote given the state of political opposition and civil society in the country. Public expressions of dissatisfaction on Tajikistan's geopolitical direction are unlikely to amount to more than Kazakh-style grumbling.

An Almost Ukraine

In Ukraine and Moldova, by contrast, foreign policy decisions on key geopolitical issues have fostered strong social mobilization as segments of society and the political opposition sought to neutralize these decisions. Although the recent turmoil in Ukraine is about much more than foreign policy, it is important to acknowledge that the Euromaidan movement and Eurosceptic/pro-Russian countercurrents all took part in a highly destructive, zero-sum mobilization for furthering each side's own visions about the country's rightful place in global politics. Given the attention to Ukraine, it is easy to forget that neighboring Moldova was nearly driven apart by similar domestic controversies over geopolitics and foreign policy.

Well before the Ukraine crisis, Moldova's government and opposition engaged in a very public and populist debate over the country's foreign policy directions and choice of

¹ See the author's PONARS Eurasia Policy Memo No. 137, [The International Community's Elusive Search for Common Ground in Central Asia](#), 2011, and Open Society Foundations Report, [Central Asia's Border Woes & the Impact of International Assistance](#), 2012.

membership in the European Union or the EEU. The debates became heated enough to eclipse the usual discussions of the country's blistering unemployment and the frozen conflict with secessionist Transnistria.

True to its name, Moldova's governing Alliance for European Integration (AEI) advocated a pro-European path and initialed the EU Association Agreement in Vilnius in November 2013, raising hackles among sizeable opposition parties and skeptical civic groups. In briefings with PONARS Eurasia members in Chisinau in December 2013, leaders of opposition parties raised the specter of a Russian gas and food embargo while AEI politicians blasted the opposition for selling their soul and the country to Russia. "They'll talk about cheap gas, we'll talk about the future," said Vlad Filat, a pro-European political party leader and former prime minister, about the anti-EU camp. Noting the 50-50 split in public opinion on whether to pursue EU versus EEU accession, Igor Dodon of the Socialist party stated, "Society is paralyzed. An even split on the issue is dangerous."

In this period, the international press paid lots of attention to Russian officials who threatened Moldovan government officials that they might lose Transnistria on the way to the EU. However, less attention was given to the comments and actions of EU enlargement commissioner Štefan Füle, who declared that there is only one way for Moldova, and to U.S. Secretary of State John Kerry, who drank wine that had been embargoed by Russia during his Moldova visit. Most unhelpful were statements by Romania's president that Moldova is part of Romania.

High-level EU representatives rarely acknowledge their mistakes in assisting Moldova's bid for ever-closer association with Brussels. And yet, the frequent protests that took place outside the EU mission in Chisinau suggest that EU officials may have been too enamored with the Alliance for European Integration and hadn't put enough effort into engaging anti-EU sentiments.

But a non-partisan approach may not have made for less combustible politics and protest. After all, it is not the EU's job to sell itself to Moldova's public; rather, it is the job of the government to engage the opposition and explain the benefits of EU integration against the opportunity costs. Moldova's pro-EU ruling coalition, however, has done the job poorly. For several years, it has fostered a populist and dramatic public debate that is thick in rhetoric but thin on substantive issues. Indeed, Moldova's governing elites have put much more effort into selling the country to Brussels than in selling Brussels to Moldovans.

Support for the EU and EEU are subject to shifts, and by mid-2015, public support for the EU was down to 40 percent in Moldova. At a PONARS conference in Astana in June 2015, Nicu Popescu, senior analyst at EUISS, explained that he sees such shifts as "the public's reaction to a disappointing government," where opinion for or against the EU is

a proxy for how well the ruling coalition is doing its job. Despite such swings by a portion of the public, the core pro-Western and pro-Russian integrationist camps remain highly divided. Cooler heads prevailed as the country watched a year of violence unfold in neighboring Ukraine. But self-restraint does not always last, and Moldova—an almost-Ukraine—may follow Ukraine’s path still.

Implications and Conclusions

In concluding, I leave the reader with three thoughts. First, an observant reader will note a mismatch between the title and the argument. I do not mean to imply that region or geography matters when it comes to how rulers balance the contradictions and countervailing pressures in geopolitics and foreign policy. Belarus, for example, is a notable bulwark of inertia in post-Soviet Eastern Europe, while Kyrgyzstan has had more than its fair share of political upheaval. Rather, my argument here is that we have not paid enough attention to how rulers, political elites, and domestic publics react to geopolitical pressures and foreign policy choices that decisively and divisively affect a country’s future. It so happens that Central Asia’s rulers have managed to insulate their foreign policy decisions from domestic turmoil in a way that has eluded their counterparts in Eastern Europe.

Second, this memo does not advocate iron-fisted rule nor does it recommend that rulers isolate their foreign policy from broader input and public debate. No ruler is fully immune from domestic blowback against his or her foreign policy decisions and that includes “consummate balancers” like Nazarbayev. Kazakhstan’s strategy of balancing Western, Russian, and Chinese interests and integration projects is possible in part because, as Central Asia expert Marlene Laruelle [points out](#), those projects have yet to mature. When they do, the unresolved contradictions in the country’s balancing act will be painfully obvious and harder to maintain.

Third and last, international policymakers and sponsors of integration projects—be they Western or Eastern—have to be mindful of their own actions. EU and EEU officials and diplomats have become skilled at making recriminations about how each side has played destructive geopolitical games. They are much less skilled, however, in recognizing when their advocacy and pressure on target states will backfire. In recent years, the EU pushed for closer association with states like Ukraine and Moldova despite major national cleavages in both countries. In furthering the association process, the EU may have inadvertently fueled an unproductive, zero-sum public debate in Moldova and undermined its goal of fostering more democratic and transparent politics in the country. Moldova today has a divided society, a dysfunctional party system, a depressed economy, and dismal prospects to join the EU as a full member. It does, however, have a junta of diplomats who remain very capable at playing up the country’s rightful place in the EU to Brussels.

The Ukraine Conflict and the Future of Kazakhstan's Multi-Vector Foreign Policy

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Of all the Central Asian states, Kazakhstan has been most successful in balancing its foreign relations with a variety of global powers. The country has even branded its foreign policy as “multi-vector” to accentuate its success in maintaining a diverse set of international partners. Whether Kazakhstan’s multi-vector foreign policy is the result of conscious policy planning or an outcome of necessity is unclear, but one cannot dispute that this policy’s implementation has benefitted the country as it has maintained a broad array of partners both economically and politically without creating any pronounced adversaries in the international arena.

The Ukraine conflict presents the first real challenge to Astana’s long-standing and successful “multi-vector” foreign policy. As the sanctions against Russia further isolate the country, its relationship with Kazakhstan is becoming more important and could become more demanding. U.S. and EU efforts to hold Russia accountable for its actions in Ukraine have placed Kazakhstan in an awkward position between two sides in what has emerged as a tense and prolonged diplomatic confrontation. Furthermore, Kazakhstan seeks to retain a close working relationship with Ukraine and does not want to be viewed as merely supporting Moscow’s position toward the country. Finally, Russia’s intervention in Ukraine is a cautionary tale for Astana about what could happen if serious disagreements were to emerge between Kazakhstan, which has a sizeable Russian minority population, and the Russian Federation.

Thus far, Kazakhstan has managed these challenges relatively well. It has maintained good relations with Europe, Russia, the United States, and Ukraine since the conflict between Russia and Ukraine began, and it has even attempted to play a mediating role in the conflict. However, the longer the conflict continues, the more likely that Kazakhstan will find itself in a position where it becomes impossible to retain its “multi-vector” position.

In particular, the Ukraine conflict could force Kazakhstan to stray from its preferred “multi-vector” stance in three aspects of its foreign affairs—its international economic policies, its positions on regional cooperation in the former Soviet space, and its voting within the United Nations. In each of these areas, Kazakhstan is likely to find it increasingly difficult to balance close ties with Russia, Europe, the United States, and Ukraine without creating tensions with one or more of these partners.

Kazakhstan's Multi-Vector Foreign Policy

With the exception of the Baltic states, which are now integrated into the European Union, Kazakhstan stands out as one of the most successful post-Soviet states in terms of development. The country has not experienced any significant conflicts in its almost twenty-five years of independence. Its [per capita GDP](#) in 2013 was only second to that of Russia among post-Soviet states (excluding the Baltics).

There are many reasons for Kazakhstan's success in a region that has struggled with its development since the fall of the USSR. One of Kazakhstan's most obvious advantages is its substantial natural resource wealth. Natural resources alone do not guarantee development and can even hinder sustainable economic growth, but Kazakhstan has done a relatively good job at using its resources to leverage other advantages, especially in its foreign affairs with other countries. By carefully cultivating its international partners in the extraction, processing, and export of its natural resources, Kazakhstan has adeptly avoided dependence on any single external state while maintaining friendly and productive partnerships with multiple geopolitical actors, not all of whom are friendly with each other.

First and foremost, Kazakhstan has a special relationship with Russia. Moscow views Kazakhstan as a key partner whose participation in the Eurasian Economic Union (EEU) is critical to that organization's overall success. In fact, one could argue that Kazakhstan has increasingly become Russia's most important international partner.

At the same time, Kazakhstan has established a close relationship with the West. Its relationship with the United States grew out of the two countries' cooperation on the disarmament of Kazakhstan's nuclear arsenal. Building on this relationship, Kazakhstan established its first major international oil exploration partnership in the early 1990s with a U.S. company, Chevron. Although Kazakhstan's relationship with the United States is not as important as that with Russia, Astana has continually sought to maintain substantial U.S. interest. Furthermore, Kazakhstan has forged a particularly strong relationship with the EU, especially through oil and gas partnerships (the EU is presently the country's largest trade partner).

Finally, Kazakhstan has developed a close relationship with China, which has given the country substantial loans and has invested extensively in Kazakhstan's oil and uranium industries. In addition to the major oil and gas pipelines that travel from Central Asia to China going through Kazakhstan, the two countries are developing new transportation links, which will be critical to China's proposed "Silk Road Economic Belt" concept.

These key international partnerships, which are bolstered by other close relationships with Turkey, South Korea, Japan, and others, have allowed Kazakhstan to be a lively participant in the global economy, attract extensive foreign investment, and avoid

economic and political dependency on any one geopolitical power. At times, it has also allowed Astana to play different international players against each other in an attempt to gain economic and political advantages. Most importantly, this maneuvering has bolstered the country's independence and allowed it to keep its options open for engagement with multiple international actors.

Economic Challenges to Multi-Vectorism

The Ukraine conflict has created numerous pitfalls for Kazakhstan's foreign policy strategy. Economically, Kazakhstan has already committed to the EEU with Russia, Belarus, and recently-added Armenia and Kyrgyzstan. This has not prevented Kazakhstan from engaging its other international economic partners, but this could change if Russia finds itself increasingly isolated from Europe and the United States. One could imagine Moscow using the EEU politically by sanctioning certain Western companies or products from the entire union in an attempt to counter European and U.S. sanctions against it. Furthermore, it is not unreasonable to expect Russia to eventually try and leverage the EEU to limit Chinese economic relations in its member states. Fortunately for Kazakhstan, it occupies a critical role in the EEU and thus far has been able to push back on the trade organization's overt politicization. However, it is unclear whether Astana will be able to keep doing so if Moscow forcefully insists on such a course of action.

Even without Russia using the EEU as a political tool in the international crisis surrounding Ukraine, the organization has already created problems for Kazakhstan due to the impact of Russia sanctions on all EEU member states. Soon after sanctions were imposed, Kazakhstan found that the trade advantages the EEU provided Russia were creating stresses in Kazakhstan's economy as the ruble devaluated and cheap Russian imports weakened the sales of domestic products including oil, cars, and metal. This led to what the Russian media [called](#) a "trade war" between Russia and Kazakhstan as both countries began limiting the imports of certain products from the other. In this context, Kazakhstan's President Nursultan Nazarbayev openly [criticized](#) sanctions against Russia, calling them an "anti-economic" policy, but he also suggested that the only way to end them was to find a resolution to the Ukraine conflict.

The economic stresses of EEU membership on Kazakhstan have recently been exacerbated by other external factors, including a dramatic drop in global prices for natural resources and increasing instability in the Chinese economy. As a result, Kazakhstan has been forced to substantially devalue its own currency and is seeking ways to bail out its fledgling financial sector. With economic volatility in Russia and China, it would make sense for Kazakhstan to more actively engage Europe and the United States. But this again is problematic in the context of the Ukraine conflict, as Moscow tends to perceive pro-Western leanings as explicitly anti-Russian. Furthermore, it is infeasible for Kazakhstan to react to its emerging economic woes by distancing itself

from its leading role in the EEU, given the critical nature of this union to Russia's assertion of economic independence from the West.

The Impact on Regional and Security Cooperation

The Ukraine conflict has likewise problematized Kazakhstan's usually very open position on regional political and security cooperation. While Russia has had tense relations with various post-Soviet states, including Moldova, Ukraine, and Georgia, Kazakhstan has continually sought to engage all post-Soviet states as partners. The Ukraine conflict has required Kazakhstan to proceed carefully in its engagement with Russia on regional initiatives in order not to be perceived as supporting Russia's position vis-à-vis Ukraine. This applies to Kazakhstan's participation in regional bodies like the Collective Security Treaty Organization (CSTO) and the Shanghai Cooperation Organization (SCO), but it is also apparent symbolically in more mundane situations.

The recent celebration of the seventieth anniversary of the Victory Day of the Second World War, or the Great Patriotic War, is a case in point. Hosting a spectacular military parade in Moscow to honor the event, Russia sought to use this remembrance of the struggles experienced by all former Soviet citizens to highlight Russia's historical role as a bulwark against fascism, a narrative it has cultivated in part to justify its present conflict with Ukraine. At the same time, Russia intensified its regional effort to promote the "Ribbon of St. George," a symbol from the Russian imperial period, as a sign of war remembrance for all former Soviet citizens, sponsoring the distribution of the ribbon throughout the post-Soviet region.

In response to this field of symbolic landmines, different states felt compelled to take a variety of measures related to the anniversary, which belied their position on the conflict in Ukraine. In condemnation of Russia's involvement in the Ukraine conflict, Ukraine, Moldova, Georgia, and the Baltic states joined other states including the United States, a significant number of European countries, Japan, Australia, Canada, and Israel in publicly declining to participate in the Moscow parade (with most only sending their ambassadors as part of the diplomatic corps). Likewise, various post-Soviet states sought to counteract Russia's regional distribution of the "Ribbon of St. George." In Ukraine, the ribbon was banned entirely, and the state promoted the wearing of a poppy flower, a popular symbol of remembrance across Europe. Others like Moldova, Kyrgyzstan, and Kazakhstan created and promoted their own ribbons without actively discouraging the wearing of the Russian version. Kazakhstan generally adroitly navigated this field of symbolic landmines, with President Nazarbayev prominently attending the Moscow parade but also visibly being the only post-Soviet leader in attendance without the "Ribbon of St. George" on his lapel.

Symbols aside, with many regional initiatives depending upon Kazakhstan as a key participant, it will be difficult for Astana to retain neutrality. As the conflict in Ukraine

continues to drag on, it is likely that the tension over regional cooperation and allegiances will intensify. Moscow will likely seek to leverage the CSTO and even the SCO as more overt adversaries of NATO, and the positions of Ukraine, Georgia, and, to a lesser extent, Moldova toward any regional initiatives spearheaded by Russia will probably only become more antagonistic.

Kazakhstan in the United Nations

Finally, on the world stage, Kazakhstan is likely to face difficult choices in its UN voting as the conflict in Ukraine continues. To date, there has been only one controversial vote at the UN regarding the Ukraine conflict: the March 2014 resolution on the “territorial integrity of Ukraine,” which focused primarily on Russia’s annexation of Crimea. Among post-Soviet states, Georgia, Ukraine, Moldova, Azerbaijan, and the Baltic states supported the resolution, while Russia, Belarus, and Armenia voted against it. Tajikistan, Turkmenistan, and Kyrgyzstan avoided the vote by being absent, and Kazakhstan and Uzbekistan simply abstained. In this instance, Kazakhstan was able to publicly articulate its neutral stance vis-à-vis the Ukraine conflict, but it will become more difficult for Astana to do this if more Ukraine-related resolutions are brought to the floor. In this case, Russia will likely pressure Kazakhstan to support Moscow’s position in the conflict, which could antagonize Astana’s partners in Europe and the United States. Furthermore, the conflict between Russia and the West may intensify other UN issues, such as votes regarding the conflict in Syria. In such instances, one can imagine both the United States and Russia pressuring Kazakhstan to vote one way or another.

Conclusion

In general, the Ukraine conflict presents the largest challenge to date to Astana’s “multi-vector” foreign policy. As antagonisms increase between Russia and the West over Ukraine, it is becoming impossible for Kazakhstan to maintain a balance in its relations with these important international partners. Relations with China, which is able to remain forcefully neutral in the conflict, have provided the country a strong global economic partner. However, this partnership will not allow Kazakhstan to ignore the situation in Ukraine unless Astana makes a move to become entirely dependent upon Beijing, thereby abolishing its “multi-vector” foreign policy. Overall, the conflict in Ukraine places Kazakhstan between “a rock and a hard place” and threatens to undermine its most successful tool for promoting the country’s further development.

This is a situation that is largely outside Kazakhstan’s control, and there are few good options for Astana to pursue until the conflict in Ukraine is resolved. At present, it can only continue its foreign policy *modus operandi* and try to retain good relations with all parties. However, Kazakhstan must also prepare for the likelihood that it will not be able to sustain this balancing act. It would be good if Russia, the United States, and the

EU would not pressure Astana to publicly support their agendas in Ukraine and appreciate that Kazakhstan's most constructive contribution to the conflict's resolution would be as a neutral mediator. However, it is difficult to believe that Moscow at least will not try to gain Astana's explicit support in the conflict as it finds itself increasingly isolated from the international community. Under increased pressure from Russia to present a united front on Ukraine, Kazakhstan may need to re-invent its foreign policy to the detriment of the country's continued prosperity.

China and the Two Pivots

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Partly in response to the U.S. rebalancing to Asia, Chinese leaders have been trying to define Asia for Asians. The Russian pivot to Asia complicates this agenda. On the one hand, Chinese analysts portray Russia as a European power; on the other, they seek to justify Russia's legitimate role in Asia. Ultimately, China distinguishes among outside powers in Asia, including the United States and Russia, and does not treat these outsiders equally. Although Chinese observers, to varying degrees, view the U.S. rebalancing policy as threatening, they see Russia's turn to the East and response to the U.S. pivot to Asia largely as neutral or positive for China. Although some aspects of Russian policy have been at odds with Chinese interests, the recent warming trend in Sino-Russia relations has done a lot to offset these concerns.

The United States "Pivots" to Asia

The Obama administration sought to reemphasize U.S. interests in the Asia-Pacific very soon after taking office in 2009, but it was former Secretary of State Hillary Clinton who depicted the United States in Asia as being at a "pivot point" in a 2011 article in *Foreign Policy*. The policy was later reformulated as a "rebalancing" to convey that the United States had not shifted its focus but was only reemphasizing its longstanding interests in the Asia-Pacific region after a period of preoccupation with the Middle East.

The security aspects of the rebalancing policy have received the most attention. These involve increased U.S. naval deployments to the Asia-Pacific, as well as closer security relations with allies such as Japan, South Korea, and Australia, and partners like Singapore and the Philippines. The Obama administration has broadened its bilateral diplomacy in the region and improved relations with Burma, India, and Vietnam. It has increased its participation in regional multilateral arrangements by joining the East Asian Summit and developing a multilateral economic agreement, the Trans-Pacific Partnership (TPP). While criticized (especially by Chinese experts) as a containment strategy directed against China, U.S. policymakers contend that the rebalancing policy includes efforts to engage China in a wide range of initiatives.

And Putin "Turns to the East"

Since the days of Peter the Great, Russians have discussed how their country could best balance its interests between West and East. This has long been a conundrum since

Russia is culturally European but two-thirds of its landmass is located on the Asian continent. As CSIS fellow Jeffrey Mankoff has noted, ever since the 2008 financial crisis Russia has been slowly focusing more on Asia and seeking to take advantage of the region's growing economic power to develop the Russian Far East.¹ During his third term as president, Vladimir Putin has been more actively courting Asian leaders and in 2012 Russia hosted the Asia-Pacific Economic Cooperation (APEC) annual forum in Vladivostok.

Despite Russia's higher diplomatic role, many Asian observers continue to view the country as a marginal player in regional trade and multilateral initiatives. Nonetheless, new oil and gas pipelines, increased LNG sales to Asia, improved infrastructure in the Russian Far East, trade agreements, and developing partnerships with China, India, and Vietnam, as well as efforts to engage a wider range of states in Southeast Asia, are finally giving substance to all the years of talk of the "Asia vector" in Russian foreign policy.

Chinese Perspectives of the U.S. Pivot

Chinese leaders have responded in a measured way to the U.S. rebalancing policy, if not to its regional military deployments and exercises. According to Carnegie Endowment scholar Michael Swaine, the restrained official Chinese commentary on the U.S. rebalancing policy reflects:

- 1) The leadership transition in China that occurred when the U.S. pivot policy was developed.
- 2) A realization that many Asian states are concerned by China's rise.
- 3) The hope that Asian states [like Russia] also view the U.S. pivot as a polarizing strategy.
- 4) An uncertainty in the Chinese leadership about the long-term impact of the pivot or U.S. commitment to it.

In contrast to the restraint by the Chinese leadership, unofficial Chinese sources display a range of perspectives. Some argue that the U.S. rebalancing is a direct response to the rise of China and the shift in the U.S.-China balance of power. They also criticize the United States for seeking to perpetuate its hegemony, contain China, sow distrust in U.S.-China relations, and increase the risk of conflict. Others see the U.S. policy as a readjustment after a period of intense focus on the Middle East, a hedging strategy against China's rise, and a precautionary measure.

According to Nanjing University professor Zhu Feng, there is a political spectrum among Chinese scholars. Feng categorizes five types of responses to the U.S. rebalancing:

¹ Jeffrey Mankoff, "Russia's Asia Pivot: Cooperation or Confrontation?," *Asia Policy*, January 2015.

- 1) Populist – Western imperialists seek domination, and there is a need for China to return to a Maoist path.
- 2) Nationalist – the United States is a barrier to China’s rise and seeks to marginalize China.
- 3) Realist – the U.S.-China relationship is a power struggle and China should safeguard its position.
- 4) Internationalist – China needs to integrate into global society and focus on the well-being of the Chinese people.
- 5) Liberal – the lack of democracy in China is a barrier to smooth U.S.-China relations.

Feng argues that nationalists and realists enjoy a slight majority, though many academics support the internationalist view.

Chinese scholars also differ on how China should respond to the U.S. rebalancing. Some contend that China should take the long view and realize that most Asian states do not want to choose between the United States and China. These scholars contend that if China continues with its peaceful development agenda, time is on China’s side. Wang Jisi, a leading scholar at Peking University, argued in 2012 that China should “march west” and rebalance its own overemphasis on East Asia with a renewed emphasis on Central and South Asia.

Xi Jinping’s Asian Dream

In an effort to respond to the U.S. rebalancing as well as other perceived challenges in Asia, over the past year President Xi Jinping has defined an “Asia-Pacific” dream and articulated his vision of Asian security. Xi’s “Asian Dream” also reflects the new leader’s effort to reassure China’s neighbors that a rising China will play a constructive role in the region and reinvigorate China’s diplomacy with neighboring states. Xi’s vision of Asia for Asians involves the following key points:

- Asian people should manage their own regional security.
- China will play a leading role through efforts to connect its western provinces to Central and South Asia (via the New Silk Road and Maritime Silk Road) and regional initiatives (like the Asian Infrastructure Investment Bank and the Free Trade Area of the Asia-Pacific).

China Responds to Russia’s Asia Pivot

As they redefine China’s own role in Asia, Chinese policy analysts and academics have also been debating the prospects for Russia to play a greater role in the region. Some highlight the obstacles that Russia faces in seeking to play a greater role in Asia: the absence of mutual trust between Russia and many key Asian states, Russian fears about

becoming a resource appendage to China, the weakness and resource dependence of the Russian economy, Russia's European identity, and its focus on the Eurasian Union. Others note recent Russian policies and partnerships with states in the region. They point out that Russia is gradually balancing its ties between Asia and the West by becoming more active in Asian institutions and expanding partnerships with China as well as traditional partners like Vietnam and India.

Chinese policy analysts largely agree that Russia is an outside player in Asia, yet Russia's response (or lack thereof) to the U.S. rebalancing has led to discussion and divergent perspectives on Russian intentions in the region.

1) *Russia's "turn to the East" supports China's efforts to counter the U.S. rebalancing*

Many Chinese scholars view Russia's Asia pivot as a response to U.S. pressure—they argue that Russia understands China's position on the U.S. pivot and will be cooperative. Others note that Russia previously sought to engage Asia in the 1990s in response to U.S. pressure and contend that now the cause for the pivot is internal (i.e., a desire to benefit from Asia's economic dynamism as well as China's economic growth).

2) *Russia should be more aware of the negative consequences of the U.S. rebalancing*

Chinese analysts argue that the U.S. rebalancing also poses a threat to Russia because it will hinder its goals in Asia and marginalize the country. According to this perspective, the United States is expanding its security architecture in Asia at a time when Russia increasingly faces NATO pressure in Europe. Chinese experts warn that the United States does not take Russia seriously in Asia

3) *Russia's Asia policy reflects its neutral stance on the U.S. rebalancing*

Some Chinese analysts are skeptical or even critical of Russia's neutral response to the U.S. rebalancing, which they argue could be advantageous for Washington. These experts claim that Russia welcomes the U.S. pivot to the extent that it increases Russia's value to China and relieves pressure on the Russian Far East.

Other Chinese scholars suggest that Sino-American confrontation is not in Russia's interest and that Russia is unlikely to actively support the U.S. rebalancing policy or participate in the U.S. containment of China, though Russia may not take sides in China's disputes with the United States, Japan, or other Asian states.

Chinese analysts have been wrestling with the tradeoffs involved in a more active Russian role in Asia. Although China hopes that Russia will help offset any perceived pressure from the United States and support Chinese positions in Asia, the Putin administration has not overtly taken China's side in disputes with Japan or over the

South China Sea. Moreover, from China's point of view, Russia's most active diplomacy in the region, for example in reinforcing longstanding partnerships with Vietnam and India, has not been advantageous to Chinese interests.

In the past year, however, some developments in Sino-Russian relations have assuaged Chinese fears in this regard. Russia and China will hold their second set of naval exercises in the East China Sea this August. In April, China became the first foreign country to purchase Russia's S-400 anti-aircraft missile system, which expands its air defense by 100 kilometers, with the potential to hit aerial targets as far as New Delhi and Hanoi. The Chinese military is reportedly seeking to buy Russian SU-35 aircraft which, as analyst Harry Kazianis has [argued](#), would expand China's access denial capability in the East China and South China seas by enabling longer patrols, especially if armed with anti-ship missiles.

Implications for the United States

Even if Russia's Asia pivot is not directed against the United States specifically as some Chinese analysts have hoped, Russian gas sales to China at least will have significant implications for Washington. Energy expert Keun-Wook Paik [argues](#) that, if completed, the two projected gas pipelines from Russia to China would have "massive" impacts on global LNG sales to China and lead to the suspension of many LNG projects, affecting suppliers seeking to increase their share of the Chinese gas market, such as the United States, Canada, Australia, and eastern Africa.

Some observers like Artyom Lukin and Rens Lee see an opportunity for the United States to engage Russia in the Russian Far East, where suspicion of Chinese intentions has been strongest and interest in diversifying Russia's Asian partners greatest, but the Putin administration now appears more comfortable with closer cooperation with China, even in the Russian Far East.¹ A major improvement of Russia's relations with Japan would do the most to disconnect Russia's Asia pivot from China's goal of countering the U.S. rebalancing strategy, but this has been set back by the sanctions put in place in the aftermath of the Ukraine conflict.

¹Artyom Lukin and Rens Lee, "The Russian Far East and the Future of Asian Security," *Orbis*, Spring 2015.

The New Silk Road Initiative

ARE ITS ECONOMIC UNDERPINNINGS SOUND?

Sebastien Peyrouse
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In 2011, then U.S. Secretary of State Hillary Clinton rolled out a plan for Central and South Asia:

“Let’s work together to create a new Silk Road. Not a single thoroughfare like its namesake, but an international web and network of economic and transit connections. That means building more rail lines, highways, energy infrastructure...”

Unfortunately, the logic of the U.S. government’s New Silk Road (NSR) Initiative is not convincingly based on the realities of regional trade between Central and South Asia. The principal narrative of the NSR is that Central and South Asia have complementary economies. While this may appear to be true on paper, it does not adequately reflect regional economic and trade dynamics. Building or rehabilitating transportation infrastructure does not necessarily result in trade development; this requires genuine regional integration, good governance, and functioning transport services and customs procedures. More measured projects, such as the development of small local transportation networks, would probably be more effective, including by allowing some isolated regions to improve local trade.

Established Commercial Flows: Russia and China Dominate

Any new project concerning Central Asian trade routes must take into account existing trade flows, which Russia and China currently dominate. It is not clear whether these flows can be redirected, or whether the states of the region are even interested in doing so, as it would require them to abandon the prerogatives in which they have invested – both politically and economically – for more than a decade.

Russia’s economic interests in the region are on the rise and now rank as one of the most important drivers of its influence in Central Asia. After a decline in the 1990s, Russia regained its important, though no longer monopolistic, economic position in the region. By 2013, commercial exchange between Russia and the countries of Central Asia reached almost \$22 billion, making Russia the region’s third-largest trading partner behind China and the European Union. In addition, the creation of the Eurasian Economic Union in January 2015 sent a clear political message that the Kremlin seeks to create a few joint supranational mechanisms in areas of economics and finance that would

ensure greater integration between Russia and some of its closest Central Asian neighbors.

China's role and growing influence in regional trade must also be considered. As in other regions of the world where Beijing is asserting itself, China is advancing its geopolitical influence in Central Asia by creating economically-based good-neighborly relations. In just a few years, China has succeeded in improving its reputation through soft-power diplomacy while drastically changing the economic and strategic dynamic in Central Asia. It has positioned itself as the second most influential external actor in the region generally and has surpassed Russia in economic influence in particular. The Central Asian market is important to China both as a new market for Chinese products and as a conduit that could open up access to markets in Russia, Iran, and Turkey.

Trade Prospects between Central Asia and Afghanistan/South Asia

In light of the already established commercial flows to and from Central Asia, the NSR envisages making Kabul, the current missing link between Central and South Asia, the heart of its development strategy.

An increase in trade between Central Asia and Afghanistan would provide the economic rationale for this strategy. Although there has been some growth, however, the numbers remain low. As in most regions with poor, developing countries, regional integration and trade growth is hampered by a lack of economic structures and low levels of development. Currently, Afghanistan trades only marginally with Central Asian states. Trade in semi-finished and intermediate products—the most lucrative type of trade—is virtually nonexistent between Central Asia and Afghanistan. As a result, regional integration is unlikely to grow rapidly and will remain low, most probably for years to come. Instead, Central Asian economies need what the “Chinese global workshop” has to offer: investment in transportation infrastructure and energy production, as well as cheap goods that fit in with the region's low standard of living.

Despite growing political relations since the fall of the Soviet Union, economic and trade relations between Central and South Asia have barely taken off. So far, all major projects aimed at linking the two regions by transport (the Central-South Asia Transport and Trade Forum and the Karakoram Highway) have failed or have had very little impact. India's economic presence in Central Asia is minimal. Accounting for only about 0.25 percent of total Indian trade, the Central Asian market is insignificant and unlikely to increase by more than 1 percent irrespective of developments. For the Central Asian markets, Delhi represents only about 0.4 percent of foreign trade, ranking only between 14 and 21 on the list of largest trading partners for each state.

India's economic presence and trade with Central Asia is hampered by several factors. With the exception of Kazakhstan, Central Asian interest in India as the “world's back

office" is limited, as the countries of the region are not yet at the level of development to require such services. Moreover, because the majority of India's trade is conducted by cheaper and more efficient sea routes, its trade relations are developing primarily with South Asia, Europe, and the United States. In addition, the Indian economy is now largely privatized, and the state no longer provides major business incentives. Delhi cannot force its businessmen to invest in an area they deem unattractive or unstable, particularly if the state does not establish support mechanisms that would offset such risk-taking.

Pakistan, too, is a very remote economic actor in Central Asia, positioned only about sixteenth in terms of trade. Pakistani businessmen are active mainly in purchasing cotton, particularly from Uzbekistan.

The New Silk Road Initiative's Economic Limitations

Beyond competition with already existing economic flows, there are several unanswered questions concerning the viability of the NSR. What types of evaluations have been made to assess the amount of goods transported to date? How has the potential for trade development been calculated? How have the security risks and costs of transport been assessed?

Traffic

So far, the growth of trade between Central Asia and Afghanistan/South Asia has been due mainly to the transport of military equipment, which cannot be compared to regular commercial trade. To support the economic justification of the NSR, Washington policymaking circles have [used](#) NATO data from 2009 to 2012 on traffic flows along the Northern Distribution Network (NDN). Although this data suggests that traffic along the New Silk Road is well established and will surge in upcoming years, using the number of trucks crossing the borders daily does not really support the portrayal of the NDN as particularly successful. [According](#) to the U.S. State Department, in three years, more than 58,000 containers transited to Afghanistan through the NDN, an average of almost 400 container trucks per week, which is equivalent to less than 30 trucks a day (or less than one loaded train per day). This figure raises two concerns. First, to economically justify road rehabilitation, a general rule of thumb is that traffic should be above 150 trucks a day in landlocked regions. Moreover, transit of 30 trucks a day consists of military, not commercial, traffic.

Security

There also are security issues that would need to be addressed. The NATO convoys have provided their own security, while commercial traffic would not enjoy a similar benefit or would have to secure it at high cost. Therefore, the current or even expected

level of military traffic is not really a reliable indicator of what the level of commercial trade will be.

Maritime Trade

In addition, the concept for the NSR suffers from a lack of consideration of business perspectives. Drawing a road on a map does not mean that there will be a corresponding increase in trade on the ground. Proponents of the project have generally focused on infrastructure development, which is only one factor in the success of commercial transportation. For an importer and exporter (or freight forwarder), route selection ultimately depends on the cost ratio between the price of the product and how much it costs to transport it. Businesses make their route selection based on factors such as cost, effectiveness of transport services and regulation, attractiveness of markets, and reliability and functioning of border crossings. The NSR focuses more on distance than on reliability and predictability. Among traders, however, the latter are much more decisive factors.

World trade today is largely based on shipping: ninety-five percent of commodities circulating between Asia and Europe take maritime routes, leaving only about 1 percent of trade to overland continental routes. It is highly unlikely that this trend could be altered much. Maritime transport offers many advantages. The level of service is superior, since it avoids the innumerable hazards linked to multiple border crossings and the potential for corruption in transit countries. And even where there are well-functioning border and customs procedures, it is more complex to dissociate the procedures of customs formalities, border crossings, and final customs clearances in continental trade than it is to carry out these operations simultaneously in the ports for maritime trade. Although transport time may be longer by sea than by a continental route, it can be guaranteed, making it more attractive than road or rail transport.

Governance and Corruption

The NSR also does not take into account poor governance and poorly managed border agencies, which make the route economically problematic. In fact, some border officials and government authorities maintain a personal interest in slow, tight borders. Bolstering economic regionalism involves increasing economic liberalization that in turn can adversely affect the interests of leaders in the region. Indeed, Central Asian presidents have opposed promoting economic regionalism that would threaten either their personal and family fortunes or their clients' economic interests. In this regard, Uzbekistan has regularly increased transit fees, which has made regional integration more difficult and expensive. The OSCE and the EU have advocated for simplification of procedures at borders in Central Asia for several years but with relatively limited impact.

Conclusion

Promoters of the NSR have overlooked certain underlying economic elements that could affect the viability of the initiative. First, the Central Asian economic space is largely already occupied by other actors, whose ambitions and interests largely diverge from Western designs. Second, the project is based on principles that are, to a large extent, contested by transport economists: the construction or rehabilitation of roads does not create traffic per se nor does the increase of military traffic in connection with Afghanistan signify any potential for long-term trade. Distance is secondary to transport security, predictability, and reliability, which are by no means assured given the potential and real political instability in Afghanistan and Central Asia. There are also corruption and embezzlement risks that loom over the transport of goods with every border crossing.

All that said, there do remain benefits to improving the infrastructure between Central Asia and Afghanistan as such. It can present important opportunities in terms of development at the local level. Central Asia is much more than just a transit point for Afghanistan. The three border states of Turkmenistan, Uzbekistan, and Tajikistan, as well as Kazakhstan, all play an important role in providing economic and reconstruction aid to Afghanistan. Moreover, local areas near the borders (particularly if relations between various Central Asian governments improve) would benefit from better road and railway links. By engaging in more measured, less costly projects (and ones less likely to be beset by corruption), the NSR may still be able to contribute effectively to the development of these states.

Can Azerbaijan Revive the Silk Road?

Anar Valiyev

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Azerbaijan is located at the crossroads of major Eurasian land and air transportation corridors. Since gaining independence, the Azerbaijani government has actively tried to make the country a bridge between Europe and Asia. Over the last decade, it has invested billions of dollars into commercial infrastructure and transportation projects. It is finalizing construction of the largest port in the Caspian Sea (in Alyat, 60 kilometers south of Baku), it has helped construct the Baku-Akhalkalaki-Kars railroad, and it is turning the Baku airport into a modern hub. Billions have been invested into the road system, significantly decreasing travel times between the Caspian Sea and the Azerbaijani-Georgian border, 550 kilometers west of Baku.

The main idea of these projects is to position Azerbaijan as a lucrative link between Asia, Central Asia, the South Caucasus, and Europe. Baku understands the importance of implementing diversification strategies in anticipation of the depletion of the country's hydrocarbon reserves. However, some projects may not be sustainable or needed by its counterparts. Geopolitical realities can also frustrate Baku's plans.

TRACECA: The Mother of All Initiatives

Azerbaijan did not initiate the idea of linking Asia to Europe in the post-Soviet age. After the collapse of the Soviet Union, the European Union initiated projects to reconnect post-Soviet states with the markets of Europe and Asia. A May 1993 conference in Brussels launched the Transport Corridor Europe, Caucasus and Asia (TRACECA) program as a way to spur intermodal transport initiatives.¹ The program received its second wind at a summit in Baku in 1998, when member states established a Baku-based Intergovernmental Commission and Permanent Secretariat. Since then, the EU has invested around \$800 million into capital projects and the renovation of ports, railroads, and roads along the TRACECA corridor. Member states have also pursued integration of their infrastructure, tariffs, and logistical chains. By 2007, trade among TRACECA members surpassed \$40 billion, while their combined trade with the EU reached \$290 billion. Of this, 70 percent of the trade was in oil, with most of the transportation occurring along the Azerbaijani-Georgian segment of the corridor.

¹ The signatories of the 1998 Basic Multilateral Agreement on International Transport for Development of the Europe-the Caucasus-Asia Corridor were Armenia, Azerbaijan, Bulgaria, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine, and Uzbekistan.

In the end, Azerbaijan and Georgia are the two states that have benefited from TRACECA the most. The corridor has also been useful to hydrocarbon states Kazakhstan and Turkmenistan. Overall, the limited non-energy export base of most members of TRACECA, coupled with obstacles related to border delays and controls, custom offices, and corruption, have limited its potential to emerge as a major trade corridor.

Nonetheless, with decreasing oil prices and less profit from the oil sector, Azerbaijan has intensified its efforts to diversify its economy and revive TRACECA and, especially, transportation links with Central Asian states. In January 2015, the working group of the Coordination Committee of the Trans-Caspian international transport route (running from China to Turkey) met in Baku and reached an agreement to intensify container service on the China-Kazakhstan-Azerbaijan-Georgia-Turkey route. Azerbaijani authorities believe that by 2020 around 300-400,000 containers can be transported via this route, bringing billions of profits to its participants. At the start of August 2015, the first container along the route arrived from China at the newly constructed Baku International Sea Trade Port. The container reached Baku in a record six days, traveling more than 4,000 kilometers. This event has appeared to signal a new era in regional transportation links and a revival of the TRACECA concept. This time, however, the countries of the region have been the main implementers of the initiative, and the EU has not been actively involved.

Following the Path of Dubai and Singapore

TRACECA's woes have not stopped Azerbaijan from staking out a path as a regional transportation hub. Economically, Baku understands the need to diversify, given the volatility of oil prices and the country's limited reserves. Politically, Baku expects that becoming both a major energy supplier to the EU and a major transportation hub will contribute to making Azerbaijan a political heavyweight in the region, enabling it to strengthen its position in future negotiations with the EU on trade preferences, political engagement, and potentially even membership.

Azerbaijan's desire to become a regional transit hub is inspired by the success of two countries: Singapore and the United Arab Emirates (Dubai specifically). The main infrastructure projects Azerbaijan is implementing today resemble those undertaken by these two success stories. In particular, Dubai's Rashid and Jabal Ali Ports, Free Economic Zones, international airport, and other state-of-the-art projects represent vivid models for Baku planners, and the emir of Dubai, Mohammed bin Rashid Al Maktoum, is a revered frequent visitor. Following Dubai's emphasis on port development, Baku is constructing an enhanced port at Alyat—"the Jewel of the Caspian"—which includes the port, an International Logistics Center, and a Free Economic Zone. The whole project is estimated to cost around \$870 million, and it is expected to handle 10 million tons of

cargo and 40,000 containers a year (with an eventual capacity of up to 25 million tons of cargo and 1 million containers).

Other transportation links have also been needed. In 2007, the presidents of Azerbaijan, Turkey, and Georgia signed an agreement to construct the Baku-Akhalkalaki-Kars railroad, uniting the three countries via a direct railway link between Georgia and Turkey. Azerbaijan gave Georgia a \$700 million loan for construction of the missing link between Akhalkalaki and Kars, as well as the modernization of existing infrastructure. It is expected that when the railway is launched at the end of 2015 it will handle 20 million tons of cargo and around three million passengers annually.

Can Azerbaijan Become a Hub?

Whether Azerbaijan's major transportation projects are sustainable is a significant question. Dubai appears an appropriate model for Azerbaijan according to certain parameters (political regime, economy, geographic location). However, contrasts between the two can disrupt Baku's plans. First, geographical constraints prevent Azerbaijan from becoming a regional player. Cities and states that have become successful usually contain ports with ocean access. Singapore, Hong Kong, and Dubai are at the center of sea trade routes. Baku, on the other hand, is effectively landlocked; the Caspian Sea does not have ocean access. Second, compared with Dubai and Singapore, Azerbaijan does not have as much resources to implement so many large projects. Third, unlike Dubai or Singapore, with diversified economies, Azerbaijan's economy remains dependent on oil, a highly volatile commodity. Baku is currently trying to switch from oil to gas as Azerbaijan's main commodity of export. However, gas is also volatile and requires massive infrastructure investment as well as appropriate markets. As Iran begins selling its gas, EU customers may end up with abundant amounts.

Finally, Dubai's success was highly dependent on historical circumstances: surplus international capital seeking profitable investment possibilities in the 1990s and early 2000s. Dubai took advantage of these opportunities and amassed physical and human assets in a relatively short time. Azerbaijan's rapid development, by contrast, began during a period of global financial and economic crisis, when excess capital rushed to save economies in Europe and elsewhere. The only investment that spurred development in Azerbaijan was its own, which it received from the sale of oil and gas.

Baku faces another problem. There is an absence of understanding and coordination among other key states that are expected to participate in Azerbaijan's vision. Azerbaijani-Georgian transportation relations are a good example of how intergovernmental coordination enables successful cross-regional transportation projects. But the governments of Central Asia, for instance, have yet to agree that they too can benefit from fast, simple transportation. Unfortunately, interstate relations in the

region are often hostage to political circumstances, leading to difficult relations between Turkmenistan and Azerbaijan, for instance, or between Kyrgyzstan and Uzbekistan. In addition, the recently-established Eurasian Economic Union (EEU) can now be expected to compete more robustly with major transport corridors seeking to bypass Russia.

Conclusion

Despite the challenges accompanying Azerbaijan's plans to be a regional transportation hub, there is still a chance of success. Today's fast growing economies of China and India have great export growth. Their trade with Europe is also growing. With recent turmoil in Yemen, piracy off the Somalia coast, and other complications, maritime transportation may not always be the best (or only) option for trade between Asia and Europe. If Azerbaijan can catch a small share of the trade from China, India, and ASEAN state, on top of trade from Central Asia, it could still see a return on its investments.

This, however, may depend on the West's willingness to actively support Eurasian transportation routes that avoid dependence on Russia and the EEU. The EU and the United States will have to sustain their longstanding vision in support of the creation of alternative transportation networks in the region, continuing the legacy of their support for TRACECA, construction of the Baku-Tbilisi-Ceyhan pipeline, and other such transportation projects. In the end, Azerbaijan will be unlikely to succeed on its own.

New Silk Route or Classic Developmental Cul-de-Sac?

THE PROSPECTS AND CHALLENGES OF CHINA'S OBOR INITIATIVE

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In September 2013, at a speech at Nazarbayev University in Astana, Chinese Premier Xi Jinping announced plans to promote a “Silk Road Economic Belt” across neighboring Eurasian states. Over the next months, Chinese policymakers and analysts further outlined ambitious plans to promote regional cooperation, economic integration, and connectivity by funding large-scale infrastructure and development projects throughout the region. These include a series of land routes and high-speed rail links intended to connect East Asia with Europe (via Eurasia), South Asia, and the Middle East, as well as an accompanying maritime belt, supported by upgrades to ports and logistics hubs. Collectively, these two belts have been described as One Belt, One Route (OBOR) and, according to the *South China Morning Post*, the initiative represents the “most significant and far-reaching project the nation has ever put forward.”

Despite the project's regional enthusiasm and official fanfare, the exact details of OBOR remain underdeveloped. Moreover, the vision rests on debatable assumptions about the allegedly mutually reinforcing relationship between external patronage, economic development, and political stability. The U.S. policy response to OBOR and its supporting initiatives has been typically schizophrenic across different governmental divisions. Eurasian and Central Asian-related agencies have emphasized the very close compatibility between OBOR and the U.S.-led New Silk Road (NSR) that emphasizes regional connectivity in Central Asia (and, by implication, diversification away from Russia). However U.S. officials and, critically, the U.S. Treasury, clumsily opposed the Asian Infrastructure Investment Bank (AIIB) and in the fall of 2014 even lobbied, unsuccessfully, allies South Korea and Australia not to join the organization. Nonetheless, despite the bungling of the AIIB issue, there remains a range of legitimate practical and analytical questions concerning the OBOR's imputed potential to transform the economies and polities of Eurasia. This memo will explore some of the challenges that the Chinese initiative is likely to confront in the areas of governance and promotion of political stability when interfacing with Central Asia's patrimonial political systems.

U.S. and China-Led New Silk Roads: Two Similar Visions, Only One Real Funder

Central Asian observers see echoes of comparison between Beijing's initiative and previously announced U.S. plans to support a “New Silk Road” (NSR) by promoting

energy and infrastructure ties between Central Asia and South Asia (especially Afghanistan and Pakistan). However, beyond their similar labeling, the two geopolitical initiatives could not be more different: a cash-strapped U.S. foreign aid apparatus has allocated scant resources to the NSR, while Beijing, flush with over \$3.6 trillion in foreign currency reserves, is preparing to allocate hundreds of billions of dollars to OBOR. The U.S. version establishes no new regional institutions or forums, instead repackaging existing projects such as the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline into the NSR's thin portfolio. By contrast, China has recently funded and established a number of new dedicated regional banks to promote its vision, including a \$40 billion NSR fund under the auspices of the People's Bank, the new Shanghai-based BRICS New Development Bank, and the newly established AIIB. Finally, while the U.S.-led NSR has been associated with U.S. withdrawal from Afghanistan and disengagement with Central Asia as a region (albeit unintentionally), the OBOR very much underscores China's global ascendancy as a leading donor and its new willingness to play a more assertive and central role in actively shaping the political and economic future of the neighboring regions.

China's OBOR is being driven by a mix of international and domestic imperatives. Internationally, Chinese officials see OBOR as a way of expanding China's economic engagement and political ties with neighboring states and regions, establishing new concrete ties that can serve as the basis of a political community that is increasingly responsive, if not completely friendly, to China's foreign policy interests and domestic priorities. At the same time, investing in these new regional banks and development initiatives offers a potentially more productive use for accumulated foreign exchange reserves than maintaining them in U.S. treasuries, while these new projects can also potentially be used as part of the broader effort to internationalize the use of the renminbi. By channeling this investment through the New Development Bank, AIIB, and possibly even the still-underutilized Shanghai Cooperation Organization, Beijing sees opportunities to more effectively leverage its institutional voice in regional organizations into its own foreign policy priorities and regional goals.

Domestically, the development and stabilization of the restive western province of Xinjiang continues to inform discussion and justification of the OBOR; indeed, the cities of Urumqi, Khorghos, and Kashgar remain at the center of various proposed OBOR routes (west, north, and south). In addition, slowing rates of growth within China (from 10-12 percent to estimates of 5-7 percent) mean that domestic suppliers of the decades-long Chinese construction boom now require new overseas outlets to continue their activities. For example, without new external markets and large-scale projects, Chinese cement and steel manufacturers—the latter of which currently account for over 50 percent of global overcapacity—will face huge adjustment costs. Similar domestic dynamics characterize competition among Chinese energy companies for new plays, while even Chinese regions are similarly competing, as eastern coastal cities once did, to position themselves as dynamic transportation hubs. Many of these domestic actors play

off and reinforce the official Chinese narrative about OBOR's purpose, even as they pursue more parochial interests.

One Plan, Many Different Possible Unintended Consequences

The OBOR also carries a number of still unacknowledged risks, uncertainties, and unintended consequences. This is especially true for regions such as Central Asia and South Asia that are still burdened with governance and political challenges. In fact, the recent experience of Xinjiang itself suggests that large-scale infrastructure spending and external resources can, quite unintentionally, further fuel economic and social problems rather than ameliorate them.

Three risks seem particularly acute:

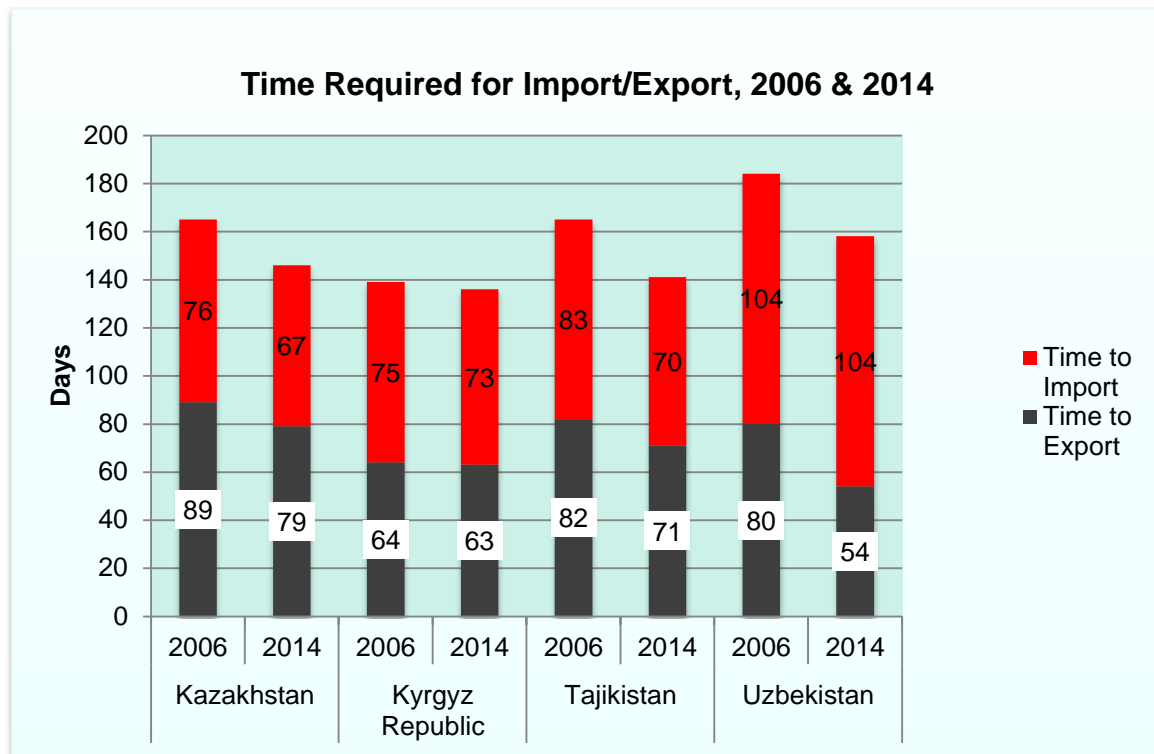
First, the severe governance challenges confronting nearly all of the Eurasian states where governance is already strained and absorption capacity is weak should give analysts and policymakers pause at the prospect of China suddenly dumping hundreds of billions of dollars into state-sponsored areas such as construction, transportation, and energy production. China has already announced plans to provide \$46 billion in new funds to build highway and energy projects in Pakistan, a country that despite its status as a Chinese economic client has a poor track record of completing large projects in a timely fashion.

A recent case of Chinese funding of a major highway project in Tajikistan provides a further cautionary tale in how local elites can privatize non-conditioned Chinese patronage intended to fund public goods. Shortly after the Dushanbe-Chanak highway was opened in 2010, with about 80 percent Chinese funding, tollbooths appeared along the road. The company operating the toll was identified as Innovative Road Solutions, registered in the British Virgin Islands, with no previous corporate history nor record of bidding on highway management projects. Subsequent local investigative [stories](#) tied the offshore company to the President's son-law, an allegation denied by him, estimating that it was opaquely funneling a private annual revenue stream to the government's inner circle.

Furthermore, the assumption that more state-sponsored projects will somehow unleash private activity is also dubious. Data from the World Bank show only modest improvements in import/export times across the region between 2006 and 2014 (Figure 1), despite the introduction of many externally-led integration schemes and trading blocs. Indeed, the severity of informal trade barriers in Central Asia makes the region's comparable times three times as high as Eastern Europe, Latin America, and even the Middle East, and even double those of South Asia (Figure 2). To be blunt: Central Asia remains the most trade-unfriendly region in the world, and the potential for externally-funded infrastructure to transform these entrenched practices is highly questionable.

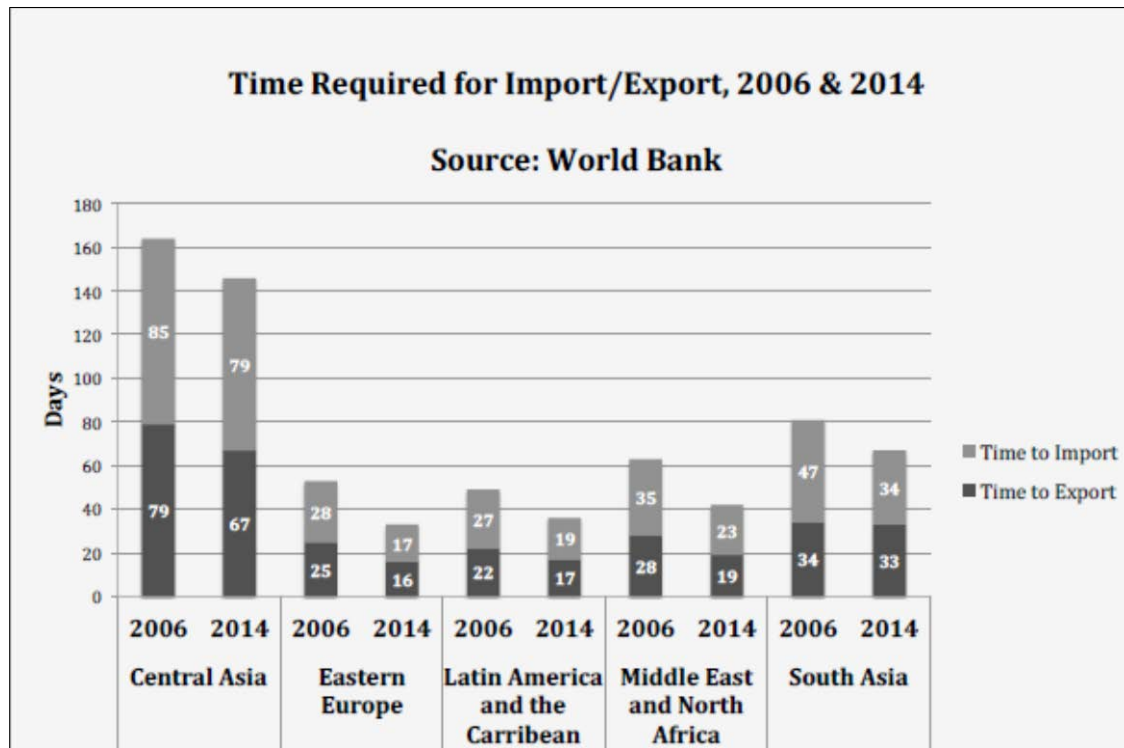
More likely, such projects, even if implemented, are likely to displace rent-seeking into other areas. Similarly, the sheer scale of the resources poured into the OBOR are likely to unnerve other regional investors who may balk at the prospect of competing with China's largesse as they seek access to the same sectors.

Figure 1: The Problem of Central Asia's Informal Trade Barriers and Border Controls



Source: World Bank's Ease of Doing Business

Figure 2: Central Asia's Informal Trade Barriers and Border Controls in Comparative Perspective



Source: World Bank's *Ease of Doing Business*

More broadly, the case also highlights one of the biggest analytical and practical flaws in both the Chinese and U.S. visions of the New Silk Road: the assumption that the most important factor inhibiting economic growth and development in Central Asia is a lack of economic connectivity and regional integration. In fact, as John Heathershaw and I have argued in a recent issue of *Central Asian Survey* (March 2015), this assumption is based on empirical myths and analytical fallacies. Empirically, the Central Asian states demonstrate strong links to global financial markets, offshore havens, and legal processes such as international commercial arbitration and dispute settlement. In both the U.S. and Chinese visions, it is not clear why predatory elites and kleptocrats with access to new sources of rent will productively invest these funds in regional follow-up entrepreneurial efforts rather than divert these revenue streams offshore. At the same time, Western officials have failed to recognize the critical role played by Western accountants, auditors, legal advisors, providers of shell companies, residence permit regimes, Western bank accounts, and luxury real estate holdings in shaping and maintaining these global networks of corruption and graft.

There are also internal and external political challenges that OBOR proponents readily dismiss or are unable to confront. Chief among them is the idea that large-scale

infrastructure will somehow magically mitigate internal conflicts and sources of instability. In fact, recent evidence from northern Myanmar or Baluchistan in Pakistan over the role of Chinese development aid suggest that external funds have fueled domestic ethnic tensions and furthered distributional conflicts. However, Chinese officials have been reluctant to acknowledge any kind of destabilizing role played by their investment and, instead, have been quick to blame “Western NGOs” for delivering bad news from these regions. At some point, Beijing planners will need to recognize that such funds, despite Chinese intentions to the contrary, create local perceptions about winners and losers that inevitably graft onto local rivalries and concerns. For example, the proposed China-Kyrgyzstan-Uzbekistan railroad project, despite its potential commercial benefits, continues to meet fierce resistance among Kyrgyz government officials and analysts precisely because it furthers perceptions that China invests only for its own economic purposes and cares little if it stokes rivalries between ethnic Kyrgyz and Uzbeks in southern Kyrgyzstan (the site of deadly ethnic clashes in 2010) over the region’s political and economic alignment.

Finally, OBOR will inevitably also send acute geopolitical signals. U.S. policymakers suffered a severe blow to their credibility and prestige as a result of their ill-timed lobbying for countries not to join the AIIB before the bank had issued even a single loan. However, the enthusiastic rush by 53 countries to join the AIIB means that Beijing may not exercise the degree of control over the institution that it probably assumed it would, prompting it to continue to channel funds bilaterally to favored political clients. Moreover, while Russia has remained publicly supportive of OBOR, and explores ways for it to work in partnership with the recently formed Eurasian Economic Union, it has clear concerns, along with India, at the political implications of such extensive Chinese investments in the region. Although both Delhi and Moscow may welcome a shift in authority away from Western-dominated international financial institutions, they will now have to confront more immediately and practically the realities of a huge Chinese investment footprint, unmediated by concerns about Western encroachment and influence.

Conclusions and Policy Recommendations

Even if the OBOR is funded at a fraction of its current projections, it is an initiative that will likely have important regional impacts and deserves close scholarly and analytical attention. Unlike its U.S.-led counterpart, it will be supported by new regional mechanisms and institutions and is likely to pour unprecedented levels of external resources into Central Asia. At the same time, the enduring strength of Chinese assumptions about the benign developmental effects of OBOR may well clash acutely with local economic and political realities. At some point, an accumulation of local instability, blatant kleptocracy, and problematic projects may well force Chinese officials to rethink or question Beijing’s longstanding policy of non-interference in the domestic affairs of its aid and investment recipients.

Is the Russian Economy Finally Tilting East?

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“The Russian eagle has two heads.
One is looking westward, the other is looking eastward.”

- President Boris Yeltsin

In 2012, Russia exported 550,000 barrels of oil per day (bpd) to tiny Netherlands, but less than 500,000 bpd to China (Figure 1). According to the “gravity model” of trade, the volume of trade is proportional to the size of two countries’ GDPs and inversely related to the distance from each other, so Russian exports to China should greatly exceed exports to the Netherlands. China’s GDP is at least an order of magnitude larger than that of the Netherlands, while the distance from the main Russian oil fields in western Siberia is approximately the same to both states. Not only the oil trade, but all Russian trade and investment flows are very much skewed westward.

The Ukraine conflict and the Western economic sanctions that followed have provided a major push for the geographic reorientation of Russia’s foreign economic trade and investment. A Eurocentric pattern of foreign trade and investment is gradually being replaced by a more balanced one, in which Asia and especially China will play a more prominent role. It is likely that Europe and Asia will be evenly represented in Russia’s future economic relations. But if Russia’s confrontation with Europe continues, China (and all Asia) may well replace Europe as Russia’s center of economic gravity.

Russia’s Energy Trade Imbalance

In 2014, over 50 percent of Russia’s overall oil exports went to Europe and the post-Soviet states, while only 24 percent went to East Asia (China, South Korea, Japan) (Figure 1). Up until 2009, Russian natural gas was not at all exported to East Asia. Even now, all Russian non-liquefied gas goes to Europe, the post-Soviet states, and Turkey (Figure 2).

Russia started to export liquefied natural gas (LNG) with the operation of the Sakhalin Energy LNG plant, which can export up to 22 million cubic meters of LNG per year. Unlike its traditional oil and gas exports, Russian LNG is totally Asia-oriented. Nearly all Russian LNG goes to Japan (76 percent in 2012) and South Korea (20 percent) under long-term supply agreements; the rest goes to China and Taiwan. However, revenue from LNG exports in 2014 totaled only \$5.2 billion, less than 10 percent of the revenue from natural gas exports (without LNG) of \$55.2 billion.

Russia has also finally begun to send more piped oil to Asia as well. In 2011, the Skovorodino-Daqing segment of the Eastern Siberia-Pacific Ocean (ESPO) oil pipeline, intended to export 15 million tons of oil every year over the next 20 years, was launched. Before, oil was exported to China only by railroad. In December 2012, the pipeline was extended to Kozmino, near Russia's far eastern Nakhodka port. In December 2013, Russia signed an agreement with China to sell up to 31 million tons of oil.

An agreement on a new gas pipeline (the "Power of Siberia") between Russia and China was also finalized in 2014, with construction scheduled for completion in 2018. This line is to provide annual deliveries of up to 38 billion cubic meters over 30 years. A second proposed pipeline, the Altai route, crossing the Russian-Chinese border between Kazakhstan and Mongolia, would deliver another 30 billion cubic meters of gas per year. Nonetheless, even with these new projects, gas and oil export from Russia to East Asia will still be less than to Europe today. Total Russian gas exports in 2014, including LNG, amounted to about 195 billion cubic meters, with only 20.5 billion cubic meters of LNG going to East Asia.

The Same Goes for All Russian Foreign Trade and Investment

In 2013, the geographic structure of all Russian trade was similar to its oil and gas trade. Only 13 percent of Russian exports and 25 percent of imports went to or came from China, Japan, and South Korea, while over 50 percent of Russian trade was with Europe (Figure 3). In 2012, China's trade with Brazil, a country with a GDP (ppp) similar to Russia's, was nearly as large as its trade with Russia (\$83.3 and \$87.5 billion respectively), even though Brazil is thousands of kilometers away.

Foreign investment flows have a similar geographical structure. Over half of all foreign investment in Russia is from European states, whereas only 11 percent is from China and Japan. For foreign direct investment (FDI), the share of Japan and China is only 1% each, whereas over two-thirds comes from European states. Of outward Russian FDI, Japan, China, and South Korea account for less than 1% each (Figure 4).

East Asia's economic potential surpasses that of Europe. According to IMF data for 2010, China's GDP (in purchasing power parity) amounted to \$10 billion; Japan's, \$4.3 billion; and South Korea's, \$1.5 billion. Combined, their GDP exceeds that of the European Union at \$15.2 billion. Adding the GDP of Taiwan, Southeast Asia, Mongolia, and North Korea to the mix further boosts Asia's relative weight.

Asian economies are also growing faster than those of Europe. The annual (incremental) increase in GDP in East Asia is higher than that in Europe by an order of magnitude. Moreover, the geographical diversification of trade is a universal guiding principle for every country, regardless of its political orientation. No country wants to put all its eggs in one basket. An economic focus on a single region is undesirable even if that region

contains friendly partners. Why then Russia is so Eurocentric in its trade and investment patterns?

East-West Stereotypes and Economic Orientation

“The Russian eagle has two heads,” former Russian president Boris Yeltsin used to say, when questioned about Russia’s international orientation. “One is looking westward, the other is looking eastward.” Maybe so, but how much does the eastward-looking head actually see?

Whatever the reasons for Russia’s Eurocentric geographical pattern of trade and investment, they are mostly non-economic. Until the deterioration of relations with the West and the Ukraine conflict, Russia looked down upon China, not giving it the same attention China gave to Russia. For centuries, Russians have been unwilling to “become” Asians. They have identified themselves with and talked about European civilization—European education, values, services, consumer goods, and so on. Toward Asia, Russians have had a different set of idioms, such as Asian craftiness, cunning, even cruelty. The nicest phrase used has probably been “Asian exotics.”

This outlook is changing, but slowly. Russian liberals fear a pro-Eastern orientation the most. They do not like China because of its authoritarian, communist regime. Any contacts with China, or any study of its experience, they consider shameful. In China, Russian liberals are known as opponents of Russia-China cooperation. From the other side of the political spectrum too, it is not uncommon to hear talk about a “yellow peril” and the creeping expansion of Chinese migrants into Siberia and into major Russian cities. As a result, government policies, at least until recently, were far more favorable to developing ties with Europe than with Asia, in particular China.

Conclusion

Russian prejudices against closer relations with China are wrong and harmful. In ten years, maybe sooner, China will be more developed than Russia economically and no less democratic. Then it will be possible to carry out an objective evaluation and to compare the costs and benefits of the two countries’ transformations – by how much living standards have increased and how many lives were lost during the transition to market economy and democracy.

It may well be that in the next decades, with the benefit of hindsight, it will be only too obvious how Russia had sidestepped its Asian opportunities until 2014. Russia is lucky to border China—an emerging world economic leader—but it has not benefitted from this proximity as its primary policy goals have been Western-oriented, at least until the Ukraine conflict. Now the attitude of the Russian elite is changing, and there is no sign that Europe is willing to consider the inclusion of Russia into European structures. As a

result, it is highly likely that the Russian economy will continue to reorient itself toward the East.

Figure 1.

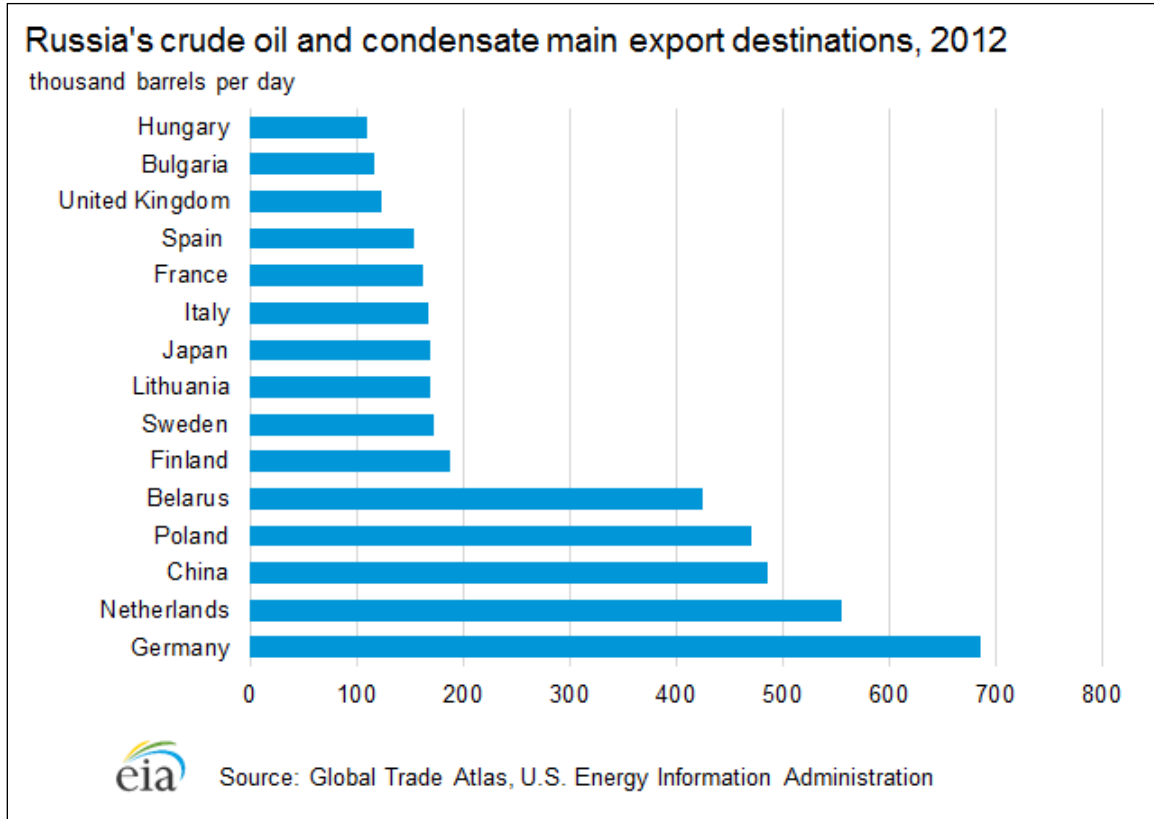


Figure 2.

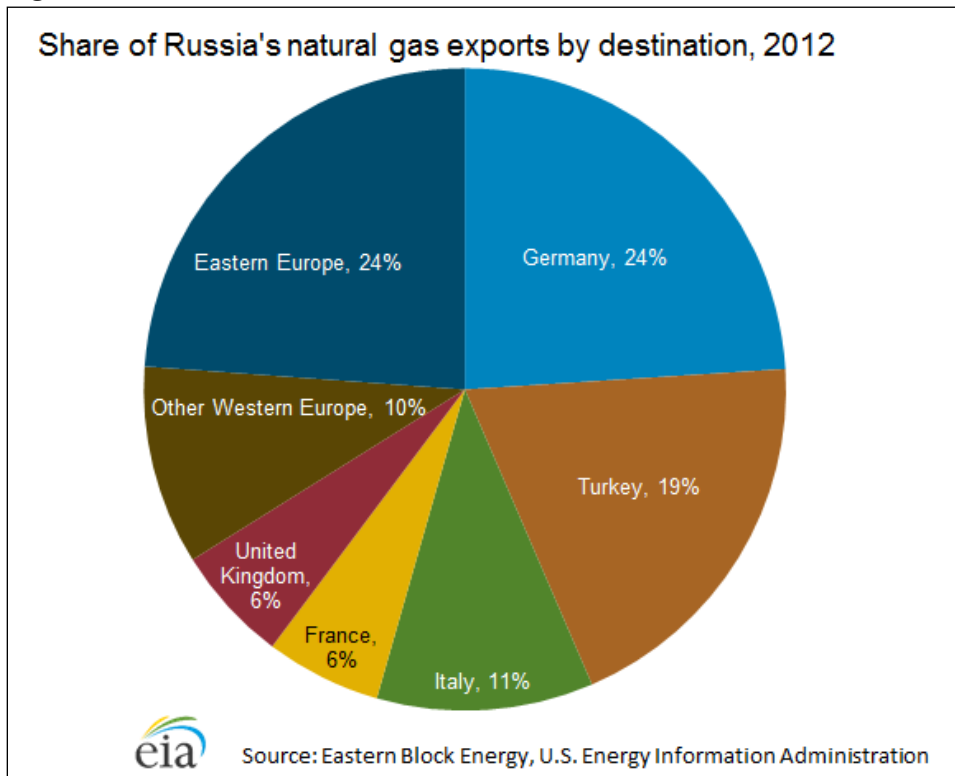
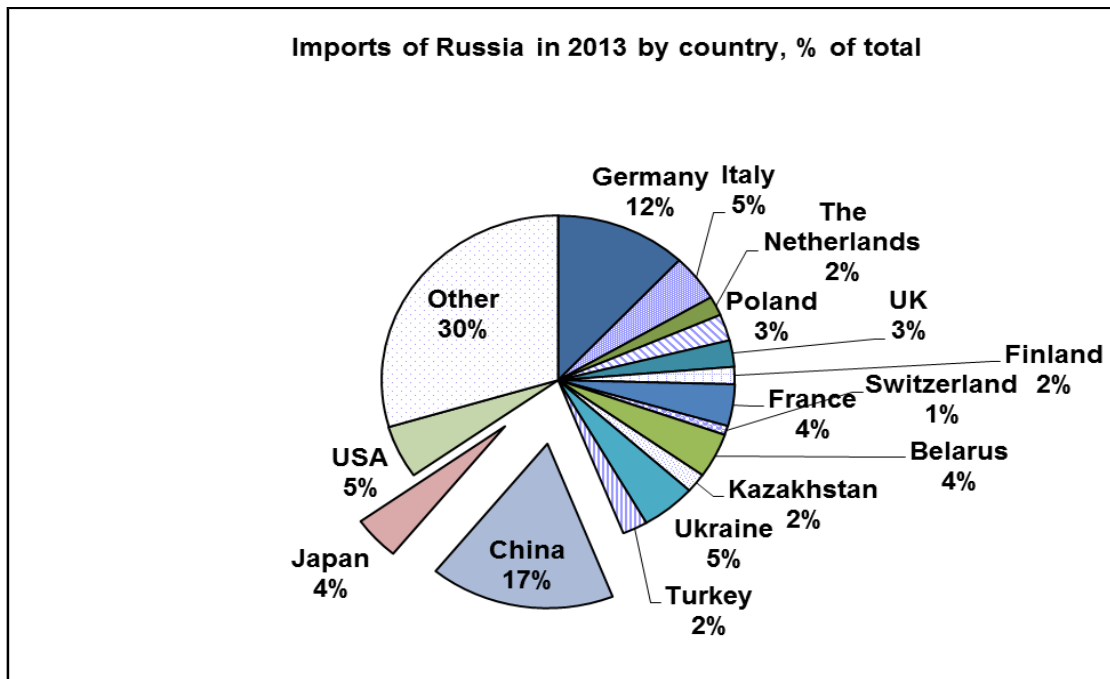
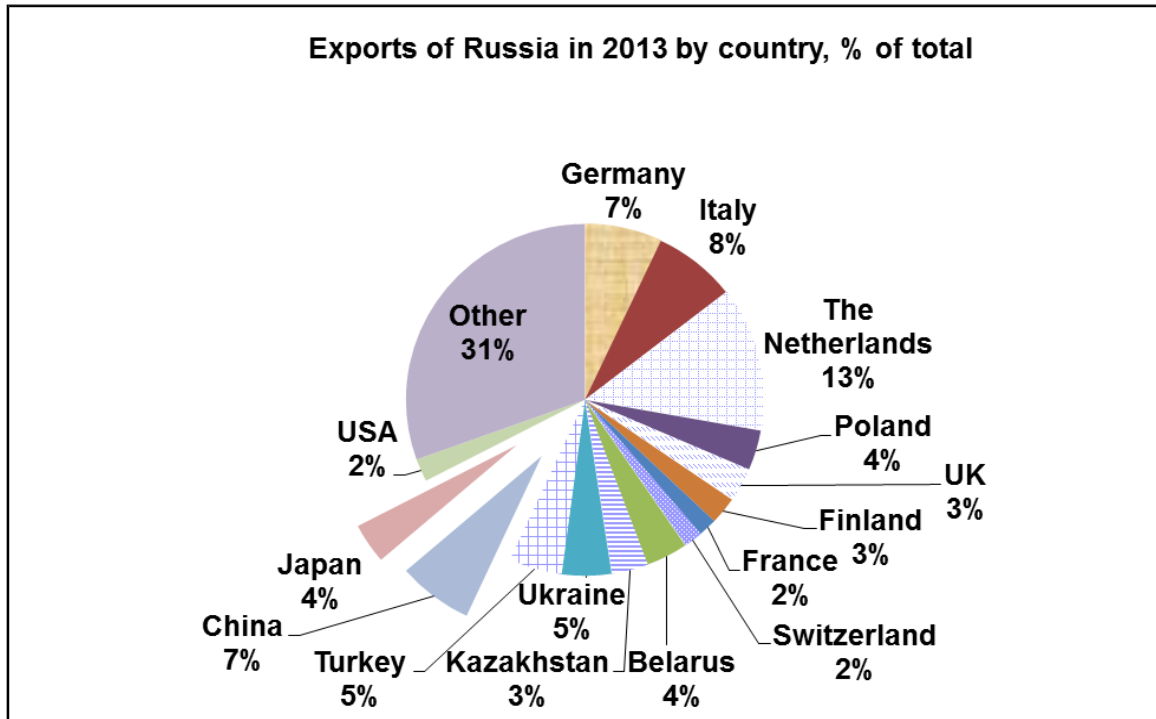


Figure 3 (A and B). Geographical structure of Russian trade in 2013, % of the total
A.



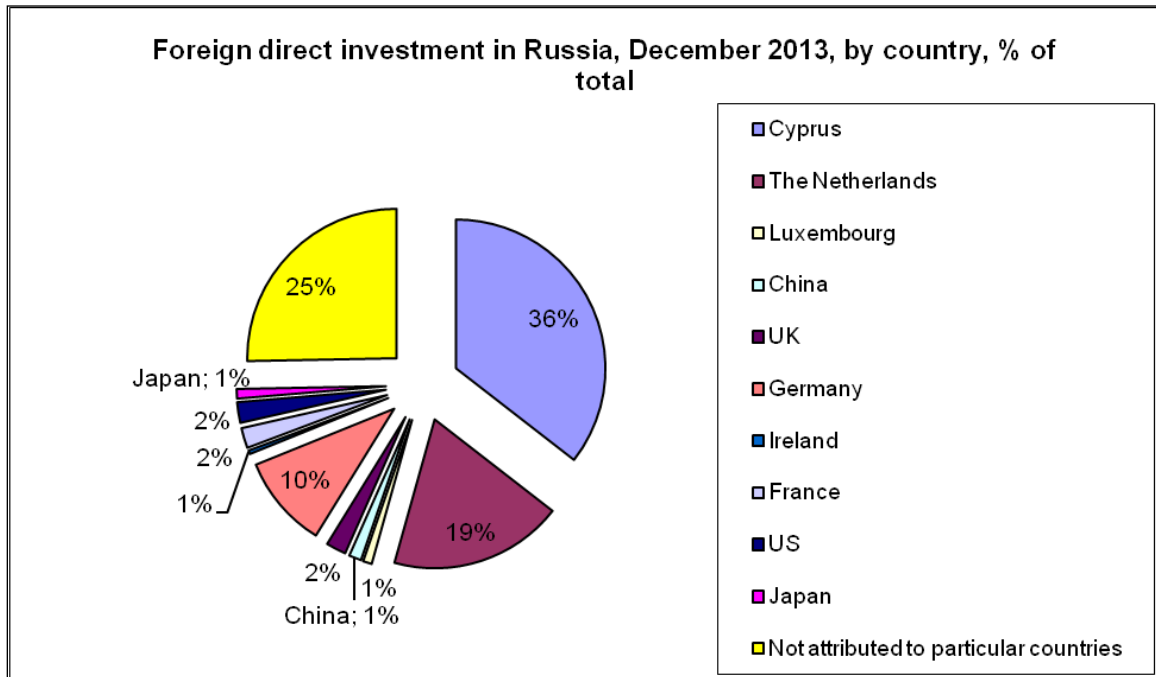
B.



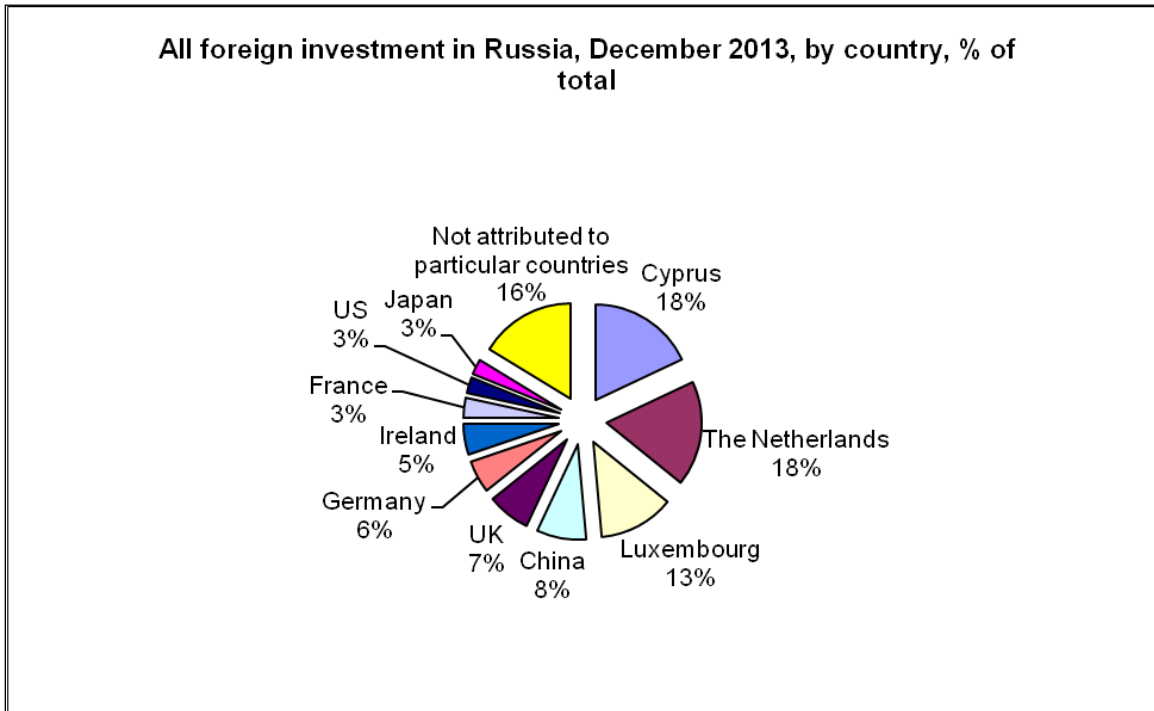
Source: Federal Statistical Service of RF, <http://www.gks.ru/>

Figure 4 (A, B, and C). Geographical structure of foreign investment, foreign direct investment in Russia, and Russian direct investment abroad, % of total

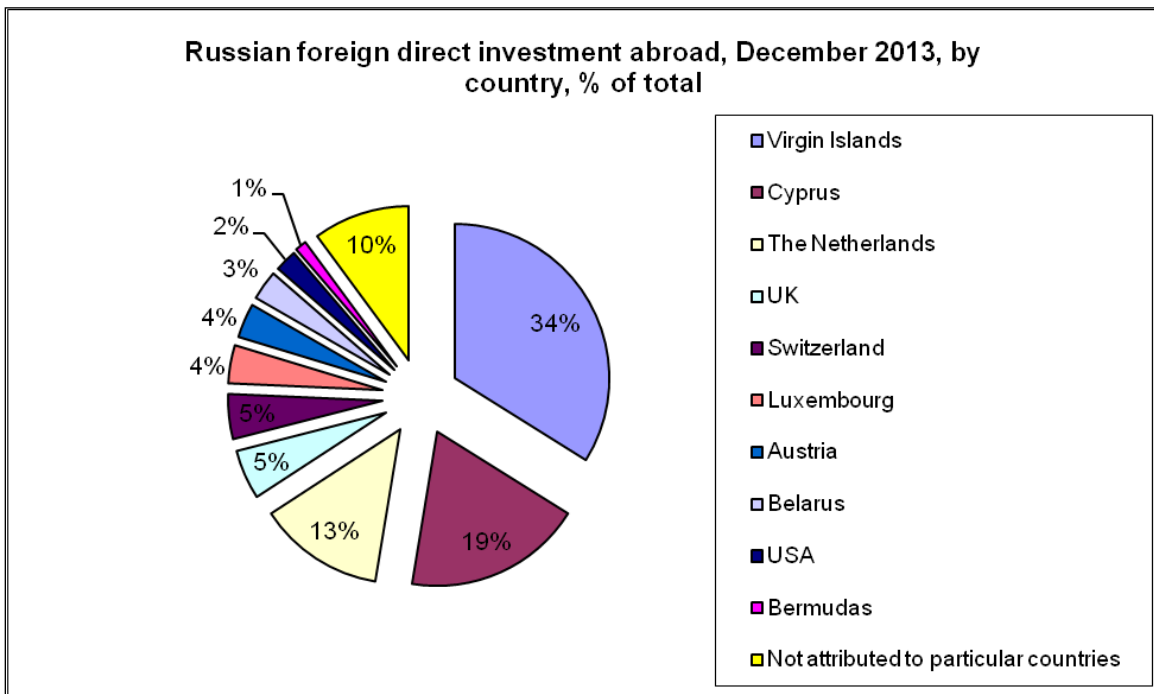
A.



B.

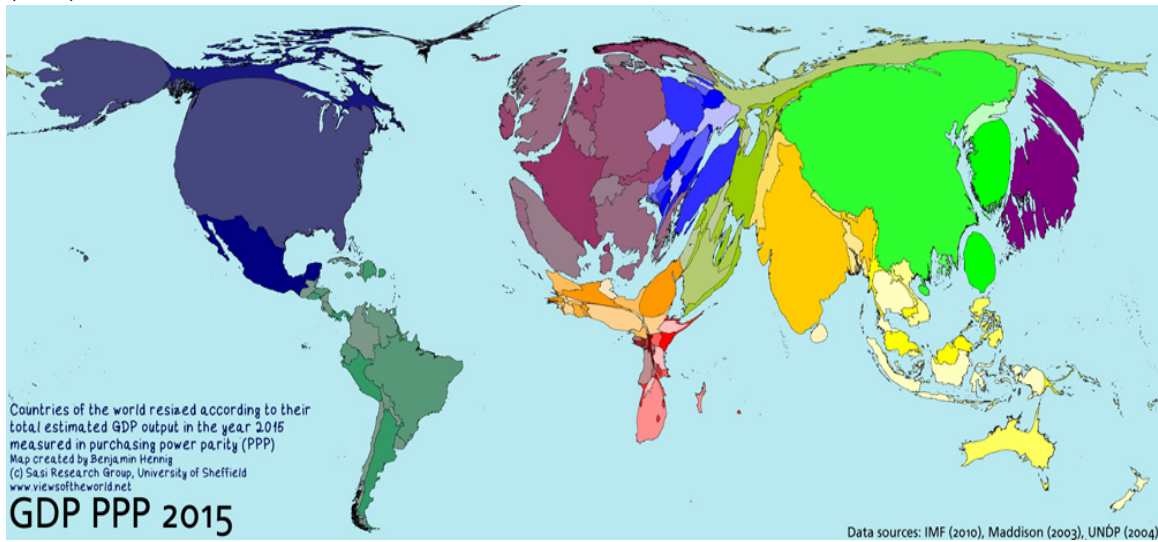


C.



Source: Federal Statistical Service of RF. <http://www.gks.ru/>

Figure 5. Map showing states of the world resized according to their estimated GDP (PPP) in 2015



Source: Views of the World. <http://www.viewsoftheworld.net/?p=870>

The Sochi Syndrome Afoot in Central Asia

SPECTACLE AND SPECULATIVE BUILDING IN BAKU, ASTANA, AND ASHGABAT

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“Baku has a historical beauty. Ancient Baku has its own beauty, and it is a source of our pride. At the same time, the rejuvenating and modernizing Baku has already secured a rightful place on the world map....We are turning Baku into a city of gardens, parks, and boulevards. Baku is our beautiful city, and I can say with full responsibility today that it is one of the most beautiful cities around the world....So we are creating an unprecedented environment in the city that will be very difficult to match. Such development and such investments really show the dynamic development of our country over a short period of time.” – [President Ilham Aliyev \(2012\)](#)

“Urban boosterism” is defined as the active promotion of a city, and it typically involves large-scale urban development schemes, including constructing iconic new buildings, revamping local infrastructure, and creating a new “image” for the city. Long a popular tactic of free market liberals to justify speculative building (that is, in the absence of existing demand), the logic of urban boosterism hinges on freedom of movement of both capital and individuals. Curiously, though, it is increasingly at work in settings less committed to such freedoms. Urban planners in authoritarian countries are increasingly seeking to create new images for their cities and states through grandiose urban development and the hosting of major international spectacles (or “mega-events”), such as World’s Fairs, Olympic Games, or the World Cup. As citizens and their leaders in liberal democracies grow increasingly fatigued by – and intolerant of – the skyrocketing expense of hosting such spectacles, leaders in non-democracies have been quick to pick up the slack and are beginning to win first-tier event bids (like the 2008 Beijing Olympics; the 2014 Sochi Olympics and Russia’s 2018 World Cup; and Qatar’s 2022 World Cup). While urban boosterism in liberal democratic settings is also used to solidify the position of “growth machine” elites, the unprecedented \$51 billion price tag for Russia’s Olympic Games in Sochi shows that resource-rich, non-democratic states are positioned to develop such projects on a dramatically larger scale.

The “Sochi syndrome” is a sign of what we can expect as more and more nondemocratic, illiberal states host these events. Taking the cases of Azerbaijan, Kazakhstan, and Turkmenistan—all of which rank among the world’s least free countries in the classification system of Freedom House, a U.S. nongovernmental organization—this memo illustrates how these events serve as a convenient platform to consolidate

authoritarian systems and to promote state-dominated, elite financial interests. Boosterist agendas in Baku, Astana, and Ashgabat serve two related purposes: (1) distributing financial and political patronage; and (2) promoting a positive image of the state for both international and domestic consumption.

Symbolic Cities: Baku, Astana, and Ashgabat

“The transfer of the capital to Astana is a landmark event in the history of a new Kazakhstan. For us, the construction of Astana has become a national idea which has unified society and strengthened our young and independent state. This has become the stimulus for our people and it helped them believe in their strength. Today, Astana is the symbol of our high aspirations, our competitiveness, and unity....The most important thing is that Astana, throughout its development, has indeed become the major city of Kazakhstan. In their hearts, our people have truly nurtured sincere love for our capital. Every year, thousands of people in Kazakhstan seek to come here just to see this majestic symbol of our state. Foreign guests admire Astana, and this suggests that we have done everything well.” – *President Nursultan Nazarbayev (K Magazine, 2010)*

While many post-Soviet cities have experienced significant decline since the 1990s, Baku, Astana, and Ashgabat have stood out as regional exceptions in the years since the demise of the Soviet Union. Drawing on the tremendous resource wealth they inherited, independent state planners have overseen ambitious transformations in their capitals. Astana became the new capital of Kazakhstan in 1997, and the scale of government investment has since stunned international observers and citizens alike. Ashgabat has likewise seen monumental development with its opulence displayed on the white marble facades lining its grand new avenues, a project initiated by late President Saparmurat Niyazov and continued under Gurbanguly Berdymuhamedov. Baku, for its part, is also undergoing a rapid transformation, with numerous iconic new buildings erected alongside a selective preservation of its impressive architectural heritage.

Azerbaijan, Kazakhstan, and Turkmenistan are like other rentier states around the world, where infrastructure development is inextricably linked to (more and less official) patronage practices around the exploitation of natural resource reserves. This phenomenon is especially visible in the capitals, where construction and development contracts are a favorite conduit for these relations. For example, although much of Astana’s new urban infrastructure has been officially sponsored by the government, it is commonly referred to as normal business practice in Kazakhstan for private companies to develop local infrastructure. Indeed, Astana’s earliest phase of construction was funded through various “contributions” that were solicited from various oil companies, which were viewed as deal-sweeteners to win favorable terms in new contracts. Patronage practices aside, the symbolic dimensions of iconic urban development offer important insights into how these political and economic practices are made legitimate in the public sphere.

Elites actively frame the boosterist development in their capitals as a sort of “business card,” advertising their new orientations in the post-Soviet era as “reformed,” “modern,” and “competitive.” This is apparent in the quoted passages above by Presidents Aliyev and Nazarbayev, and also from Ashgabat:

“Ashgabat gets new breath and according to many indications has been achieving the level of world standards; our President Gurbanguly Berdimuhamedov has done a great service for this. It is the result of his political will, diplomacy, distinguished organizational skills, and permanent attention to the problems of the capital and, of course, to architecture. The love of each Ashgabat inhabitant to [their] native city doesn’t leave [their] heart. And it is huge earnest [sic] of success that the city in spite of any difficulties will overcome all obstacles and will confidently make a step into [the] future.”

- [Ashgabat Official Website \(2014\)](#)

Through such flowery rhetoric, the allocation of state funds is justified on the symbolic grounds of needing to impress “the world.” This symbolic scripting notwithstanding, finances do matter. However, the question we must ask is not *whether* ordinary citizens benefit, but more generally: *who* benefits?

Who Benefits? The Sochi Syndrome in Baku, Astana, and Ashgabat

Urban boosterist development most directly benefits the top elites in Azerbaijan, Kazakhstan, and Turkmenistan and, in many cases, a select group of well-connected foreign firms and individuals. Infrastructure developed for international spectacles makes this particularly apparent because the facilities have an extremely limited public use—despite the narrative that they are “for the people.” The “people,” however, will never recoup the funds their governments spend on such tremendous facilities. Yet across Central Asia an increasing number of major iconic sporting venues are going up, and planners in Baku, Astana, and Ashgabat have been vigorously pushing for more events, which they see as ideal conduits for diffusing positive images of the countries’ development agendas.

So far, planners in the region have not been able to win bids for first-tier mega-events. Instead of waiting, however, they have used the boosterist “build it and they will come” approach to justify the investment of extraordinary sums of money into *second-tier* events. These events, they argue, are stepping-stones for developing the infrastructure and gaining the experience required to compete for first-tier mega-events. This narrative was clearly at work in Kazakhstan, for example, when it hosted the 2011 Asian Winter Games in Astana and Almaty. Early reports suggested that the government allocated \$726 million for the construction and renovation of facilities, but the figure was more likely in the range of \$2 billion. Similarly, figures for the EXPO-2017 (a second-tier World’s Fair) suggest that the government will spend approximately \$2.3 billion, although this is likely to be a gross underestimation.

Such extraordinary sums for second-tier events have clearly shown elites the power of the boosterist logic. In Kazakhstan, as in the other countries, the president harbors ambitions to host the Olympic Games (indeed, Almaty is among the two remaining contenders for the 2022 Winter Games, but critics are widely suspicious of its viability). Elites are able to leverage this information, together with the government's long-term effort to develop Kazakhstan's international prestige (the regime's so-called "image project") to promote boosterist development. In the case of the country's new multi-million dollar sporting facilities, however, the results are far more symbolic than functional.

Most buildings around Astana look fine from afar, but upon closer examination they uniformly reveal serious flaws in design, engineering, workmanship, and materials. The Saryarka Velodrome, for example, was "completed" for the Asian Games in winter 2011, but the site was in complete disarray by the summer: much of the exterior was incomplete, building materials were strewn about, and exterior roof-support beams were already broken or falling down, leading to concerns about whether the poorly-designed roof would withstand Astana's heavy snow. Although there is widespread awareness of the low construction quality among Astana residents—those who must live and work in these buildings—their opinion is clearly of little concern to decision-makers. Developers and planners are far more preoccupied with the structures' appearance from a distance, and its ability to deliver the desired visual image demanded by state procurement officials: as long as photographs of facilities from afar look nice, developers are positioned to make large sums of money by keeping construction costs down.

Planners in Baku and Ashgabat have also pursued opportunities to host international sporting spectacles. Like Kazakhstan, these are largely second-tier events, for which officials have justified mammoth investments through the same "stepping stone" narrative that one day they will host first-tier events like the Olympics. This is amply illustrated in Ashgabat's new 157-hectare "Olympic Complex," under construction for the 2017 Asian Indoor and Martial Arts Games. The complex includes the expansion of the Ashgabat Olympic Stadium, which was built in 2003 for 35,000 spectators, as well as the construction of a velodrome, indoor and outdoor arenas and sports fields, a medical center, hotel, and so on. There is little reason to believe that these grand new facilities will be used to any extent that might justify their cost, but this is of little significance to planners who are not operating on a strict neoliberal market rationale. Since the state is funding their development without an eye to popular demand and income generating potential, contractors and other actors commissioning these projects are positioned to make a great deal of money by developing these iconic facilities, regardless of their illusory profitability in the long-term. So while elites themselves profit in the short term, they are neither impacted nor held accountable for the hollowness of their claims of future pay-offs "for the people." Their profits are already secured, and they face no danger of being voted out of office.

Urban elites in Azerbaijan have also sought to position Baku as a major city, ostensibly seeking first-tier mega-events but mostly slated for second-tier events, such as the 2012 Eurovision song competition, the 2015 European Games, the Formula 1 European Grand Prix from 2016, and the 2017 Islamic Solidarity Games. As in the other two cities, the hosting of sporting events in Baku is understood as having longer-term boosterist potential—not just the site of global spectacle for a month, but also an ideal opportunity for the “growth machine” elites to promote their real estate development schemes and various other business interests. In fact, Baku’s business elite has long maintained a tight grip on the country’s Olympic Committee and other sporting organizations, which are seen as a rich source of potential profit and international prestige. The Crystal Palace, for example, was specifically built for the Eurovision contest, at a cost of \$350 million, while the city’s newly opened national football stadium, capable of seating 68,000, had an impressive \$300 million price tag. Estimates suggest that the government will spend around \$8 billion overall on preparations for and hosting the European Games. As with Astana and Ashgabat, these investments have been strategically accompanied by a narrative of Azerbaijan’s modernity and its rise to international prominence.

Conclusion

In the capitals of Azerbaijan, Kazakhstan, and Turkmenistan, patterns of development are made possible by resource-based economies and elite-dominated patronage patterns common to rentier states around the world. These three countries all highlight the need to take political geography seriously if we are to understand boosterist urban development in nondemocratic settings. In gearing development around international mega-events, state and city planners in Astana, Ashgabat, and Baku are able to draw on the credibility of a global discourse about boosterist development, justifying speculative building that functions locally as an important means of enriching top officials and distributing patronage.

We have also argued that the symbolism of an internationally-esteemed capital city is central to understanding how elites have been able to use these projects in their state-making efforts—using resource wealth, officially and otherwise, to cultivate the credit for transforming the country and setting it on track for a new era of “modernity,” all the while painting the three capital cities’ development as a “gift” to the people from the state. The use of urban boosterism narratives in the absence of a neoliberal logic of freedom is far less paradoxical when it is viewed as a set of opportunities to both distribute elite patronage and engage in domestic and international “branding.” Although resource-rich states of Azerbaijan, Kazakhstan, and Turkmenistan have only yet seen second-tier events, they illustrate that the Sochi syndrome is afoot in Central Asia.

Post-Succession Scenarios in Central Asia

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University of Washington

The first generation of Central Asian presidents will not be around forever. It is only a matter of time before the region experiences several successions stemming, most likely, from the death or incapacitation of a leader. What follows the passing of the head of state has been a topic of much speculation among Central Asia watchers, who in the last decade have spent inordinate time analyzing predictably unpredictable Kyrgyzstan. In the next decade, the chances are high that some of the predictably predictable states of the region—Kazakhstan, Uzbekistan, Tajikistan, and Turkmenistan—will experience major leadership turnovers. The former two have septuagenarian leaders and unclear succession plans. The latter two are ruled by somewhat younger heads of state who came to power after independence, but they preside over equally opaque and convoluted political systems (and are also approaching the life expectancy for men in their countries).

Most analyses of succession in Central Asia tend to the extremes. One scenario envisions a smooth transition decided behind closed doors (aka the Turkmenistan Scenario): high-ranking officials meet in a conclave and select a mutually acceptable and pliant figure who can protect the interests of the relevant “clans.” Stability prevails, but so does authoritarianism. The elite-led nature of the transition prevents any political openings that could enable any mass movements to bid for power. For those inclined to wager, this is probably the most likely scenario, given that it has already occurred in Central Asia, as well as in Azerbaijan.

The other scenario—more frequently mooted, since it provokes the imagination and spills a greater amount of ink—involves state collapse and anarchy. With no plan for succession, elites compete for power without clear guidance for who should take the reins, leading to a violent struggle that spills out onto the streets. This “failed state” paradigm of political change allows analysts to implicate their favorite regional scourge once order breaks down, the more popular ones being rival clans, Islamists, neighboring hegemony seeking to protect kinsmen, or a resurgent Russia—not necessarily in that order.

This memo details a middle course between these two popular yet contradictory narratives of succession. I undertake a thought experiment on the plausible dynamics and most likely players in a political struggle after a leader’s passing. In order to give the scenarios, speculative as they are, surface plausibility, I anchor the assessment in

institutional patterns and political dynamics that have been witnessed before: in Russia before Putin, Tajikistan during its civil war, and Kyrgyzstan in 2010. I identify two arenas of power that have suffered relative analytical neglect in discussion of the post-succession dynamics in Central Asian states: elites outside the president's entourage and social sources of order that emerge in response to the unraveling of a ruling coalition in the capital.

Pacts Are Not Made to Last

For two decades, the informal rules of political order in Central Asia have worked effectively in the limited domain of securing elite interests: by managing the distribution of resources and preventing challenges from society. Networks of elites sharing common interests based on regional, professional, or educational background have competed for government posts and control of property, and they have agreed to unwritten pacts that recognize the distribution of power. Presidents have served as balancers among these interest groups and as arbiters when disputes arise. There are occasional notional glitches, as evidenced by major arrests or untimely deaths of leading figures, yet the system has endured and effectively managed change.

The longevity of the system is also a weakness, however. Because the system has been so successful, there has been no impetus to rewrite the rules—or to devise rules on how the rules might be rewritten—leaving the players with no experience in dealing with change. When the arbiter is no longer around, without precedents to manage crises without the intercession of the president or *known* reliable mechanisms to transfer power, actors will be operating under a cloud of uncertainty.

The question of change in Central Asia is often framed as whether there is a succession plan or not. The logic has it that if the president has imposed a mechanism to choose a successor and the relevant players agree to it, then the succession is solved. It can be self-enforcing if the designated successor acts as a focal point, or because someone who deviates will expect to be punished. However, this premise assumes a level of trust and open communication among elites that is lacking in opaque and fiercely competitive systems.

In reality, even if there is a succession plan promulgated by the president, once he leaves the stage there will no longer be an enforcer to carry it out. If players are distrustful, they might not want to reveal their intentions and will be suspicious of the intentions of others. In an atmosphere of distrust, elites who reasonably fear they might be arrested or outwitted by rivals have incentives to retreat into defensive alliances, formulate backup plans, or act preemptively. If the rules do not stick, elites will find themselves without clear guidance for action and will have to improvise. The chances for miscalculation are high. It is at this point that most narratives turn dire.

Insecure Incumbents

One dimension of politics that will shape post-succession outcomes is the distribution of power among the existing elite. Political scientist Henry E. Hale's [model](#) of patronal presidentialism is useful for understanding the ensuing dynamics. In post-Soviet politics, presidents preside over a web of patronage and manage resource flows. Power can be exercised through a single pyramid corresponding to a system of one-man rule or through a multiple-pyramid system with several powerful leading figures. When a president exits the scene, elites rally around the presumed successor or, if he is perceived as weak or intends to step down, will defect and gravitate toward the most promising alternative.

But this model does not provide clear predictions under two conditions that often obtain in systems that deter open opposition: the lack of emergence of a consensus successor and an incentive structure that deters opportunistic actors from subordinating themselves to a new claimant. These scenarios are interdependent, as the lack of a clear successor—and a prolonged interregnum during which a credible leader does not emerge—is likely to beget alternative projects that compete with central authorities.

Although it is convenient to depict elites as interchangeable nodes in a network, in practice they are not all of equal stature. Actors vary in proximity to the president; in the amount of formal and informal power they wield; in the extent and cohesiveness of their networks; and in personal characteristics. Rulers cannot eliminate all centers of power by repressing or exiling their foes. They may co-opt rivals and absorb them into the system, but this does not deprive them of latent power. Actors within the state structure gain influence simply by virtue of their position. They replicate the actions of their superiors and establish their own patronage networks, producing pyramids within pyramids.¹

Contenders and kingmakers in a potential succession struggle might emerge from middle levels of the ruling pyramid. Sub-pyramids may be relatively inconsequential during normal politics, but they represent a critical advantage for elite competitors amidst high uncertainty after institutional breakdown. The more powerful elites must decide whether to subordinate themselves under an emerging pyramid or aspire to lead a competing pyramid. They also act as brokers, signaling whether others should throw their support behind a claimant or withdraw it.

The Central Asian states are all single-pyramid systems (with the arguable exception of Kyrgyzstan, which formally has a parliamentary form of government), but they vary notably in the distribution of power within the state. Uzbekistan is a classic unitary pyramid with the great “khan” at the pinnacle. Nonetheless, [revelations](#) from leaked

¹ Hale and [Eric McGlinchey](#) also consider this type of variation.

diplomatic cables and European legal cases show that elites, including the president's eldest [daughter](#), have used their proximity to the president to amass resources and perform lucrative gatekeeping functions. Agencies in the state are staffed by principles of nepotism, and their principals jockey for position. Longstanding but latent competition between regional groups originating from Tashkent/Fergana and Samarkand/Bukhara could reemerge and structure the formation of political coalitions.

In Kazakhstan, thanks to early privatization and energy revenues, there is a wider array of players. Businessmen who benefited from privatization and members of President Nursultan Nazarbayev's extended family have accumulated assets and clienteles. Nazarbayev's son-in-law Timur Kulibayev has both the connections and the immense assets to make him a kingmaker (or, possibly, king). However, less visible but influential financial-industrial groups, which blur the lines between business and politics, [may also be](#) critical nodes of power in a disputed succession.

In Tajikistan, thanks to the civil war, President Emomali Rahmon's pyramid is of limited scope and fails to extend into regions that are sympathetic to the former opposition or logistically difficult to reach. For example, elite networks in Gorno-Badakhshan have retained autonomy from Dushanbe and profit from the cross-border drug trade.

Although nominally the same from outside, these internal differences matter. If a succession pact fails, elites can coordinate on the basis of these sub-pyramids. Heads of influential pyramids will seek to demonstrate their power in order to deter rivals and generate bandwagoning dynamics. Yet due to the opacity of elite networks in normal times, there are likely to be disagreements about the relative power of competing pyramids. Outcomes of these struggles are inherently unpredictable, but analysts seeking to make sense of elite machinations can identify autonomous pyramids from the key holders of assets and the flow of resources they control at the time the grand pyramid collapses.

Unexpected Upstarts

A second dimension of power stems not from identifiable elite actors in the president's orbit but from social sources of order. Analysts typically look to the capitals, where the wealth and media coverage are concentrated, to identify political contenders. But experience from post-Soviet conflicts suggests that local elites in the provinces may also have a say in post-presidential politics or act as spoilers. Due to their peripheral position, especially in rural areas, local elites face less monitoring of their activities from the center. Official neglect often generates resentments which local elites can exploit to amass clienteles.

In ordinary political times, local patronage networks are simply the vehicle through which business is done. Central governments rely on local brokers to implement policies

and provide feedback about local needs and sentiments. Yet in tumultuous times, local informal networks that operate under the radar can be the basis of rival orders. Local challengers may not be visible at the start of a succession crisis; their emergence is part and parcel of the wider breakdown of order.

The perception of a weak state is self-fulfilling. People act on expectations of reward or punishment. If a rupture in national politics is not quickly sealed, and if the state visibly fails to deter criminality and property grabs, this can cause dramatic shifts in perceptions of the state's ability to enforce the law. At the local level, actors estimate the future likelihood that the central state will be strong and decide where to throw their weight. If the state appears ineffective, entrepreneurs will invest more in securing alternative sources of order, whether through associations of economic entrepreneurs, private militias, or the mobilization of "people power."

If local leaders emerge to present alternative nodes of power to the center, elites in the capital may defect—perhaps allying with groups from their home regions—and further devolve power to the peripheries. Opportunistic leaders coordinate with actors who have constructed similar clienteles and create the skeleton of a new political order.

In highly centralized political systems, it may be hard to imagine how local powerbrokers, much less warlords, might emerge. Even though the strength of local networks is related to central weakness, we can surmise about regions in which defiant coalitions might emerge by noting where there is a combination of weak supervision, resentments, and resources. For example, we could look to second cities and economic-cultural hubs that gave rise to influential patronage networks during Soviet times. Another source of probable resistance are salient cultural or ethnic markers, especially where those differences are repressed or persecuted. Another factor that could lend strength to a local network is location in border zones, which could attract outside patronage, whether from states or ethnic kin.

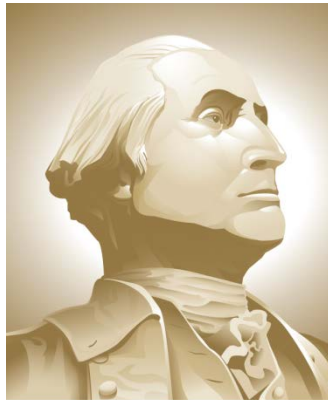
It is also difficult to envision who can emerge as a leader where presidents have total control over appointments. In Kyrgyzstan, criminal authorities and charismatic elites have appeared and raised resistance to the weak state. In other states, where independent local elites have ostensibly been eliminated, they may emerge from within the state itself. Even loyal appointees cannot help but create clienteles, especially if they have local roots. They may comprise mayors, local police chiefs, and members of the security establishment, who have the advantage of wielding force. In case of central breakdown, there could be alliances of diverse actors possessing different skills but sharing an aversion to central *diktat*: oligarchs, criminals, former politicians, local charismatics, and local functionaries.

Conclusion

The upshot is not necessarily state failure nor even violence but rather a renegotiation of the distribution of power, whether formalized or not. In the short term, the new leadership would be compelled to make concessions to regional forces and expend capital co-opting them into the dominant patronage network or trying to remove them (say, by firing, exiling, or killing). The first post-Soviet presidents consolidated power for several years before their pyramids were complete, but their supremacy was never in doubt. Yet extreme political centralization may be a historical anomaly, resulting from the imbalance of power between strong Communist Party first secretaries and weak social movements that prevailed in 1991. The second generation of leaders, which will not enjoy the presumption of legitimacy of their predecessors, may not have it so easy. If a succession struggle persists, it may not be possible to claw back all the power that is lost in the process.

Analysts tend to focus on heads of state and action in national capitals. Yet it is precisely because some actors can avoid the spotlight that they can gain leverage in quiet times to deploy in more turbulent ones. In many states at comparable levels of development to Central Asia (Kazakhstan being an exception), it is normal for the center to struggle to project power throughout the whole expanse of territory; de facto power sharing agreements with regional elites and areas of limited central state control are the norm. This may become the new normal in Central Asia once power is not simply handed over to heirs apparent who inherit an elite consensus.

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