

# Box of Gems or Pandora's Box?

## How the European War Shifts Central Asia.

*Jahangir E. Arasli*

*"Central Asia has always been a tough geography"*

– Arindam Mukherjee,  
*The New Indian*, 27 May 2022

The ancient chroniclers lyrically called Central Asia a “Box of Gems” buried in the sands of a desert. Indeed, this landlocked region, placed in the heart of Eurasia (the Silk Road region), far from any ocean shores, is abundant in natural resources of all kinds, from fossil fuel and rare-earth metals to fertile agrarian lands. In the meantime, Central Asia historically was either controlled by or sandwiched between empires that came and went. When the last overlord—the Soviet Union—sunk into oblivion, five newly-independent states emerged from its ruins. After more than three decades, those states continue to suffer from the “shell shock” of unforeseen independence. The search for new identities, ethnic frictions and conflicts, fragile borders, immature state systems, social inequality and tensions, religious radicalization and political violence, demographic pressure, and environmental degradation—all are drawbacks of “post-partum trauma.” From this perspective, Central Asia seems like a “Pandora Box” of quandaries, not just within but also beyond the region. And if this is not enough, the 2022 European War (a.k.a., the War in Ukraine) critically multiplied the aforesaid complexities and even threatens to trigger worst-case scenarios.

Therefore, this analytical policy brief will focus on the multiple effects of the European War on the region, the emerging challenges and opportunities, the actors involved, and potential outcomes for the five states of this part of the Silk Road region (hereafter, the Central Asian Five, or CA-5).

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## *February's Black Swan*

The Russian foray into Ukraine that began on 24 February 2022 was an abrupt surprise for the five core Central Asian states. After more than three decades since the demise of the USSR, Russia continued to view the region as its “backyard” and as belonging to its sphere of legitimate strategic interests. Indeed, it has enjoyed an essential influence in the CA-5 capitals through various means, including economic cooperation, defense agreements, military bases, political alliances, and personal relations with the region’s heads of state. At the same time, Moscow has jealously tried to thwart other players from penetrating the region, be it the U.S., China, or any other power. Russia’s outreach and determination to stay in control was expressively manifested by its swift military intervention in Kazakhstan during the January 2022 crisis.

Yet, the start of the 2022 European War has deformed all existing economic, infrastructural, political, and security equations of dependence and interdependence between the Central Asian Five and Russia. This has, in turn, shaped a new set of critical challenges, as explained below.

## *Economic Blowback: More Salt to the Wound*

The overwhelming sanctions and export restrictions regime imposed on Moscow by the West precipitated a shockwave effect on the CA-5. It distressed economic projects, trade and investments, initiatives involving transportation connectivity, the banking and finance sectors, and labor migration patterns. Particularly affected have been the countries supplying Russia’s migrant workforce. As of late 2021, Tajikistan and Kyrgyzstan were the top foreign contributors to the labor market in Russia, with each providing one million guest-workers. The estimated amount of the yearly migrants’ remittances came out to approximately 30 percent of the national GDP of both Tajikistan and Kyrgyzstan, while the figure for Uzbekistan was 12 percent. Apparently, the Russian economic slowdown caused by the cascading Western-led sanctions and export restrictions regime has ricocheted onto the Central Asian states. Just one instance: in 2021, Tajikistan’s citizens working in Russia sent back home some \$1,8 billion; in just the first three months of the war in 2022, over 60,000 of these had to return to their country due to decreasing employment opportunities. No equivalent opportunities in the West, Türkiye, the Gulf states, or elsewhere have appeared.

Another wartime consequence is the emergence of deficiencies in the supply of basic food products, which has resulted in price increases—due to the disruption of longstanding supply chains and the instability of CA-5 currencies that are tied to the Russian ruble. Both Tajikistan and Kyrgyzstan import no less than 60 percent of their food consumption. As early as spring 2022, the price of certain staples (e.g., flour and sugar) skyrocketed 20 to 50 percent, forcing CA-5 governments to open their respective emergency reserve stocks. A similar trend—rising costs and fluctu-

ating shortages—is observable with respect to heating fuel and gasoline. All in all, the forecasts by international financial institutions like The World Bank envisage that the CA-5 economies will continue to suffer progressively because of the secondary effects of the European War.

Those emergent wartime consequences resonate with enduring broader trends. Demography is the Achilles heel of regional stability. In the past 20 years, the population of Uzbekistan has grown by over 40 percent, in Kyrgyzstan that figure is 47.7 percent. In Tajikistan, there are 3.6 children per woman, while in Kyrgyzstan 100,000 to 130,000 children are born each year. The median age of the population in Tajikistan is 21-22 and in Kyrgyzstan it is 24-26. Officially, 20 percent of young Uzbeks are unemployed. In Tajikistan, GDP per capita is just \$800-\$850. According to UN data, 70 percent of Kyrgyzstan’s population lives at or below the poverty level, and the country cannot seem to produce enough job vacancies. Although Kazakhstan, Uzbekistan, and Turkmenistan are doing relatively better, the economic systems of Tajikistan and Kyrgyzstan are overloaded with foreign debts and corruption, and partway function in the “shadow zone” (including illegal drug-trafficking).

Hence, the high birth rate, overpopulation, un- and underemployment, non-efficient economies, and an explosive “youth bubble” are overlapping now with declining remittances, the return of migrant workers from Russia, and shortfalls and mounting food and fuel prices. Mass labor migration that served as a “valve” to release internal pressure cannot help anymore in the new environment. All this suggests that social and political instability may be right around the corner, at least in the two most vulnerable CA-5 states: Tajikistan and Kyrgyzstan.

### *Political Backfire: Between A Rock and A Hard Place*

As the European War is routinized without end in sight, Russia is sensitively watching its relations with CA-5 states, becoming suspicious of their “multi-vector” foreign policies, and delivering warnings through the public and private channels of the perils of “ingratitude” and “treason.”

Moscow is exerting pressure in different ways to maintain regional support for its course of action, prevent any backing of Ukraine, and preempt potential Western and Chinese strategic forays into Central Asia while it is busy with war. In addition, there are tempting offers issued to CA-5 states to act as a sort of “backdoor” to help Russia bypass the Western-led sanctions and export restrictions regime and benefit from doing so. However, such incentives pale when put alongside the potential political and economic consequences of anticipated American and European reactions. This is the Catch-22 moment, which makes the Central Asian states cautiously declare their neutrality in the conflict and formally distance themselves from both participants (although Russia believes this is not enough).

And the CA-5's Russian partners have certain levers at their disposal to "amend" what is perceived to be suboptimal behavior. For instance, in recent months the functioning of the CTC pipeline, which handles 80 percent of Kazakh oil exports, was temporarily put out of order three times by the Russian authorities due to what was officially called "technical" glitches at the Novorossiysk seaport terminal. Certain politicians and media outlets in Moscow are also trying to stir separatism in the northern and north-eastern parts of Kazakhstan, which has a substantial ethnic Russian population. Conspiracy theorists may suggest this was done intentionally to correct the "ambiguous conduct" of Kazakhstan's president, Kassym-Jomart Tokayev, towards the Kremlin's "special military operation" and to signal Moscow's discontent at his policy of re-routing transit corridors to bypass Russia. The latter move is regarded by Russia as an act of economic warfare waged against it by the West.

There is also the hard security dimension. Being wholly consumed by the conflict over Ukraine, Russia is no longer in the position to remain an actual security guarantor through the Collective Security Treaty Organization and its military presence in Tajikistan and Kyrgyzstan. That fact raises concern among CA-5 members, especially in light of developments in nearby Afghanistan and the challenge of domestic Islamist radicalization. That may push them to look for an alternative security provider(s). In the end of August 2022, a joint U.S.-Tajikistan military exercise—entitled "Regional Cooperation-2022" and organized by the U.S. Central Command—will take place. According to the American ambassador in Dushanbe, the goal of this exercise, which will also involve officers from Kazakhstan, Uzbekistan, Kyrgyzstan, and some other countries, is to rehearse multinational "stability and counter-terrorism" operations. That is a significant indicator.

CA-5 leaders are aware of Moscow's "predictable unpredictability." However, as the European War has evolved into a stalemate by summer 2022, with Russia having evidently become bogged down, some of the CA-5 states have started to steadily amend their posture towards Russia. Self-assured Kazakhstan has taken the lead. Tokayev's remarks at Saint Petersburg's International Economic Forum in June 2022, Nur-Sultan's initiative to abolish nuclear weapons worldwide, and the moves to devise transit corridors that bypass Russia all indicate an obvious change that has caused a knee-jerk reaction in Moscow's wartime political quarters as well as pro-Kremlin propaganda mouthpieces.

Meanwhile, the Russian-Central Asian interface works both ways. In 2021, some 103,000 ethnic Tajiks became Russian citizens, largely qualifying through labor migration schemes. In a long-term perspective, by 2030 the share of men aged between 18 and 40 in large Russian urban centers is projected to surpass 20 percent of the total population—primarily due to the migration from Central Asia. This could produce frictions and even troubles, including the increasing radicalization in the migrant ghettos and prison *jamaats*. Nonetheless, the Russian authorities are trying now to upkeep the faltering war effort in Ukraine by recruiting Central Asian natives into the army. For instance,

the leaders of the ethnic Uzbek migrant community in the Russian city of Perm initiated a move to raise an “Amir Timur” (“Tamerlane”) volunteer battalion to fight against Ukraine. In response, the government of Uzbekistan has stated that it is illegal for its nationals (including dual citizens) to act as mercenaries. Many Central Asians are already fighting in the Russian ranks; it is enough to mention that an ethnic Uzbek was the commanding officer of the Russian Army’s 64th Brigade, which has been blamed for the March 2022 Bucha massacre.

All the above-mentioned aspects and factors provide a glimpse into the immediate impacts on the CA-5 of the first six months of the European War. There is a need now to look at more profound outcomes that are likely to come into effect in the longer term, as the conflict drags on.

### *“Unboxing” the Region: The Geo-economic Dimension*

The conflict is a blessing in disguise. The political and logistical challenges of the European War are decisively recharting the geo-economic map of Central Asia, providing a powerful impetus to develop long-delayed transportation routes and transit corridors that would bypass Russia. As Belarus, Russia, and Ukraine have become all but excluded from normal global and continental trade patterns, the devising of the alternative options has become a strategically pressing matter. Given its key location in the Silk Road region, Central Asia is one of the few viable alternative options.

After the start of war, the Russian Trans-Siberian railway magistral became no longer available for servicing Chinese export operations towards Europe. Thus, the Trans-Caspian multimodal transportation corridor (aka the “Middle Corridor” or the East-West Transportation Corridor) has increased the volume of commodities utilizing its existing infrastructure. This corridor passes through Kazakhstan, the Caspian Sea, Azerbaijan, Georgia, and the Black Sea (or Türkiye). In the first quarter of 2022, the number of cargo containers utilizing this route increased by 28 percent. As expected, the route’s turnover will grow up six times by 2023, reaching three million tons. That is a big prize for the transit countries.

Furthermore, the volatility of the global energy market offers another strategic opportunity. The desperate European demand for non-Russian hydrocarbons increases the significance of the Central Asian region, both as suppliers and transit countries. It is expected that natural gas from Turkmenistan, previously exported via Russia, will be redirected to Europe through the Trans-Caspian interconnector route (part of the Southern Gas Corridor), thus supplying Europe with an additional 10 to 12 billion cubic meters of the product yearly. Kazakhstan is also planning to join this route after its operationalization—and already in September 2022, it will start using the existing Baku-Tbilisi-Ceyhan pipeline to export its oil to Turkish and European markets. And energy means not oil and gas only: Kazakhstan holds a 42 percent share of the global uranium export market

and also has massive coal deposits that could potentially substitute the corresponding European import from Russia.

The changing geopolitical situation revitalizes other long-delayed projects that had existed only on paper, in abstract declarations, or in the deliberations of visionaries. For instance, the construction of a railway line connecting Uzbekistan with Afghanistan and Pakistan, estimated to cost \$5 billion, is about to start. This 600 km long route will enable the delivery of cargo from Uzbekistan to Pakistani ports in the Indian Ocean in only three days—instead of the current 30 days. Subsequently, Kazakhstan has expressed its desire to join in financing the project so as to link-up the new line with its own railway network. Also, Kazakhstan is discussing the construction of a Turkmenistan-Iran-Türkiye rail line to connect overland its expanding port hub of Aktau on the Caspian Sea with the Persian Gulf and the Mediterranean. In a parallel effort, China is building a new railway line to link its inland fluvial ports with Kyrgyzstan and Uzbekistan. That rail between Lanzhou and Tashkent—an extension of the Belt and Road Initiative—will be an impressive 4,380 km long. Even Turkmenistan, an enduring solo-player of the region (due to its doctrine of “permanent neutrality”), is becoming more open to the emerging prospects, particularly by joining the EU-initiated Transport Corridor Europe Caucasus Asia (TRACECA) program

Thus, the European War has kicked-off an unintended process of reshaping the geo-economic landscape of the Silk Road region, especially its transportation and energy web of connectivity. That effort, crucial for the future of Central Asia, will entail a lot of time, effort, and investments. It will need to overcome a multiplicity of challenges. Nevertheless, the process of “unboxing” Central Asia—the “Box of Gems”—is rapidly becoming irreversible.

### *Filling the Vacuum: Non-Regional Actors*

While Russia remains a weighty, though weakening player in Central Asia, the swiftly changing geopolitical and geo-economic environment is prompting other relevant non-regional actors to restructure their political, economic, and security interests in Central Asia.

China has longstanding vested interests in the region, chief amongst which is ensuring the continuation of energy imports for its industrial consumption (i.e., gas from Turkmenistan and Uzbekistan, oil from Kazakhstan). China is also the primary creditor and investor in Central Asia; for instance, 74 percent of all foreign direct investments in Tajikistan are Chinese. These credits and investments mostly target infrastructure projects that advance Chinese commercial interests. Then there is the security dimension: the ethnic Uyghur factor. Beijing is wary of the potential emergence of radical Uyghur movements in CA-5 and Afghanistan. Perhaps for this reason, China is tacitly developing its military presence in the region, including bases

in Tajikistan. Another strategic mission of China is to interdict American influence in Central Asia.

After the U.S. pullout from Afghanistan in summer 2021, some observers suggested that Washington would decrease its strategic attention towards Central Asia, narrowing its focus on preventing extremism and terrorism as well as the passive containment of China. Whether this was the initial idea, the start of the European War some six months later, which precipitated the American policy of deterring Russia everywhere, has caused the region to resurface on Washington's radar screen. The U.S. has reactivated the so-called C-5+1 framework and sent Assistant Secretary of State for South and Central Asian Affairs Donald Lu on a trip to CA-5 capitals recently. Apparently, the U.S. will increase its attention to Central Asia in the global effort to isolate and exhaust Russia. In particular, the allocation of a \$60 U.S. military aid package to Tajikistan just several weeks after Russian president Vladimir Putin's visit to Dushanbe reaffirms that trend.

The European Union is another relevant actor. As a "soft-power superpower," the EU advances its interest mostly through the instruments of diplomacy, economic cooperation, regulatory standards, and humanitarian projects. The EU's interests are focused primarily on the protection of investments made by its member states (in Kazakhstan alone, these surpass \$10 billion) and ensuring the stability of energy supply chains. The UK, a former EU member state, exercises its own play in the region that resembles the "Great Game" the nineteenth century, albeit on a lesser scale of ambition and capability.

There is also Türkiye, which is vigorously penetrating the region and advancing its own strategic project observers have taken to calling *Pax Turcica*. A self-assured Ankara offers the CA-5 nations a multiple-incentives bundle consisting of technological development, economic projects, and defense cooperation wrapped in its own ideological and educational packaging. Türkiye's ultimate objective is the establishment of a sort of politico-security and economic union under its own aegis. However, Ankara's hyperactivity in that distant region is not supported by enough instruments of hard power projection. The CA-5 elites are willing to cooperate and benefit from closer cooperation with Türkiye, but not to fully cede the freedom of geopolitical maneuver.

Iran, India, Pakistan, Saudi Arabia, and Israel are other state actors that also have various interests and may influence developments in the region, although to a much lesser degree.

And there is an elusive but a noteworthy and destructive non-state actor(s) in the Central Asian periphery—the structured radical Islamist outfits. Although the Taliban movement that came to power in Afghanistan in 2021 so far shows no intention to expand its influence abroad, its nemesis in the domain of radical Islamism—the Islamic State (IS)—has declared that intent clearly. IS's regional affiliate—the Islamic State in Khorasan Province (IS-KP)—is active in 11 provinces of Afghanistan, mostly in the areas adjacent to

Tajikistan, Uzbekistan, and Turkmenistan. Thousands of CA-5 citizens have migrated to jihad in Syria and Afghanistan in the past two decades. Many of those who survived the fighting have joined the ranks of IS-KP and its various offshoots, including the Islamic Movement of Uzbekistan and the Tadjik *Ansarollah* (The Partisans of God) group. The migrant jihadist communities are focused on aggressive radicalization and recruitment, conducted via social media or through the distribution of audio and video recordings in the various native languages. Moreover, they have begun to test the waters of direct action. For instance, on 18 April 2022, IS-KP claimed its first operation on the territory of Uzbekistan. In May-June 2022, it launched five rocket attacks in the Uzbek and Tajik border areas. The Central Asian wing of the globalized movement of the Islamic State may potentially act as the “icebreaker of chaos” in case of any large-scale social and political *force-majeure* in Tajikistan, Uzbekistan, Kyrgyzstan, and Turkmenistan.

Thus, Russia’s preoccupation in the Ukraine theater, which is eroding Moscow’s clout in Central Asia, has produced an unintended consequence: the emergence of a power vacuum; this, in turn, has prompted other non-regional actors to exploit the moment. This is transforming the region into a geopolitical and geo-economic stage characterized by competing interests, ideologies, and strategies. Such a predisposition is a recipe for future instability.

## Synopsis

- The European War became a “black swan” for the Central Asian states. It poses in front of CA-5 a set of tough challenges that are threatening them with potentially severe consequences in the economic, social, political, and security domains.
- Beyond these challenges, the war has provided the CA-5 states with new incentives and opportunities. The (re-)emergence of transit routes for export-import operations, coupled with rising European demands for energy, provides the region’s states with a viable chance to strengthen both their relevance and role on the global podium.
- The European War has triggered the region’s exiting process from Russia’s political and security “sphere of influence.” Although the CA-5 states are still trying to maintain a delicate balance in their relations with Russia and avoid irritating it, sooner or later they will need to accept the inherent risks of circumstances beyond their control by taking sides, and perhaps, pay a price for their choices.
- Although Russia is being saturated by the war and its all-aspect confrontation with the West, it still has opportunities and capabilities to cause pain in its “near abroad.” The war logic may drive Moscow to “burn bridges” by destabilizing the region in order to prevent the West from benefiting from Central Asian energy resources and transit capabilities. The emerging Russian alliance with Iran may become another

potentially destabilizing factor in the region. Yet overall, Russia's ability to cause harm is fading steadily with each passing day of the war.

- Kazakhstan (as the most powerful CA-5 state) has taken the boldest posture in the gradual distancing from Russia, accepting all associated risks and costs. The country counterbalances those risks by strengthening its alliances and relations with the West, China, Türkiye, and other states (including Azerbaijan). For even more confidence, Kazakhstan recently has increased its defense budget by \$918 million—almost 1.5 times more than in 2021. Uzbekistan is following suit, albeit at a slower rate.
- Other non-regional actors are stepping up their efforts to fill the emerging vacuum of power in Central Asia and to take maximal advantage of the opportunities now on offer. This may turn the region into the venue of the newest edition of the “Great Game”—the competition and rivalry between the Western camp and China, and the parallel Turkish expansion.
- The burden of history, culture, and tradition matters. Most of the problems experienced by the Central Asian states—be they economic, social, demographic, or environmental—are shaped by underlying structural-systemic causes that have enduring for decades, if not centuries.
- In certain cases, the combination of the aforementioned factors could produce socio-political disturbances, associated with explosive politically- or ethnically-motivated violence. The recent crises in the region illustrate the propensity towards the use of force by all sides involved—examples include the civil war in Tajikistan (1992-1997), the Andijan massacre in Uzbekistan (2005), and the Osh pogroms in Kyrgyzstan (2010). In 2022, the trend has continued with the outburst of violence in Kazakhstan (January), Tajikistan (May, in the Badakhshan region), and Uzbekistan (June, in the Karakalpakstan region), and the sporadic border clashes between Tajikistan and Kyrgyzstan in the volatile Fergana Valley. And Afghanistan remains the actual source of instability due to the activity of the regional affiliate of the Islamic State and its Tajik and Uzbek wings.
- The CA-5 ruling elites comprehend the nature and the scope of the existing problems, as well as the need to engender systemic change. In Kazakhstan, on the aftermath of the 2022 “Bloody January,” Tokayev launched a reset and then an ambitious reform of the political system, moving from presidentialism towards a presidential-parliamentary republic. The referendum on vital constitutional amendments is pending in Uzbekistan. Turkmenistan and Tajikistan are now in the process of power transitions. What should be kept in mind, though, is that the process of systemic change generally causes a state's elevated vulnerability and provides opportunities for spoilers to emerge, both within and outside.

- Beyond the evolution of internal modernization efforts, the CA-5 states remain in desperate need of a homegrown politico-security platform to deal collectively with existing and emerging challenges. Such a framework would institutionalize comprehensive cooperation between CA-5 states, gradually replacing the often complex and personalist relations between the region's top leaders. There is certain progress in this regard, prompted inter alia by the European war. Still, it remains a bridge too far, as evidenced by the July 2022 CA-5 summit in Kyrgyzstan, where leaders failed to sign a final joint declaration. This may be rectified in the near future, though.

### *Concluding Observation*

Central Asia is a region of critical importance for Azerbaijan. While being disconnected geographically by the water barrier of the Caspian Sea, the country is mingled with Central Asia both geopolitically and geoeconomically, but also through common historical and cultural ties, a longstanding tradition of economic cooperation, and political alliances. In many ways, Azerbaijan is a part of “broader” Central Asia (a.k.a., the Caspian-Central Asian region). This means that Azerbaijan could benefit from the opportunities provided by Central Asia; yet it should also be prepared to meet the risks and challenges of the now proverbial “domino effect.”

In other words, Central Asia persists as both a “Box of Gems” and a “Pandora’s Box,” now and in the time ahead. And as the European War is changing the global balance, Azerbaijan should continuously keep a watchful eye on Central Asia, consistent with its multi-dimensional foreign policy.