

# CRS Report for Congress

## Central Asia: Regional Developments and Implications for U.S. Interests

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# Central Asia: Regional Developments and Implications for U.S. Interests

## Summary

After the collapse of the Soviet Union in 1991, the United States recognized the independence of all the former Central Asian republics, supported their admission into Western organizations, and elicited Turkish support to counter Iranian influence in the region. Congress was at the forefront in urging the formation of coherent U.S. policies for aiding these and other Eurasian states of the former Soviet Union.

Soon after the terrorist attacks on America on September 11, 2001, all the Central Asian states offered overflight and other support to coalition anti-terrorist efforts in Afghanistan. Kyrgyzstan, Tajikistan, and Uzbekistan hosted coalition troops and provided access to airbases. In 2003, Kazakhstan and Uzbekistan endorsed coalition military action in Iraq, and Kazakhstan provided about two dozen troops for rebuilding. After September 11, U.S. policy emphasized bolstering the security of the Central Asian states to help them combat terrorism, proliferation, and arms trafficking. Other strategic U.S. objectives include promoting democratization, free markets, human rights, and energy development. Administration policy also aims to integrate these states into the international community so that they follow responsible security and other policies, and to discourage the growth of xenophobic, fundamentalist, and anti-Western orientations that threaten peace and stability.

The Administration's diverse goals in Central Asia reflect the differing characteristics of these states. U.S. interests in Kazakhstan include securing and eliminating Soviet-era nuclear and biological weapons materials and facilities. In Tajikistan, U.S. aid focuses on economic reconstruction. U.S. energy firms have invested in oil and natural gas development in Kazakhstan and Turkmenistan. Economic and democratic reforms and border security have been among U.S. concerns in Kyrgyzstan. U.S. relations with Uzbekistan suffered following the Uzbek government's violent crackdown on armed and unarmed protesters in the city of Andijon in May 2005.

The 110<sup>th</sup> Congress is likely to continue to be at the forefront in advocating increased U.S. ties with Central Asia and in providing backing for use of the region as a staging area for supporting U.S.-led stabilization efforts in Afghanistan. The 110<sup>th</sup> Congress is likely to pursue these goals through hearings and legislation on humanitarian assistance, economic development, security issues, human rights, and democratization. The July 2006 U.S.-Kyrgyzstan agreement on the continued U.S. use of airbase facilities in Kyrgyzstan included a U.S. pledge of boosted foreign assistance and other compensation, which is subject to congressional approval. Assistance for border and customs controls and other safeguards to prevent the proliferation of weapons of mass destruction (WMD) will likely be ongoing congressional concerns. Congress will continue to contend with balancing its concerns about human rights abuses and lagging democratization against other U.S. interests in continued engagement with Central Asia to advance energy security and prosecute the Global War on Terror.

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# Central Asia: Regional Developments and Implications for U.S. Interests

## Most Recent Developments

In testimony on January 11, 2007, before the Senate Select Committee on Intelligence of the 110<sup>th</sup> Congress, then-Director of National Intelligence John Negroponte warned that the “repression, leadership stasis, and corruption that tend to characterize [Central Asian] regimes provide fertile soil for the development of radical Islamic sentiment and movements, and raise questions about the Central Asian states reliability as energy and counter-terrorism partners.... In the worst, but not implausible case, central authority in one or more of these states could evaporate ... opening the door to a dramatic expansion of terrorist and criminal activity along the lines of a failed state.”

## Historical Background

Central Asia consists of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan; it borders Russia, China, the Middle East, and South Asia. The major peoples of all but Tajikistan speak Turkic languages (the Tajiks speak an Iranian language); and most are Sunni Muslims (some Tajiks are Shia Muslims). Most are closely related historically and culturally. By the late 19th century, Russian tsars had conquered the last independent khanates and nomadic lands of Central Asia. By the early 1920s, Soviet power had been imposed; by 1936, five “Soviet Socialist Republics” had been created. Upon the collapse of the Soviet Union in December 1991, they gained independence.<sup>1</sup>

Central Asia: Basic Facts
<b>Total Area:</b> 1.6 million sq. mi., larger than India; Kazakhstan: 1.1 m. sq. mi.; Kyrgyzstan: 77,000 sq. mi.; Tajikistan: 55,800 sq. mi.; Turkmenistan: 190,000 sq. mi.; Uzbekistan: 174,500 sq. mi.
<b>Total Population:</b> 59.4 million, slightly less than France; Kazakhstan: 15.2 m.; Kyrgyzstan: 5.1 m.; Tajikistan: 7.2 m.; Turkmenistan: 5.0 m.; Uzbekistan: 26.9 m. (2005 est., <i>CIA World Factbook</i> ).
<b>Total Gross Domestic Product:</b> \$223.6 billion in 2005; per capita GDP is about \$3,900; poverty is rampant. Kazakhstan: \$133.2 b.; Kyrgyzstan: \$9.3 b.; Tajikistan: \$8.8 b.; Turkmenistan: \$29.4 b.; Uzbekistan: \$52.2 b. ( <i>CIA Factbook</i> , purchasing power parity).

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<sup>1</sup> See CRS Report 97-1058, *Kazakhstan*; CRS Report 97-690, *Kyrgyzstan*; CRS Report 98-594, *Tajikistan*; CRS Report 97-1055, *Turkmenistan*; and CRS Report RS21238, *Uzbekistan*, all by Jim Nichol.

## Overview of U.S. Policy Concerns

After the collapse of the Soviet Union at the end of 1991, then-President George H.W. Bush sent the “FREEDOM Support Act” (FSA) to Congress, which was amended and signed into law in October 1992 (P.L. 102-511). In 1999, congressional concerns led to passage of the “Silk Road Strategy Act” authorizing language (P.L. 106-113) calling for enhanced policy and aid to support conflict amelioration, humanitarian needs, economic development, transport and communications, border controls, democracy, and the creation of civil societies in the South Caucasus and Central Asia.

U.S. policymakers and others hold various views on the types and levels of U.S. involvement in the region. Some argue that ties with “energy behemoth” Kazakhstan are crucial to U.S. interests.<sup>2</sup> At least until recently, others argued that Uzbekistan is the “linchpin” of the region (it is the most populous regional state and is centrally located, shaping the range and scope of regional cooperation) and should receive the most U.S. attention. In general, however, U.S. aid and investment are viewed as strengthening the independence of the Central Asian states and forestalling Russian, Chinese, Iranian, or other efforts to subvert them. Such advocates argue that political turmoil and the growth of terrorist enclaves in Central Asia could produce spillover effects both in nearby states, including U.S. allies and friends such as Turkey, and worldwide. They also argue that the United States has a major interest in preventing terrorist regimes or groups from illicitly acquiring Soviet-era technology for making weapons of mass destruction (WMD). They maintain that U.S. interests do not perfectly coincide with those of its allies and friends, that Turkey and other actors possess limited aid resources, and that the United States is in the strongest position as the sole superpower to influence democratization and respect for human rights. They stress that such U.S. influence will help alleviate social tensions exploited by Islamic extremist groups to gain adherents. They also argue that for all these reasons, the United States should maintain military access to the region even when Afghanistan becomes more stable.

Some views of policymakers and academics who previously objected to a more forward U.S. policy toward Central Asia appeared less salient after September 11, 2001, but aspects of these views could gain more credence if Afghanistan becomes more stable. These observers argued that the United States historically had few interests in this region and that developments there remained largely marginal to U.S. interests. They discounted fears that anti-Western Islamic extremism would make enough headway to threaten secular regimes or otherwise harm U.S. interests. At least until the coup in Kyrgyzstan in March 2005 (see below, *Democratization*), these observers argued that the United States should not try to foster democratization among cultures they claimed are historically attuned to authoritarianism. Some

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<sup>2</sup> U.S. Department of State. Office of the Spokesman. *Remarks: Secretary of State Condoleezza Rice At Eurasian National University*, October 13, 2005. Perhaps indicative of the boosted emphasis on U.S. interests in Kazakhstan, Secretary Rice argued that the country has the potential to be the “engine for growth” in Central Asia and the pacesetter for regional trade and other ties with South Asia. See also National Committee on American Foreign Policy, *Stability in Central Asia: Engaging Kazakhstan*, May 2005.

observers reject arguments that U.S. interests in anti-terrorism, non-proliferation, regional cooperation, and trade outweigh concerns over democratization and human rights, and urge reducing or cutting off most aid to repressive states. A few observers point to instability in the region as a reason to eschew deeper U.S. involvement such as military access that might needlessly place more U.S. personnel and citizens in danger.

**Post-September 11 and Afghanistan.** Since the terrorist attacks on the United States on September 11, 2001, the Administration has stated that U.S. policy toward Central Asia focuses on the promotion of security, domestic reforms, and energy development. According to then-Deputy Assistant Secretary of State B. Lynn Pascoe in testimony in June 2002, the September 11 attacks led the Administration to realize that “it was critical to the national interests of the United States that we greatly enhance our relations with the five Central Asian countries” to prevent them from becoming harbors for terrorism.<sup>3</sup> After September 11, 2001, all the Central Asian states soon offered overflight and other assistance to U.S.-led anti-terrorism efforts in Afghanistan. The states were predisposed to welcome such operations. Tajikistan and Uzbekistan had long supported the Afghan Northern Alliance’s combat against the Taliban, and all the Central Asian states feared Afghanistan as a base for terrorism, crime, and drug trafficking (even Turkmenistan, which tried to reach some accommodation with the Taliban). In 2005, however, Uzbekistan rescinded its basing agreement with the United States (see also below, *Security*).

**Support for Operation Iraqi Freedom.** Uzbekistan was the only Central Asian state that joined the “coalition of the willing” in February-March 2003 that endorsed prospective U.S.-led coalition military operations in Iraq (Kazakhstan joined later). Uzbekistan subsequently decided not to send troops to Iraq, but Kazakhstan has deployed some two dozen troops to Iraq who are engaged in demining and water purification. Recently, Central Asian populations reportedly have raised increased concerns about the deaths of Muslim civilians in Iraq.

## Fostering Pro-Western Orientations

The United States has encouraged the Central Asian states to become responsible members of the international community, supporting integrative goals through bilateral aid and through coordination with other aid donors. The stated policy goal is to discourage radical anti-democratic regimes and terrorist groups from gaining influence. All the Central Asian leaders publicly embrace Islam but display hostility toward Islamic fundamentalism. At the same time, they have established some trade and aid ties with Iran. Although they have had greater success in attracting development aid from the West than from the East, some observers argue

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<sup>3</sup> U.S. Senate. Committee on Foreign Relations. Subcommittee on Central Asia and the South Caucasus. *The U.S. Role in Central Asia. Testimony of B. Lynn Pascoe, Deputy Assistant Secretary for European and Eurasian Affairs*, June 27, 2002.

that, in the long run, their foreign policies may not be anti-Western but may more closely reflect some concerns of other Islamic states.<sup>4</sup>

The State Department in 2006 included Central Asia in a revamped Bureau of South and Central Asian Affairs. According to Principal Deputy Assistant Secretary of State Steven Mann, “institutions such as NATO and the OSCE will continue to draw the nations of Central Asia closer to Europe and the United States,” but the United States also will encourage the states to develop “new ties and synergies with nations to the south,” such as Afghanistan, India, and Pakistan.<sup>5</sup>

## Russia’s Role

During most of the 1990s, U.S. administrations generally viewed a democratizing Russia as serving as a role model in Central Asia. Despite growing authoritarian tendencies in Russia since Vladimir Putin became its president in 2000, the Bush Administration has emphasized that Russia’s counter-terrorism efforts in the region broadly support U.S. interests. At the same time, the United States long has stressed to Russia that it should not seek to dominate the region or exclude Western and other involvement. Virtually all U.S. analysts agree that Russia’s actions should be monitored to ensure that the independence of the Central Asian states is not threatened.

Soon after the terrorist attacks on the United States on September 11, 2001, Russia acquiesced to increased U.S. and coalition presence in the region for operations against Al Qaeda and its supporters in Afghanistan. Besides Russia’s own concerns about Islamic extremism in Afghanistan and Central Asia, it was interested in boosting its economic and other ties to the West and regaining some influence in Afghanistan. More recently, however, Russia has appeared to step up efforts to counter U.S. influence in Central Asia by advocating that the states increase economic and strategic ties with Russia and limit such ties with the United States. Such a stance appears paradoxical to some observers, since Russia (and China) benefit from anti-terrorism operations carried out by U.S. (and now NATO) forces in Afghanistan.

During the 1990s, Russia’s economic decline and demands by Central Asia caused it to reduce its security presence, a trend that President Putin has appeared to retard or reverse. In 1999, Russian border guards were largely phased out in Kyrgyzstan, the last Russian military advisors left Turkmenistan, and Uzbekistan withdrew from the Collective Security Treaty (CST) of the Commonwealth of Independent States (CIS), in part because the treaty members failed to help Uzbekistan meet the growing Taliban threat in Afghanistan, according to Karimov. However, Russia has appeared determined to maintain a military presence in

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<sup>4</sup> See also CRS Report RL30294, *Central Asia’s Security: Issues and Implications for U.S. Interests*, by Jim Nichol.

<sup>5</sup> U.S. House of Representatives. Committee on International Relations. Subcommittee on the Middle East and Central Asia. *Assessing Energy and Security Issues in Central Asia. Testimony of Steven Mann, Principal Deputy Assistant Secretary for South and Central Asian Affairs*, July 25, 2006.

Tajikistan. It long retained about 14,500 Federal Border Guards in Tajikistan, most of whom were Tajik conscripts, and 7,800 Russian troops of the 201<sup>st</sup> motorized rifle division.<sup>6</sup>

Russia's efforts to formalize a basing agreement with Tajikistan dragged on for years, as Tajikistan endeavored to maximize rents and assert its sovereignty. In October 2004, the basing agreement was signed, formalizing Russia's largest military presence abroad, besides its Black Sea Fleet. At the same time, Tajikistan demanded full control over border policing. Russia announced in June 2005 that it had handed over the last guard-house along the Afghan-Tajik border to Tajik troops. The U.N. Office on Drugs and Crime reported in early 2006 that the amount of heroin seized in Tajikistan during 2005 had declined, perhaps in part because of complications during the phase-in of full border control by Tajikistan. Tajik President Emomali Rakhmanov and others emphasize that growing drug production and trafficking from Afghanistan pose increasing challenges.<sup>7</sup>

In a seeming shift toward a more activist role in Central Asia, in April 2000, Russia called for the members of the CST to approve the creation of rapid reaction forces to combat terrorism and hinted that such forces might launch pre-emptive strikes on Afghan terrorist bases. These hints elicited U.S. calls for Russia to exercise restraint and consult the U.N. Presidents Clinton and Putin agreed in 2000 to set up a working group to examine Afghan-related terrorism (this working group now examines global terrorism issues). CST members agreed in 2001 to set up a Central Asian rapid reaction force headquartered in Kyrgyzstan, with Russia's troops in Tajikistan comprising most of the force. CIS members in 2001 also approved setting up an Anti-Terrorism Center (ATC) in Moscow, with a branch in Kyrgyzstan, giving Russia influence over regional intelligence gathering.

Perhaps to counteract the U.S.-led military coalition presence in Kyrgyzstan established after the September 11, 2001, attacks (see below), Russia in September 2003 signed a 15-year military basing accord with Kyrgyzstan providing access to the Kant airfield, near Kyrgyzstan's capital of Bishkek.<sup>8</sup> The nearly two dozen Russian aircraft and several hundred troops at the base also serve as part of the Central Asian

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<sup>6</sup> *The Military Balance 2005-2006*. London: International Institute of Strategic Studies, 2005.

<sup>7</sup> U.N. Office on Drugs and Crime. Regional Office for Central Asia. "Regional Drug Situation Analysis," *Milestones*, April 2006, p. 6; for another assessment, see U.S. House of Representatives. Committee on International Relations. Subcommittee on the Middle East and Central Asia. *U.S. Policy in Central Asia: Balancing Priorities. Testimony of Richard A. Boucher, Assistant Secretary of State for South and Central Asian Affairs*, April 26, 2006. According to the EU's European Law Enforcement Organization, about 20% of the Afghan drugs that reach Europe are smuggled through Central Asia. *APA News Service*, May 31, 2006. Of the tiny percentage of Afghan drugs that reach U.S. consumers, most do not appear to be smuggled through Central Asia.

<sup>8</sup> In contrast to the U.S. airbase at Manas, the Russians at Kant have no lease payments and utilities are provided gratis. In June 2006, Vladimir Mikhaylov, the head of Russia's Air Force, reportedly proclaimed that "Russians will stay at the Kant airbase forever." *Russian Military Review*, March 31, 2006.



rapid reaction force. The base is a few miles from the U.S.-led coalition's airbase. Taking advantage of Uzbekistan's souring relations with many Western countries (see below), Russia signed a Treaty on Allied Relations with Uzbekistan in November 2005 that calls for mutual defense consultations in the event of a threat to either party (similar to language in the CST). Uzbekistan renewed or reaffirmed its status as a signatory of the CST in June 2006, consolidating its strategic security ties with Russia. The member-states of the CST agreed in June 2006 that basing agreements by any member with a third party had to be approved by all members, in effect providing supreme veto power to Russia over such future basing arrangements.

Besides its military presence in Kyrgyzstan and Tajikistan, the Putin government has also asserted its maritime dominance in the Caspian Sea. Russia's Caspian Sea Flotilla has been bolstered by troops and equipment.<sup>9</sup> In August 2006, a military exercise under the aegis of the CST (but involving mainly Russian forces) was held to repulse a "threat from the Sea" to Kazakhstan. The exercise included a company of the Caspian Flotilla's 77<sup>th</sup> Marine Brigade and five ships, which were joined by a marine battalion and ships from a coastal defense brigade from Kazakhstan.<sup>10</sup>

Pointing to the deterioration of U.S.-Uzbek ties, many observers suggest that the appreciative attitude of Central Asian states toward the United States — for their added security accomplished through U.S.-led actions in Afghanistan — has declined over time. Reasons may include perceptions that the United States has not provided adequate security or economic assistance and growing concerns among the authoritarian leaders that the United States advocates democratic "revolutions" to replace them. Also, Russia is pledging security support to the states to get them to forget their pre-September 11, 2001, dissatisfaction with its support. Russia also encourages the leaders to believe that the United States backs democratic "revolutions" to replace them.

Russia's economic interests in Central Asia are being reasserted as its economy improves and may constitute its most effective lever of influence. Russia seeks to counter Western business and gain substantial influence over energy resources through participation in joint ventures and by insisting that pipelines cross Russian territory. After an Energy Cooperation Statement was signed at the May 2002 U.S.-Russia summit, it appeared that Russia would accept a Western role in the Caspian region, including construction of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline. Subsequently, however, Russian officials tried (unsuccessfully) to persuade Kazakhstan not to commit to use the BTC pipeline. Russia's Gazprom gas firm controls regional gas exports, using this control to pay the countries less than one-half of the price it charges European customers for the gas (see below, *Energy Resources*).

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<sup>9</sup> In September 2006, a new 500-ton gunboat was transferred to the Caspian Flotilla that includes a 100-millimeter cannon, a side cannon, submachine guns, a six-barrel gun and a Grad missile launch system. *ITAR-TASS*, September 1, 2006.

<sup>10</sup> *OSIC*, September 6, 2006, Doc. No. CEP-436004.

## **Obstacles to Peace and Independence: Regional Tensions and Conflicts**

The legacies of co-mingled ethnic groups, convoluted borders, and emerging national identities pose challenges to stability in all the Central Asian states. Emerging national identities compete with those of the clan, family, region, and Islam. Central Asia's convoluted borders fail to accurately reflect ethnic distributions and are hard to police, hence contributing to regional tensions. Ethnic Uzbeks make up sizeable minorities in the other Central Asian countries and Afghanistan. In Tajikistan, they make up almost a quarter of the population. More ethnic Turkmen reside in Iran and Afghanistan — over three million — than in Turkmenistan. Sizeable numbers of ethnic Tajiks reside in Uzbekistan, and seven million in Afghanistan. Many Kyrgyz and Tajiks live in China's Xinjiang province. The fertile Ferghana Valley is shared by Tajikistan, Kyrgyzstan, and Uzbekistan. The central governments have struggled to gain control over administrative subunits. Most observers agree that the term "Central Asia" currently denotes a geographic area more than a region of shared identities and aspirations, although it is clear that the land-locked, poverty-stricken, and sparsely-populated region will need more integration in order to develop.

Regional cooperation remains stymied by tensions among the states. Such tensions continue to exist despite the membership of the states in various cooperation groups such as the CST Organization, the Shanghai Cooperation Organization (SCO), and NATO's Partnership for Peace (PFP). The CST was signed by Russia, Belarus, the South Caucasus countries, and the Central Asian states (except Turkmenistan) in May 1992 and called for military cooperation and joint consultations in the event of security threats to any member. Of ten-years duration, at the time of its renewal in 1999, Uzbekistan, Georgia, and Azerbaijan formally withdrew. The remaining members formed the CST Organization (CSTO) in late 2002, and a secretariat opened in Moscow at the beginning of 2004. Through the CSTO, Russia has attempted to involve the members in joint support for the Central Asian rapid reaction forces and joint efforts to combat international terrorism and drug trafficking.<sup>11</sup> In 1996, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan signed the "Shanghai treaty" with China pledging the sanctity and substantial demilitarization of mutual borders, and in 1997 they signed a follow-on treaty demilitarizing the 4,300 mile former Soviet-Chinese border. China has used the treaty to pressure the Central Asian states to deter their ethnic Uighur minorities from supporting separatism in China's Xinjiang province, and to get them to extradite Uighurs fleeing China. In 2001, Uzbekistan joined the group, re-named the SCO, and in 2003 the SCO Anti-Terrorism Center was established there.

### **The 1992-1997 Civil War in Tajikistan**

Tajikistan was among the Central Asian republics least prepared and inclined toward independence when the Soviet Union broke up. In September 1992, a loose

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<sup>11</sup> Roger N McDermott, "Collective Security Group Reinvents Itself in a New World," *Eurasia Insight*, August 28, 2002.

coalition of nationalist, Islamic, and democratic parties and groups tried to take power. Kulyabi and Khojenti regional elites, assisted by Uzbekistan and Russia, launched a successful counteroffensive that by the end of 1992 had resulted in 20,000-40,000 casualties and up to 800,000 refugees or displaced persons, about 80,000 of whom fled to Afghanistan. After the two sides agreed to a cease-fire, the U.N. Security Council established a small U.N. Mission of Observers in Tajikistan (UNMOT) in December 1994. In June 1997, Tajik President Rakhmanov and the late rebel leader Seyed Abdullo Nuri signed a *comprehensive peace agreement*. Benchmarks of the peace process were largely met, and UNMOT pulled out in May 2000. The United States has pledged to help Tajikistan rebuild. Some observers point to events in the city of Andijon in Uzbekistan (see below) as indicating that conflicts similar to the Tajik civil war could engulf other regional states where large numbers of people are disenfranchised and poverty-stricken.

### **The 1999 and 2000 Incursions into Kyrgyzstan**

Several hundred Islamic extremists and others first invaded Kyrgyzstan in July-August 1999. Jama Namanganiy, the co-leader of the Islamic Movement of Uzbekistan (IMU; see below), headed the largest guerrilla group. They seized hostages and several villages, allegedly seeking to create an Islamic state in south Kyrgyzstan as a springboard for a jihad in Uzbekistan.<sup>12</sup> With Uzbek and Kazakh air and other support, Kyrgyz forces forced the guerrillas out in October 1999. Dozens of IMU and other insurgents again invaded Kyrgyzstan and Uzbekistan in August 2000. Uzbekistan provided air and other support, but Kyrgyz forces were largely responsible for defeating the insurgents by late October 2000. The IMU did not invade the region in the summer before September 11, 2001, in part because bin Laden had secured its aid for a Taliban offensive against the Afghan Northern Alliance.

### **The 1999 and 2004 Attacks in Uzbekistan**

A series of explosions in Tashkent in February 1999 were among early signs that the Uzbek government was vulnerable to terrorism. By various reports, the explosions killed 16 to 28 and wounded 100 to 351 people. The aftermath involved wide-scale arrests of political dissidents and others deemed by some observers as unlikely conspirators. Karimov in April 1999 accused Mohammad Solikh (former Uzbek presidential candidate and head of the banned Erk Party) of masterminding what he termed an assassination plot, along with Tohir Yuldashev (co-leader of the IMU) and the Taliban. The first trial of 22 suspects in June resulted in six receiving death sentences. The suspects said in court that they received terrorist training in Afghanistan, Tajikistan, Pakistan, and Russia and were led by Solikh, Yuldashev and Namanganiy. In 2000, Yuldashev and Namanganiy received death sentences in absentia, and Solikh received a 15.5 year prison sentence. Solikh denied membership in IMU, and he and Yuldashev denied involvement in the bombings.

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<sup>12</sup> According to Zeyno Baran, S. Frederick Starr, and Svante Cornell, the incursions of the IMU into Uzbekistan and Kyrgyzstan in 1999 and 2000 were largely driven by efforts to secure drug trafficking routes. *Islamic Radicalism in Central Asia and the Caucasus: Implications for the EU*, Silk Road Paper, July 2006.

On March 28 through April 1, 2004, a series of bombings and armed attacks were launched in Uzbekistan, reportedly killing 47. An obscure Islamic Jihad Group of Uzbekistan (IJG; Jama'at al-Jihad al-Islami, a breakaway part of the IMU) claimed responsibility. In subsequent trials, the alleged attackers were accused of being members of IJG or of Hizb ut-Tahrir (HT; an Islamic fundamentalist movement ostensibly pledged to peace but banned in Uzbekistan) and of attempting to overthrow the government. Some defendants testified that they were trained by Arabs and others at camps in Kazakhstan and Pakistan. They testified that IMU member Najmiddin Jalolov (convicted in absentia in 2000) was the leader of IJG, and linked him to Taliban head Mohammad Omar, Uighur extremist Abu Mohammad, and Osama bin Laden. On July 30, 2004, explosions occurred at the U.S. and Israeli embassies and the Uzbek Prosecutor-General's Office in Tashkent. The IMU and IJG claimed responsibility and stated that the bombings were aimed against Uzbek and other "apostate" governments. A Kazakh security official in late 2004 announced the apprehension of several IJG members. He alleged that the IJG had ties to Al Qaeda; had other cells in Kyrgyzstan, Uzbekistan, and Russia; and was planning assassinations.<sup>13</sup>

In September 2000, the State Department designated the IMU as a Foreign Terrorist Organization, stating that the IMU, aided by Afghanistan's Taliban and by Osama bin Laden, resorts to terrorism, actively threatens U.S. interests, and attacks American citizens. The "main goal of the IMU is to topple the current government in Uzbekistan," the State Department warned, and it linked the IMU to bombings and attacks on Uzbekistan in 1999-2000. IMU forces assisting the Taliban and Al Qaeda suffered major losses during coalition actions in Afghanistan, and Namanganiy was probably killed.<sup>14</sup> Former CIA Director Porter Goss testified in March 2005 that IJG "has become a more virulent threat to U.S. interests and local governments."<sup>15</sup> In May 2005, the State Department designated IJG as a global terrorist group, and in June, the U.N. Security Council added IJG to its terrorism list.<sup>16</sup>

## The 2005 Violence in Andijon, Uzbekistan

Dozens or perhaps hundreds of civilians were killed or wounded on May 13, 2005, after Uzbek troops fired on demonstrators in the eastern town of Andijon. The protestors had gathered to demand the end of a trial of local businessmen charged with belonging to an Islamic terrorist group. The night before, a group stormed a

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<sup>13</sup> See also CRS Report RS21818, *The 2004 Attacks in Uzbekistan: Context and Implications for U.S. Interests*, by Jim Nichol.

<sup>14</sup> U.S. Department of State. *Patterns of Global Terrorism 2003*, April 2004.

<sup>15</sup> U.S. Senate. Committee on Armed Services. *Testimony of the Director of Central Intelligence, The Honorable Porter J. Goss*, March 17, 2005.

<sup>16</sup> U.S. Department of State. *Press Statement: U.S. Department of State Designates the Islamic Jihad Group Under Executive Order 13224*, May 26, 2005; U.N. Security Council. The Al-Qaida and Taliban Sanctions Committee. *Press Release: Security Council Committee Adds One Entity to Al-Qaida Section of Consolidated List, SC/8405*, June 3, 2005.

prison where those on trial were held and released hundreds of inmates.<sup>17</sup> Many freed inmates then joined others in storming government buildings. President Karimov flew to the city to direct operations, and reportedly had restored order by late on May 13. On July 29, 439 people who had fled from Uzbekistan to Kyrgyzstan were airlifted to Romania for resettlement processing, after the United States and others raised concerns that they might be tortured if returned to Uzbekistan.<sup>18</sup>

In November 2005, the EU Council approved a visa ban on twelve Uzbek officials it stated were “directly responsible for the indiscriminate and disproportionate use of force in Andijon and for the obstruction of an independent inquiry.” The Council also embargoed exports of “arms, military equipment, and other equipment that might be used for internal repression.”<sup>19</sup> Revisiting the sanctions one year later, the EU Council in mid-November 2006 stated that there had been a “lack of progress” by the Uzbek government in improving human rights, and the Council extended the ban on arms sales for another year and the ban on visas for six months. At the same time, the Council permitted some bilateral consultations to help Uzbekistan comply “with the principles of respect for human rights, the rule of law, and fundamental freedoms.”<sup>20</sup>

The United States and others in the international community repeatedly have called for an international inquiry into events in Andijon, which the Uzbek government has rejected as violating its sovereignty. Uzbek authorities have argued that organized terrorists carried out the attack in Andijon and that they were backed by Western and other outside countries and interests that intended to overthrow the Uzbek government and take over the country and its resources.

At the first major trial of fifteen alleged perpetrators of the Andijon unrest in late 2005, the accused all confessed and asked for death penalties, and testified that the U.S. and Kyrgyz governments helped finance and support violence aimed at overthrowing the government, and that international media colluded with local human rights groups and non-governmental organizations (NGOs) in this effort. The U.S. and Kyrgyz governments denied such involvement, and many observers criticized the trial as appearing stage-managed. Reportedly, 100 or more individuals have been arrested and sentenced, including some Uzbek opposition party members

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<sup>17</sup> There is a great deal of controversy about whether this group contained foreign-trained terrorists or was composed mainly of the friends and families of the accused. See U.S. Congress. Commission on Security and Cooperation In Europe. Briefing: The Uzbekistan Crisis. *Testimony of Galima Bukharbayeva, Correspondent. Institute for War and Peace Reporting*, June 29, 2005. For another viewpoint, see Shirin Akiner, *Violence in Andijon, 13 May 2005: An Independent Assessment*, Central Asia-Caucasus Institute, July 2005.

<sup>18</sup> See also CRS Report RS22161, *Unrest in Uzbekistan: Context and Implications*, by Jim Nichol.

<sup>19</sup> Council of the European Union. *Uzbekistan: Council Adopts Restrictive Measures*, Press Release 14392/05, November 14, 2005. U.S. officials argued that the United States already had been limiting military assistance — at congressional request — because of human rights abuses.

<sup>20</sup> Council of the European Union. 2760th General Affairs Council Meeting. *Council Conclusions on Uzbekistan*, November 13, 2006.

and media and NGO representatives. Partly in response, Congress has amplified calls for conditioning aid to Uzbekistan on its democracy and human rights record (see below, *Legislation*).<sup>21</sup>

Since the unrest in Andijon, Uzbekistan has closed down many U.S.-based or U.S.-supported NGOs, on the grounds that they are involved in illegal activities. These include the Urban Institute, Winrock International, the Eurasia Foundation, Freedom House, the International Research and Exchanges Board, the American Bar Association, Counterpart International, Radio Free Europe/Radio Liberty, the American Council for Collaboration in Education and Language Study (ACCELS), and the Partnership in Academics and Development.

Among the few recent U.S.-Uzbek contacts, Assistant Secretary of State Richard Boucher visited Uzbekistan in August 2006. He reported that the U.S. goal was to explore “actions that are needed to try and rebuild trust” despite “strong differences” between the United States and Uzbekistan on human rights issues.

## Democratization and Human Rights

A major goal of U.S. policy in Central Asia has been to foster the long-term development of democratic institutions and policies upholding human rights. Particularly since September 11, 2001, the United States has attempted to harmonize its concerns about democratization and human rights in the region with its interests in regional support for the Global War on Terrorism. According to some allegations, the Administration may have sent suspected terrorists in its custody to Uzbekistan for questioning, a process termed “rendition.”<sup>22</sup> Although not verifying such transfers specifically to Uzbekistan, the Administration has stated that, under the rendition policy, it receives diplomatic assurances that transferees will not be tortured.

Several of the Central Asian leaders have declared that they are committed to democratization. Despite such pledges (the United States still regards the U.S.-Uzbek Declaration as valid), the states have made little progress, according to the State Department.<sup>23</sup> During Nazarbayev’s 1994 U.S. visit, he and then-President Clinton signed a Charter on Democratic Partnership that recognized Kazakhstan’s commitments to the rule of law, respect for human rights, and economic reform.

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<sup>21</sup> OSCE. Office for Democratic Institutions and Human Rights (ODIHR). *Report from the OSCE/ODIHR Trial Monitoring in Uzbekistan*, April 21, 2006; Ministry of Foreign Affairs, Republic of Uzbekistan. *Comments on the Report Prepared by the OSCE ODIHR*, April 19, 2006.

<sup>22</sup> *The New Yorker*, February 14, 2005; *New York Times*, May 1, 2005; *New York Times*, December 31, 2005; Rep. Edward Markey, *Congressional Record*, December 13, 2005, p. H11337; European Parliament. Temporary Committee on the Alleged Use of European Countries by the CIA for the Transport And Illegal Detention of Prisoners, *Draft Interim Report*, 2006/2027(INI), April 24, 2006; and *On the Testimony by Craig Murray, Former British Ambassador*, Working Document No. 5, June 1, 2006, DT\617730EN.doc, PE374.341v01-0.

<sup>23</sup> U.S. Department of State. *Country Reports on Human Rights Practices for 2005*.

During his December 2001 visit, Nazarbayev repeated these pledges in a joint statement with President Bush. In March 2002, a U.S.-Uzbek Strategic Partnership Declaration was signed pledging Uzbekistan to “intensify the democratic transformation” and improve freedom of the press. During his December 2002 U.S. visit, President Rakhmanov pledged to “expand fundamental freedoms and human rights.”

Until recently, the only leader in Central Asia in place before the breakup of the Soviet Union who has been replaced is the Tajik leader, who was ousted in the early 1990s during a civil war. The remaining leaders long remained in power by orchestrating extensions of their terms, holding suspect elections, eliminating possible contenders, and providing emoluments to supporters and relatives. Recently, President Akayev of Kyrgyzstan was toppled in a coup in 2005 (see below), and President Niyazov of Turkmenistan died in late 2006, marking the passing of three out of five Soviet-era leaders from the scene.

Possible scenarios of political development in Central Asia have ranged from continued rule in most of the states by traditional elites to violent transitions to Islamic fundamentalist or xenophobic rule. Relatively peaceful and quick transitions to more or less democratic and Western-oriented political systems have been considered less likely by many observers. In the case of the three succession transitions so far, Tajikistan’s resulted in the replacement of regional/clan elites with some limited inclusion of the Islamic Renaissance Party. It is perhaps too early to discern the outcome of transitions in Kyrgyzstan and Turkmenistan, but Kyrgyzstan’s appears to involve power-sharing by traditional regional/clan elites and possibly, fitful democratization.<sup>24</sup>

**The Coup in Kyrgyzstan.** Demonstrations in Kyrgyzstan against a tainted legislative election and economic distress resulted in President Akayev’s relatively peaceful overthrow in March 2005. Some observers hailed this coup as the third so-called “democratic revolution” in Eurasia, after those in Georgia and Ukraine, and the first in Central Asia. They suggested that the country, because of its slightly wider scope of civil liberties compared to the rest of Central Asia, might lead the region in democratic reforms. Other observers have cautioned that governmental corruption, institutional weakness, and pro-Russian overtures could jeopardize Kyrgyzstan’s independence.<sup>25</sup> In late October 2006, U.S. media reported that the U.S. FBI allegedly had determined that former President Akayev and his family had

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<sup>24</sup> Mark Katz, “Revolutionary Change in Central Asia,” *World Affairs*, Spring 2006, pp. 157-72.

<sup>25</sup> Analyst Matthew Fuhrmann, who was in Kyrgyzstan during the coup, states that it fundamentally was an action led by citizens who mobilized to replace what they viewed as a corrupt and undemocratic regime, and was not merely a clan-based or criminal-led effort. “A Tale of Two Social Capitals: Revolutionary Collective Action in Kyrgyzstan,” *Problems of Post-Communism*, November/December 2006, pp. 16-29. Other observers suggest that the coup was more a clan-based shift of power than a spontaneous popular uprising. Kathleen Collins, “The Logic of Clan Politics: Evidence from the Central Asian Trajectories,” *World Politics*, January 2004, pp. 224-261; S. Frederick Starr, “Clans, Authoritarian Rulers, and Parliaments in Central Asia,” *Silk Road Paper*, June 2006.

skimmed off Kyrgyz state assets, including U.S. payments for use of the Manas airbase. In November and December 2006, conflict between the executive and legislative branches over the balance of powers resulted in the passage of successive constitutions (for background, see CRS Report RL32864, *Coup in Kyrgyzstan: Developments and Implications*; and CRS Report RS22546, *Kyrgyzstan's Constitutional Crisis*, both by Jim Nichol).

**Turkmanbashi's Death and Succession.** President Niyazov died on December 21, 2006, at age 66, ostensibly from a heart attack. The morning of his death, the government announced that deputy prime minister and health minister Gurbanguly Malikgulyyewic Berdimuhammedow would serve as acting president. The Khalk Maslahaty (KhM or People's Council, a supreme legislative-executive-regional conclave) convened on December 26 and changed the constitution to make legitimate Berdimuhammedow's position as acting president. It quickly approved an electoral law and announced that the next presidential election would be held on February 11, 2007. The KhM designated six candidates for the presidential election, one from each region, all of whom are government officials. The ruling Democratic Party endorsed Berdimuhammedow as its candidate, thereby seemingly anointing him as Niyazov's heir-apparent. Many international observers have criticized the electoral process as undemocratic (see also CRS Report RS22572, *Turkmenistan's Political Succession: Context and Implications*, by Jim Nichol).

**Recent Developments in Kazakhstan.** Incumbent Kazakh President Nazarbayev won another term with 91% of the vote in a five-man race on December 4, 2005. Many observers credited economic growth in the country and promises of increased wages and pensions as bolstering his popularity. He campaigned widely and pledged democratic reforms and poverty relief. Observers from the OSCE, COE, and the European Parliament assessed the election as progressive but still falling short of a free and fair race. Problems included restrictions on campaigning and harassment of opposition candidates.<sup>26</sup> Then-Assistant Secretary of State for European and Eurasian affairs Daniel Fried averred that "in the case of ... countries whose elections were not free and fair but not a travesty — perhaps Kazakhstan is in that category — we need to be very clear about what it is we want, which is democracy" and that the United States should continue engagement with such governments "as long as they are moving in roughly the right direction."<sup>27</sup>

Political in-fighting became public in late February 2006, when Kazakhstan's interior (police) ministry announced that it had detained Yerzhan Otembayev, the top aide to Nurtay Abykayev, the speaker of the Senate (the upper legislative chamber). It accused Otembayev of involvement in the February abduction and murder of Altynbek Sarsenbayev, leader of the opposition Nagyz Ak Zhol (True Bright Path) Party. Arrests included personnel in the national security committee, and its head resigned. The police reported that Otembayev had confessed to having Sarsenbayev killed for personal reasons. Opposition politicians and others asserted that

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<sup>26</sup> OSCE. ODIHR. Election Observation Mission. *Republic of Kazakhstan Presidential Election 4 December 2005: Final Report*, February 21, 2006.

<sup>27</sup> "Assistant Secretary for European and Eurasian Affairs Addresses American Enterprise Institute," *US Fed News*, December 14, 2005.



Otembayev's alleged involvement indicated that the assassination was ordered by other top officials. The U.S. FBI reportedly assisted in investigating Sarsenbayev's murder. In testimony in August 2006, defendant Rustam Ibragimov implicated Abykayev, Nartay Dutbayev (former head of the National Security Committee), and Aleksey Kikshayev (a former presidential staffer) in the murder. He also asserted that these three were planning to overthrow President Nursultan Nazarbayev. Some observers viewed the testimony as spurious, since Abykayev firmly supports Nazarbayev.<sup>28</sup> Otembayev also renounced his earlier confession. At the end of August 2006, the court convicted Otembayev, Ibragimov, and eight others of involvement in the murders.

A meeting of the Ministerial Council of the OSCE on December 5, 2006, postponed a decision on Kazakhstan's bid to preside over the organization in 2009. U.S. officials reportedly urged Kazakhstan to make more progress in human rights reforms before a final decision is made. Two days later, the U.S. Embassy in Kazakhstan raised "serious concerns" over the demolition of houses belonging to Krishna Consciousness Society followers south of Kazakhstan's city of Almaty. The Embassy stated that "the forced resettlement of the owners of houses in frosty weather and the demolition of their property are against the principles of justice and fairness" and added that local authorities "are continuing their aggressive campaign against the community."

**Recent Developments in Tajikistan.** Five candidates ran in the presidential election in Tajikistan held on November 6, 2006, including incumbent President Rakhmanov. All the four "challengers" praised Rakhmanov and campaigned little. The opposition Democratic and Social-Democratic Parties boycotted the race, claiming it was undemocratic, and the Islamic Renaissance Party chose not to field a candidate. Rakhmanov officially received 79.3% of 2.88 million votes with a nearly 91% turnout. According to observers from the Organization for Security and Cooperation in Europe (OSCE) and the Council of Europe, the race was slightly improved over the 1999 presidential election but "did not fully test democratic electoral practices ... due to a lack of genuine choice and meaningful pluralism." The observers criticized the lack of meaningful debate by the candidates, improbable turnout figures in some precincts, use of administrative resources, and non-transparent vote-counting.<sup>29</sup>

**Human Rights.** Turkmenistan and Uzbekistan are generally viewed as having the worst human rights records among the regional states. Tajikistan experienced many human rights abuses during its civil war, and the government appears in recent years to be backtracking on respect for human rights. Non-favored faiths, missionaries, and pious Muslims face religious rights abuses in all the states. Unfair elections increase political alienation and violence aimed against the regimes. In June 2006, the State Department downgraded Uzbekistan to "Tier 3," for having problems as a source country for human trafficking that does not fully comply with the minimum standards for the elimination of trafficking and is not making

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<sup>28</sup> *Associated Press*, August 2, 2006.

<sup>29</sup> OSCE. ODIHR. *Presidential Election, Republic of Tajikistan — 6 November 2006: Statement of Preliminary Findings and Conclusions*, November 7, 2006.

significant efforts to do so.<sup>30</sup> The NGO Freedom House has included Turkmenistan and Uzbekistan among countries such as North Korea and Myanmar that have the lowest possible ratings on political rights and civil liberties.<sup>31</sup>

According to the State Department, religious freedom deteriorated in Uzbekistan in 2005-2006, with increased repression against Christians and observant Muslims. In mid-June 2006, Uzbek President Karimov signed a law adding harsher criminal penalties for missionary activities, including the printing and storing of illegal religious materials or the spreading of (or intention to spread) religious ideas that “offend national honor and dignity or insult [other] religious or atheistic feelings.”<sup>32</sup> As recommended by the U.S. Commission on International Religious Freedom (USCIRF), Secretary Rice in November 2006 designated Uzbekistan a “country of particular concern” (CPC), where severe human rights violations could lead to U.S. sanctions.

In the case of religious freedom in Turkmenistan, the State Department maintained that conditions there had improved somewhat in 2005-2006, because the Turkmen Council for Religious Affairs (CRA) was more willing to assist minority religious groups in dealing with the government, and authorities hosted a late 2005 roundtable discussion to inform religious leaders on registration procedures. At the same time, the State Department acknowledged, most unregistered groups continued to experience official harassment, including detention, arrest, confiscation of religious literature and materials, pressure to abandon religious beliefs, and threats of eviction and job loss. The USCIRF has termed this State Department claim that religious freedom has improved “disturbing” and “startling” and has recommended since 2000 that Turkmenistan be designated a CPC, because the country “is among the most repressive states in the world today and engages in systematic and egregious violations of freedom of religion.”<sup>33</sup>

Among U.N. actions, the General Assembly in December 2003 and November 2004 approved resolutions expressing “grave concern” about human rights abuses in Turkmenistan and urging reforms. The U.N. Rapporteur on Torture in early 2003 completed a report that concluded that police and prison officials in Uzbekistan “systematically” employed torture.<sup>34</sup> In November 2005, the U.N. General

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<sup>30</sup> U.S. Department of State. *Trafficking in Persons Report*, June 2006.

<sup>31</sup> Freedom House. *The Worst of the Worst: The World's Most Repressive Societies*, September 6, 2006.

<sup>32</sup> OSIC, June 27, 2006, Doc. No. CEP-950112. U.S. Department of State. *International Religious Freedom Report 2006*, September 15, 2006.

<sup>33</sup> U.S. Commission on International Religious Freedom. *Annual Report*, May 2, 2005, and *Annual Report*, May 3, 2006. USCIRF first urged that Uzbekistan be designated a CPC in its 2005 *Annual Report*. *Ambassador-at-Large for International Religious Freedom John V. Hanford III on the Release of the State Department's 2006 Designations of Countries of Particular Concern for Severe Violations of Religious Freedom*, November 13, 2006.

<sup>34</sup> U.N. General Assembly. *Resolution: Situation of Human Rights in Turkmenistan*, 58/194, December 22, 2003; *Resolution: Situation of Human Rights in Turkmenistan*, 59/206,

Assembly's Third Committee approved resolutions critical of human rights violations in Turkmenistan and Uzbekistan. The resolution on Turkmenistan expressed "grave concern" about political repression, media censorship, religious minority group harassment, and detainee torture. The resolution on Uzbekistan expressed "grave concern" about violence against civilians in Andijon and called on the government to permit an international investigation. The Uzbek representative asserted that the resolution contained no credible facts and ignored Uzbekistan's right to defend its constitutional order against terrorists.<sup>35</sup>

Perhaps indicating that some political forces in Kyrgyzstan are opposed to human rights reforms and ties with the United States, the Kyrgyz Foreign Ministry in July 2006 declared two U.S. diplomats *persona non grata*, giving as a reason their "inappropriate contacts" with NGO leaders. The United States deemed the expulsions as "based on bad information, false accusations, and evil misinterpretations of fact," and expelled two Kyrgyz diplomats in turn.<sup>36</sup> The United States also expressed disappointment that same month that Kyrgyzstan had not lived up to its international obligations when in July 2006 it extradited five Uzbek refugees to Uzbekistan. The United States and the U.N. High Commissioner of Refugees also raised concerns about alleged abductions of five Uzbek refugees seeking asylum in Kyrgyzstan.

**Congressional Conditions on Kazakh and Uzbek Aid.** In Congress, Omnibus Appropriations for FY2003 (P.L. 108-7) forbade FREEDOM Support Act (FSA) assistance to the government of Uzbekistan unless the Secretary of State determined and reported that it was making substantial progress in meeting commitments under the Strategic Partnership Declaration to democratize and respect human rights. P.L. 108-7 also forbade assistance to the Kazakh government unless the Secretary of State determined and reported that it significantly had improved its human rights record during the preceding six months. However, the legislation permitted the Secretary to waive the requirement on national security grounds. The Secretary reported in May 2003, that Uzbekistan was making such progress (by late

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<sup>34</sup> (...continued)

December 20, 2004. U.N. Economic and Social Council. Commission on Human Rights. Special Rapporteur on the Question of Torture, Theo van Boven. *Report of the Special Rapporteur Submitted in Accordance with Commission Resolution 2002/38. Addendum: Mission to Uzbekistan*, E/CN.4/2003/68/Add.2, annex, February 3, 2003. In early 2006, the Rapporteur reported allegations by some NGOs that Uzbekistan still had not implemented many of the recommendations. See Special Rapporteur on the Question of Torture, Manfred Nowak. *Report by the Special Rapporteur. Addendum: Follow-up to the Recommendations Made by the Special Rapporteur*, E/CN.4/2006/6/Add.2, March 21, 2006.

<sup>35</sup> U.N. General Assembly. Third Committee. *Draft Resolution: Situation of Human Rights in Turkmenistan*, A/C.3/60/L.46, November 2, 2005; *Draft Resolution: Situation of Human Rights in Uzbekistan*, A/C.3/60/L.51, November 2, 2005; *Press Release: Third Committee ... Approves Text Expressing Deep Concern over Human Rights Situation in Uzbekistan*, GA/SHC/3843, November 22, 2005.

<sup>36</sup> U.S. Embassy Bishkek. *Remarks to the Press by Richard Boucher, Assistant Secretary [of State] for South and Central Asia Affairs*, August 11, 2006. Some observers viewed these developments as marking the Bakiyev government's warming relations with Russia and Uzbekistan and cooling relations with the United States and the West.

2003, the Administration had decided that it could no longer make this claim; see below, *Weapons of Mass Destruction*). In July 2003, the Secretary reported that Kazakhstan was making progress. Some in Congress were critical of these findings.

Consolidated Appropriations for FY2004, including foreign operations (P.L. 108-199) and for FY2005 (P.L. 108-447, Section 578), and Foreign Operations Appropriations for FY2006 (P.L. 109-102, Sections 586 and 587) retained these conditions, while clarifying that the prohibition on aid to Uzbekistan pertained to the *central* government and that conditions included respecting human rights, establishing a “genuine” multi-party system, and ensuring free and fair elections and freedom of expression and media.

**State Department Implementation in FY2004.** In July 2004, the State Department announced that, despite some “encouraging progress” in respecting human rights, up to \$18 million in aid to Uzbekistan would be withheld because of “lack of progress on democratic reform and restrictions put on U.S. assistance partners on the ground” (in contrast, progress was reported regarding Kazakhstan).<sup>37</sup> International Military Education and Training (IMET) and FMF programs, which are conditioned on respect for human rights, were among those affected. The State Department reprogrammed or used notwithstanding authority (after consultation with Congress) to expend some of the funds, so that about \$8.5 million was ultimately withheld. During an August 2004 visit to Uzbekistan, Gen. Myers criticized the cutoff of IMET and FMF programs as “shortsighted” and not “productive,” since it reduced U.S. military influence (see also below, *Weapons of Mass Destruction*).<sup>38</sup>

**State Department Implementation in FY2005.** For FY2005, Secretary of State Condoleezza Rice reported to Congress in May 2005 that Kazakhstan had failed to significantly improve its human rights record, but that she had waived aid restrictions on national security grounds. The Secretary of State in FY2005 did not determine and report to Congress that Uzbekistan was making significant progress in respecting human rights, so Section 578 aid restrictions remained in place. FMF and IMET were restricted. The State Department reported that it used notwithstanding authority to allocate \$4.16 million in aid to Uzbekistan for reforming health care, promoting better treatment of detainees, combating HIV/AIDS, combating trafficking in drugs and persons, and supporting World Trade Organization accession.

**State Department Implementation in FY2006.** For FY2006, Secretary of State Rice reported to Congress in May 2006 that Kazakhstan had failed to significantly improve its human rights record, but that she had waived aid restrictions on national security grounds. She did not determine and report to Congress that Uzbekistan was making significant progress in respecting human rights, so Section 586 restrictions remained in place. FMF and IMET were restricted. According to the State Department, notwithstanding authority was used to allocate some of the aid.

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<sup>37</sup> U.S. Department of State. Office of the Spokesman. *Secretary of State Decision Not to Certify Uzbekistan*, July 13, 2004.

<sup>38</sup> *Defense and Foreign Affairs Daily*, August 16, 2004.

## Security and Arms Control

The U.S.-led coalition's overthrow of the Taliban and routing of Al Qaeda and IMU terrorists in Afghanistan (termed Operation Enduring Freedom or OEF) increased the security of Central Asia. According to then-Assistant Secretary of Defense J. D. Crouch in testimony in June 2002, "our military relationships with each [Central Asian] nation have matured on a scale not imaginable prior to September 11<sup>th</sup>." Crouch averred that "for the foreseeable future, U.S. defense and security cooperation in Central Asia must continue to support actions to deter or defeat terrorist threats" and to build effective armed forces under civilian control. Kyrgyzstan, Crouch related, became a "critical regional partner" in OEF, providing basing for U.S. and coalition forces at Manas (in mid-2006, these troops reportedly numbered about 1,100). Uzbekistan provided a base for U.S. operations at Karshi-Khanabad (K2; just before the pullout, U.S. troops reportedly numbered less than 900), a base for German units at Termez (in early 2006, German troops reportedly numbered about 300), and a land corridor to Afghanistan for humanitarian aid via the Friendship Bridge at Termez. Tajikistan permitted use of its international airport in Dushanbe for refueling ("gas-and-go") and hosted a French force (there were reportedly 400 troops there in mid-2006). Kazakhstan and Turkmenistan provided overflight and other support.<sup>39</sup>

To obtain Uzbekistan's approval for basing, the 2002 U.S.-Uzbek Strategic Partnership Declaration included a nonspecific security guarantee. The United States affirmed that "it would regard with grave concern any external threat" to Uzbekistan's security and would consult with Uzbekistan "on an urgent basis" regarding a response. The two states pledged to intensify military cooperation, including "re-equipping the Armed Forces" of Uzbekistan, a pledge that appeared to be repudiated by Uzbekistan following events in Andijon.

Although U.S. security assistance was boosted in the aftermath of 9/11, such aid has lessened somewhat since then as a percentage of all such aid to Eurasia, particularly in FY2004-FY2005 after some aid to Uzbekistan was cut (see below). Security and law enforcement aid was \$187.55 million in FY2002 (31% of all such aid to Eurasia), \$101.5 million (33%) in FY2003, \$132.5 million (11.2%) in FY2004, and \$148.5 million in FY2005 (11.3%). Of all budgeted assistance to Central Asia over the period from FY1992-FY2004, security and law enforcement aid accounted for a little over one-fifth. Security and law enforcement aid included FMF, IMET, and EDA programs and border security aid to combat trafficking in drugs, humans, and WMD. To help counter burgeoning drug trafficking from Afghanistan, the

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<sup>39</sup> Senate Foreign Relations Committee. Subcommittee on Central Asia and the South Caucasus. *Statement of J.D. Crouch II, Assistant Secretary of Defense for International Security Policy*, June 27, 2002. Reportedly, there were about 1,000 U.S. troops, 40 French, and 55 Spanish troops at Manas in mid-2006. *Air Force Times*, June 19, 2006. Russian media reported that France had increased its number of troops in Tajikistan from about 150 in late 2005 to 400 in mid-2006. *Regnum News Agency*, May 20, 2006. Russia and India signed an agreement in January 2006 to share a Soviet-era base at Farkhor, Tajikistan. *Jane's Defence Weekly* reported in April 2006 that India had dispatched 12 MiG-29s and 40 military personnel to the base.

emergency supplemental for FY2005 (P.L. 109-13) provided \$242 million for Central Asia and Afghanistan, and the emergency supplemental for FY2006 (P.L. 109-234) provided \$150 million for Central Asia and Afghanistan (of which about \$30 million was recommended for Central Asia).

In addition to the aid reported by the Coordinator's Office, the Defense Department provides coalition support payments to Kyrgyzstan, including base lease payments and landing and overflight fees (overall authority and funding have been provided in FY2002-FY2005 emergency supplemental appropriations for military operations and maintenance). According to one 2005 report, the United States had paid a total of \$28 million in landing fees, parking fees, and airport fees; \$114 million for fuel, and \$17 million to Kyrgyz contractors. Uzbekistan received a payment of \$15.7 million for use of K2 and associated services, and the Defense Department in September 2005 announced an intention to pay another \$23 million. On October 5, an amendment to Defense Appropriations for FY2006 (H.R. 2863) was approved in the Senate to place a one-year hold on the payment. Despite congressional concern, the Defense Department transferred the payment in November 2005. The conferees on H.R. 2863 later dropped the amendment (H.Rept. 109-360; P.L. 109-359).

U.S. Central Command (USCENTCOM) in 1999 became responsible for U.S. military engagement in Central Asia. It cooperates with the European Command (USEUCOM), on the Caspian [Sea] Guard program, launched in 2003, to enhance and coordinate security assistance provided by U.S. agencies to establish an "integrated airspace, maritime and border control regime" for Azerbaijan and Kazakhstan. A related hydrocarbons initiative provides maritime security, crisis response, and consequence management aid to help the Caspian regional states protect energy transport to the West.<sup>40</sup> Russia has appeared to counter U.S. maritime security aid by boosting the capabilities of its Caspian Sea Flotilla and by urging the littoral states to coordinate their naval activities with Russia's.

All the Central Asian states except Tajikistan joined NATO's PFP by mid-1994 (Tajikistan joined in 2002). Central Asian troops have participated in periodic PFP (or "PFP-style") exercises in the United States since 1995, and U.S. troops have participated in exercises in Central Asia since 1997. A June 2004 NATO summit communique pledged enhanced Alliance attention to the countries of the South Caucasus and Central Asia. Uzbekistan sharply reduced its participation in PFP after NATO raised concerns that Uzbek security forces had used excessive and disproportionate force in Andijon. In contrast to Uzbekistan's participation, Kazakhstan's progress in military reform enabled NATO in January 2006 to elevate it to participation in an Individual Partnership Action Plan.

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<sup>40</sup> Senate Armed Services Committee. *Statement of General James L. Jones, USMC, Commander, United States European Command*, March 1, 2005. According to one Azerbaijani newspaper, Turkmenistan is acquiring more weaponry from Russia, which Turkmenistan may threaten to use against Azerbaijan to gain control of disputed Caspian seabed oil and gas fields. *OSIC*, June 22, 2006, Doc. No. CEP-950016.

According to some reports, the Defense Department has been considering possibly setting up long-term military facilities in Central Asia termed Cooperative Security Locations (CSLs; they might contain pre-positioned equipment and be managed by private contractors, and few if any U.S. military personnel may be present). The Overseas Basing Commission in 2005 acknowledged that U.S. national security might be enhanced by future CSLs in Central Asia but urged Congress to seek inter-agency answers to “what constitutes vital U.S. interests in the area that would require long-term U.S. presence.”<sup>41</sup>

## Closure of Karshi-Khanabad

On July 5, 2005, the presidents of Uzbekistan, Kyrgyzstan, and Tajikistan signed a declaration issued during a meeting of the Shanghai Cooperation Organization (SCO; see below, *Regional Tensions*) that stated that “as large-scale military operations against terrorism have come to an end in Afghanistan, the SCO member states maintain that the relevant parties to the anti-terrorist coalition should set a deadline for the temporary use of ... infrastructure facilities of the SCO member states and for their military presence in these countries.”<sup>42</sup> Despite this declaration, none of the Central Asian leaders immediately called for closing the coalition bases. However, after the United States and others interceded so that refugees who fled from Andijon to Kyrgyzstan could fly to Romania, Uzbekistan on July 29 demanded that the United States vacate K2 within six months. On November 21, 2005, the United States officially ceased operations to support Afghanistan at K2. Perhaps indicative of the reversal of U.S. military-to-military and other ties, former pro-U.S. defense minister Qodir Gulomov was convicted of treason and received seven years in prison, later suspended. Many K2 activities shifted to the Manas airbase in Kyrgyzstan.<sup>43</sup> In early 2006, Kyrgyz President Bakiyev reportedly requested that lease payments for use of the Manas airbase be increased to more than \$200 million per year and at the same time re-affirmed Russia’s free use of its nearby base.<sup>44</sup>

Russia’s President Vladimir Putin on June 15, 2006, unfavorably compared U.S. foreign policy to Russia’s policy toward the other Soviet successor states (particularly toward Uzbekistan). He stated that Russia had “careful” relations with them since they were still “weak and vulnerable” instead of trying to “impose standards” on them. He argued that “I understand the dissatisfaction of the United States with the fact that Uzbekistan has closed [the U.S.-led coalition airbase at Karshi-Khanabad]. But if they didn’t behave there like a bull in a china shop, maybe the base would not have been closed.” Outgoing U.S. Ambassador to Tajikistan Richard Hoagland

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<sup>41</sup> Commission on Review of the Overseas Military Facility Structure of the United States. *Interim Report*, May 9, 2005.

<sup>42</sup> OSIC, July 5, 2005, Doc. No. CPP-249.

<sup>43</sup> According to a mid-2006 report, nine million pounds of fuel were being off-loaded and 4,000 tons of cargo and 13,500 people were being transported each month through Manas to Afghanistan. “USAFE/CC Revisits Manas, Impressed with Improvements,” *US Fed News*, July 10, 2006.

<sup>44</sup> For background, see CRS Report RS22295, *Uzbekistan’s Closure of the Airbase at Karshi-Khanabad: Context and Implications*, by Jim Nichol.

strongly responded on June 19 that “to assume that these nations are subject to orders from ... Europe or North America ... is embarrassingly simplistic, offensively paternalistic, and ... does not correspond to reality. To call these republics fragile is equally paternalistic.... Some clear-eyed leaders in [Central Asia] desire strongly to build their nation’s independence and sovereignty. Some others are willing to sell their state and even their own soul to the highest bidder for their own and their family’s short-term personal and political gain.... It would most definitely not be to [the advantage of Central Asian states] to become the Junior Partners in a new Warsaw Pact or Tashkent Pact.... We have no intention to create a new bloc to exercise control.... [All countries] need to work to integrate Central Asia into the world community.”<sup>45</sup>

Some observers viewed the closure of K2 and souring U.S.-Uzbek relations as setbacks to U.S. influence in the region and as gains for Russian and Chinese influence. Others suggested that U.S. ties with other regional states provided continuing influence and that U.S. criticism of human rights abuses might pay future dividends among regional populations.<sup>46</sup>

On July 14, 2006, the United States and Kyrgyzstan issued a joint statement that the two sides had resolved the issue of the continued U.S. use of airbase facilities at Manas. Although not specifically mentioning U.S. basing payments, it was announced that the United States would provide \$150 million in “total assistance and compensation over the next year,” subject to congressional approval (some reports indicated that the “rent” portion of this amount would be \$20 million). Kyrgyz Security Council Secretary Miroslav Niyazov and U.S. Deputy Assistant Defense Secretary James MacDougall also signed a Protocol of Intentions affirming that the United States would compensate the Kyrgyz government and businesses for goods, services, and support of coalition operations. Some observers suggested that increased terrorist activities in Afghanistan and a May 12 terrorist incursion from Tajikistan into Kyrgyzstan may have contributed to a Kyrgyz evaluation that the U.S. coalition presence was still necessary. Visiting Central Asia in late July 2006, USCENTCOM head Gen. John Abizaid stated that the United States probably would eventually reduce its military presence in the region while increasing its military-to-military cooperation.<sup>47</sup>

Following the shooting death of a civilian by a U.S. serviceman at the U.S.-leased Ganci airbase in Kyrgyzstan on December 6, 2006, President Kurmanbek Bakiyev the next day reportedly ordered his foreign ministry to re-examine provisions of a late 2001 status of forces agreement precluding U.S. soldiers serving in Kyrgyzstan from prosecution in local courts. U.S. Ambassador Marie Yovanovitch reportedly offered U.S. condolences; she stated that an investigation

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<sup>45</sup> “Putin Supports Uzbek President to Avoid Afghan Scenario,” *Interfax*, June 16, 2006; U.S. Embassy, Dushanbe, Tajikistan. Richard E. Hoagland. *Sovereign States Make Their Own Decisions*, June 19, 2006.

<sup>46</sup> On growing Chinese regional influence, see Michael Mihalka, “Counter-insurgency, Counter-terrorism, State-Building and Security Cooperation in Central Asia,” *The China and Eurasia Forum Quarterly*, May 2006.

<sup>47</sup> *Associated Press*, July 24, 2006.



would be conducted and that, on the basis of its findings, the soldier could face a military tribunal. On December 18, the U.S. Embassy rejected a Kyrgyz demand that the United States permit the serviceman to be prosecuted under Kyrgyz law.

## **Weapons of Mass Destruction**

Major U.S. security interests have included elimination of nuclear weapons remaining in Kazakhstan after the breakup of the Soviet Union and other efforts to control nuclear proliferation in Central Asia. The United States has tendered aid aimed at bolstering their export and physical controls over nuclear technology and materials, in part because of concerns that Iran is targeting these countries.

After the Soviet breakup, Kazakhstan was on paper a major nuclear weapons power (in reality Russia controlled these weapons). In December 1993, the United States and Kazakhstan signed a CTR umbrella agreement for the “safe and secure” dismantling of 104 SS-18s, the destruction of silos, and related purposes. All bombers and their air-launched cruise missiles were removed by late February 1994 (except seven bombers destroyed with U.S. aid in 1998). On April 21, 1995, the last of about 1,040 nuclear warheads had been removed from SS-18 missiles and transferred to Russia, and Kazakhstan announced that it was nuclear weapons-free. The SS-18s were eliminated by late 1994. The United States reported that 147 silos had been destroyed by September 1999. A U.S.-Kazakh Nuclear Risk Reduction Center in Almaty was set up to facilitate verification and compliance with arms control agreements to prevent the proliferation of WMD. S.Res. 122, approved on May 25, 2005, commends Kazakhstan for eliminating its nuclear weapons.

Besides the Kazakh nuclear weapons, there are active research reactors, uranium mines, milling facilities, and dozens of radioactive tailing and waste dumps in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. Many of these reportedly remain inadequately protected against theft. Kazakhstan is reported to possess one-fourth of the world’s uranium reserves, and Kazakhstan and Uzbekistan are among the world’s top producers of low enriched uranium. Kazakhstan had a fast breeder reactor at Aktau that was the world’s only nuclear desalinization facility. Shut down in 1999, it had nearly 300 metric tons of uranium and plutonium spent fuel in storage pools (three tons of which were weapons-grade). In 1997 and 1999, U.S.-Kazakh accords were signed on decommissioning the Aktau reactor.

CTR aid was used to facilitate transporting 600 kg of weapons-grade uranium from Kazakhstan to the United States in 1994, 2,900 kg of up to 26% enriched nuclear fuel from Aktau to Kazakhstan’s Ulba facility in 2001 (which Ulba converted into less-enriched fuel), eleven kg of uranium in fuel rods from Uzbekistan to Russia in 2004, and 63 kg of uranium from Uzbekistan to Russia in April 2006.

Kazakhstan and Uzbekistan hosted major chemical and biological warfare (CBW) facilities during the Soviet era. CTR and Energy Department (DOE) funds have been used in Kazakhstan to dismantle a former anthrax production facility in Stepnogorsk, to remove some strains to the United States, to secure two other BW sites, and to retrain scientists. CTR funding was used to dismantle Uzbekistan’s Nukus chemical weapons research facility. CTR aid also was used to eliminate active anthrax spores at a former CBW test site on an island in the Aral Sea. These

latter two projects were completed in 2002. Other CTR aid helps keep former Uzbek CBW scientists employed in peaceful research. Uzbekistan continued to cooperate in 2005-2006 with DOD and DOE to receive portal and hand-held radiation monitoring equipment and training.

The FY2003 National Defense Authorization Act (P.L. 107-314, Sec. 1306) provided for the president to waive prohibitions on CTR aid (as contained in Sec.1203 of P.L. 103-160) to a state of the former Soviet Union if he certified that the waiver was necessary for national security and submitted a report outlining why the waiver was necessary and how he planned to promote future compliance with the restrictions on CTR aid. The waiver authority, exercisable each fiscal year, expired at the end of FY2005. (The six restrictions in P.L. 103-160 include a call for CTR recipients to observe internationally recognized human rights.) In FY2004 and FY2005, the President explained that Uzbekistan's human rights problems necessitated waivers.<sup>48</sup> Defense Authorizations for FY2006 (P.L. 109-163) provide a non-sunset waiver authority, exercisable annually. In the 110<sup>th</sup> Congress, Senator Sam Nunn introduced S. 198 on January 8, 2007, to amend P.L. 103-160 to eliminate the restrictions on CTR aid, including respect for human rights. Although waivers can be and are exercised when the conditions are not met, he stated, the lengthy process of making determinations and exercising waivers threatens the primary U.S. national security goal of combating WMD.<sup>49</sup>

## Trade and Investment

The Administration and others stress that U.S. support for free market reforms directly serves U.S. national interests by opening new markets for U.S. goods and services and sources of energy and minerals. U.S. private investment committed to Central Asia has greatly exceeded that provided to Russia or most other Eurasian states except Azerbaijan. U.S. trade agreements have been signed and entered into force with all the Central Asian states, but bilateral investment treaties are in force only with Kazakhstan and Kyrgyzstan. Permanent normal trade relations with Kyrgyzstan were established by law in June 2000, so that "Jackson-Vanik" trade provisions no longer apply that call for presidential reports and waivers concerning freedom of emigration.

In 2005-2006, the Bush Administration highlighted programs to encourage Central Asia to bolster trade and transport ties with Afghanistan and South Asia. As stated by Secretary Rice, these efforts support a "new Silk Road, a great corridor of reform" extending from Europe southward to Afghanistan and the Indian Ocean. According to Evan Feigenbaum, Deputy Assistant Secretary of State for South and Central Asia, "we are ... promoting options and opportunities omni-directionally but

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<sup>48</sup> The White House. Presidential Determination: No. 2004-19. *Waiver of Restrictions on Assistance to the Republic of Uzbekistan under the Cooperative Threat Reduction Act of 1993 and Title V of the FREEDOM Support Act*, December 30, 2003; Presidential Determination: No. 2005-13. *Waiver of Restrictions...*, December 14, 2004.

<sup>49</sup> *Congressional Record*, January 8, 2007, pp. S237-S238.

increasingly to the south — the least developed direction.”<sup>50</sup> Major foci of the U.S. Trade and Development Agency’s Central Asian Infrastructure Integration Initiative and USAID’s Regional Energy Market Assistance Program include encouraging energy, transportation, and communications projects, including the development of electrical power infrastructure and power sharing between Central Asia, Afghanistan, and eventually Pakistan and India.<sup>51</sup>

All the states of the region possess large-scale resources that could contribute to the region becoming a “new silk road” of trade and commerce. The Kazakh and Turkmen economies are dependent on energy exports but need added foreign investment for production and transport. Uzbekistan’s state-controlled cotton and gold production rank among the highest in the world and much is exported. It also has moderate energy reserves. Kyrgyzstan has major gold mines and strategic mineral reserves, is a major wool producer, and could benefit from tourism. Tajikistan has one of the world’s largest aluminum processing plants and is a major cotton grower.

Despite the region’s development potential, the challenges of corruption, inadequate transport infrastructure, punitive tariffs, border tensions, and uncertain respect for contracts discourage major foreign investment (except for some investment in the energy sector). Examples of such challenges include Uzbekistan’s restrictions on travel, which have encouraged Tajikistan and Kyrgyzstan to explore building a major road to Kazakhstan that bypasses Uzbekistan. At a meeting of the Eurasian Economic Community in June 2006, Tajik President Rakhmanov criticized Uzbekistan’s requirement that Tajik and Kyrgyz citizens obtain visas to visit it, and Uzbek President Karimov reportedly pledged to reconsider the visa requirement. The challenge of corruption was underscored by a report issued in early 2006 by the non-governmental organization Global Witness, which alleged that the late Turkmen President Niyazov personally controlled a vast portion of the wealth generated from natural gas exports. The NGO raises concerns that organized crime groups were involved in these exports and urged the European Union to limit trade ties with Turkmenistan.<sup>52</sup>

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<sup>50</sup> U.S. State Department. *Remarks by Secretary of State Condoleezza Rice at Eurasian National University*, October 13, 2005; and U.S. Congress. House International Relations Committee. Subcommittee on the Middle East and Central Asia. *Testimony by Steven R. Mann, Principal Deputy Assistant Secretary*, July 25, 2006. See also U.S. Embassy Kazakhstan. *Kazakhstan and the United States in a Changed World*, August 23, 2006.

<sup>51</sup> U.S. Trade and Development Agency. *Press Release: USTDA Launches Central Asian Infrastructure Integration Initiative*, October 14, 2005; Richard A. Boucher, *Remarks at Electricity Beyond Borders: A Central Asia Power Sector Forum*, Istanbul, Turkey, June 13, 2006; Joshua Kucera, “Washington Seeks to Steer Central Asian States Toward South Asian Allies,” *Eurasia Insight*, April 28, 2006; Joshua Kucera, “USAID Official Outlines Plan to Build Central-South Asian Electricity Links,” *Eurasia Insight*, May 4, 2006.

<sup>52</sup> Global Witness. *It’s a Gas: Funny Business in the Turkmen-Ukraine Gas Trade*, April 2006.

## Oil and Natural Gas Resources

U.S. policy goals regarding energy resources in the Central Asian and South Caucasian states have included supporting their sovereignty and ties to the West, supporting U.S. private investment, promoting Western energy security through diversified suppliers, assisting ally Turkey, and opposing the building of pipelines that transit “energy competitor” Iran or otherwise give it undue influence over the region. Security for Caspian region pipelines and energy resources also has been a recent interest. President Bush’s 2001 *National Energy Policy* report suggests that greater oil production in the Caspian region could not only benefit regional economies, but also help mitigate possible world supply disruptions. It recommends U.S. support for building the BTC pipeline and an Azerbaijan-Turkey gas pipeline, coaxing Kazakhstan to use the oil pipeline, and otherwise encouraging the regional states to provide a stable and inviting business climate for energy development.<sup>53</sup>

According to the U.S. Department of Energy (DOE), the Caspian region is emerging as a significant source of oil and gas for world markets. Kazakhstan possesses the Caspian region’s largest proven oil reserves at 9-29 billion barrels, according to DOE, and also possesses 65 trillion cubic feet (tcf) of natural gas. Kazakhstan’s oil exports currently are about 1.3 million barrels per day (bpd). Some U.S. energy firms and other private foreign investors have become discouraged in recent months by harsher Kazakh government terms, taxes, and fines that some allege reflect corruption within the ruling elite. Turkmenistan possesses about 101tcf of proven gas reserves, according to DOE, among the largest in the world.<sup>54</sup>

The Central Asian states have been pressured by Russia to yield portions of their energy wealth to Russia, in part because Russia controls most existing export pipelines.<sup>55</sup> Kazakhstan’s main oil export route is a 930-mile pipeline — owned by the Caspian Pipeline Consortium, in which Russian shareholders have a controlling interest — that carries 560,000 bpd of oil from Kazakhstan to Russia’s Black Sea port of Novorossiysk (23 million metric tons a year). Lengthy Russian resistance to increasing the pumping capacity of the pipeline and demands for higher transit and other fees, along with the necessity of offloading the oil into tankers at Novorossiysk to transit the clogged Turkish Straits, have spurred U.S. and Western investors to consider other routes, including barging oil to Azerbaijan.

Kazakhstan’s two non-Russian oil export routes are to the Black Sea and China. For many years, it has barged some oil across the Caspian Sea to Azerbaijan to be transported by railway to Black Sea ports. In June 2006, Kazakhstan and Azerbaijan

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<sup>53</sup> The White House. *National Energy Policy*, May 2001.

<sup>54</sup> U.S. Department of Energy. Energy Information Administration. *Kazakhstan Country Analysis Brief*, July 2005; *Caspian Sea Country Analysis Brief*, September 2005. See CRS Report RS21190, *Caspian Oil and Gas: Production and Prospects*, by Bernard A. Gelb.

<sup>55</sup> Jeronim Perovic, “From Disengagement to Active Economic Competition: Russia’s Return to the South Caucasus and Central Asia,” *Demokratizatsiya*, Winter 2005, pp. 61-86; Kimberly Marten, “Disrupting the Balance: Russian Efforts to Control Kazakhstan’s Oil,” *PONARS Policy Memo No. 428*, December 2006. According to Marten, Russian efforts include limiting China’s access to Kazakh oil.

finalized an agreement initially to ship 25 million metric tons per year of Kazakh oil through the BTC pipeline, about one-half the capacity of the pipeline.<sup>56</sup> The first Kazakh oil export pipeline not transiting Russia was completed from Atasu in central Kazakhstan to the Xinjiang region of China (a distance of about 600 miles), and began delivering oil in May 2006. Initial capacity is 20 million metric tons per year. At Atasu, it links to another pipeline from Kumkol, also in central Kazakhstan, and will eventually link to Atyrau on Kazakhstan's Caspian Sea coast.

The late Niyazov signed a 25-year accord with Putin in 2003 on supplying Russia up to 6 billion cubic meters (bcm) of gas in 2004 (about 12% of production), rising up to 80 bcm in 2009, perhaps then tying up a large part of Turkmenistan's production. Turkmenistan halted gas shipments to Russia at the end of 2004 in an attempt to get a higher gas price but settled for all-cash rather than partial barter payments. In early 2006, Turkmenistan again requested higher gas prices from Russia, because Russia's state-controlled Gazprom gas firm had raised the price it charged for customers receiving the gas that it had purchased from Turkmenistan. In June 2006, Turkmenistan threatened to cut off gas shipments at the end of July unless Gazprom agreed to a price increase from \$65 per one thousand cubic meters (mcm) to \$100 per mcm for the rest of 2006. On July 25, Gazprom shut off one major pipeline from Turkmenistan for eight days of "repairs." In early September 2006, Gazprom agreed to pay \$100 per mcm from 2007 to the end of 2009, and Turkmenistan pledged to supply 42 bcm in 2006 and 50 bcm in 2007-2009.

Seeking alternatives to pipeline routes through Russia, in December 1997 Turkmenistan opened the first pipeline from Central Asia to the outside world beyond Russia, a 125-mile gas pipeline linkage to Iran. In early April 2006, Turkmenistan and China signed a framework agreement calling for Chinese investment in developing gas fields in Turkmenistan and in building a gas pipeline through Uzbekistan and Kazakhstan to China. In early September 2006, the late Niyazov indicated that he considered the possibility of building a trans-Caspian pipeline and a pipeline to Pakistan as unlikely.

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<sup>56</sup> On January 24, 2007, a Memorandum of Understanding was signed by the firms in the TengizChevroil consortium (ChevronTexaco, ExxonMobil, LukoilArco, and the Kazakh state oil and gas firm KazMunayGaz) and those in the KCO consortium (Eni-Agip, Total, ExxonMobil, Royal-Dutch Shell, ConocoPhillips, Inpex, and KazMunayGaz) to put together port facilities and tankers to transport Kazakh oil to Azerbaijan. Vladimir Socor, *Eurasia Daily Monitor*, January 25, 2007.

## U.S. Aid Overview

For much of the 1990s and until September 11, 2001, the United States provided much more aid each year to Russia and Ukraine than to any Central Asian state (most such aid was funded from the FSA account in Foreign Operations Appropriations, but some derived from other program and agency budgets). Cumulative foreign aid budgeted to Central Asia for FY1992 through FY2005 amounted to \$3.8 billion, 13.6% of the amount budgeted to all the Eurasian states, reflecting the lesser priority given to these states prior to 9/11. Budgeted spending for FY2002 for Central Asia, during OEF, was greatly boosted in absolute amounts (\$584 million) and as a share of total aid to Eurasia (about one-quarter of such aid). The Administration's aid requests since then have gradually declined in absolute amounts, although it has continued to stress important U.S. interests in the region. Some observers argue that although aid amounts have declined in dollar amounts in recent years, they appear to loom somewhat larger as percentages of the total FSA and other Function 150 aid to Eurasia (although such regional aid in recent years is still proportionately less than that provided to the South Caucasian region).

Appearing to reflect growing concern about human rights abuses, lessening interest in the region, and a push to reduce spending, Congress approved \$99 million in FSA aid for the states of Central Asia for FY2006, \$17.5 million below the presidential request (P.L. 109-102). In its FY2007 budget request, the Administration proposed phasing out economic reform aid to Kazakhstan by FY2009, because of "quantifiable reform progress" in the democratic, economic, and social sectors, according to the Administration. The Foreign Operations Appropriations for FY2007 bill (H.R. 5522; H.Rept. 109-486), passed by the House on June 9, 2006, recommends \$19 million for FREEDOM Support Act (FSA) assistance for Kazakhstan, \$29 million for Kyrgyzstan, \$22 million for Tajikistan, \$5 million for Turkmenistan, and \$15 million for Uzbekistan. The FSA aid recommendation for these states is \$4.75 million below the President's request. The House Appropriations Committee recommended no IMET assistance for Uzbekistan because of "ongoing turmoil" in the country, and deleted language making Uzbekistan eligible for EDA. H.R. 5522 was reported in the Senate with an amendment in the nature of a substitute on July 10, 2006 (S.Rept. 109-277). It assigned aid for the Central Asian states to various programs, with the amounts adding up to accord with the President's requested FSA aid for the Central Asian states (see below, **Table 1**). The Committee broke out some of the Administration's requested FREEDOM Support Act funding to recommend spending for Child Survival and Health Programs Fund (CSHPF), Family Planning (FP), Global HIV/AIDS Initiative (GHI), Other Infectious Diseases, Democracy Fund (DF), and Basic Education (BE).

Besides bilateral and regional aid, the United States contributes to international financial institutions that aid Central Asia. Recurrent policy issues regarding U.S. aid include what it should be used for, who should receive it, and whether it is effective.

**Table 1. U.S. Foreign Assistance to Central Asia, FY1992-FY2006, and the FY2007 Request**  
(millions of dollars)

Central Asian Country	Cumulative Funds Budgeted FY1992-FY2005 <sup>a</sup>	FY2005 Budgeted <sup>a</sup>	FY2006 Estimate <sup>b</sup>	FY2007 Request <sup>b</sup>
Kazakhstan	1,244.8	84.6	33.43	28.95
Kyrgyzstan	806.5	54.21	33.74	37.86
Tajikistan	679.7	65.69	29.88	38.53
Turkmenistan	255.4	18.44	7.65	7.68
Uzbekistan	760.9	75.87	18.41	16.25
Regional	73.2	3.34	1.7	1.57
Total	3,820.5	302.15	124.81	130.84
Percent	14	15	21	25

**Sources:** State Department, *U.S. Government Assistance to and Cooperative Activities with Eurasia: FY2005 Annual Report*; *Congressional Budget Justification for Foreign Operations, FY2007: Europe and Eurasia*, and *South and Central Asia*.

- a. FSA and Agency funds. Excludes some classified coalition support funding.
- b. FSA and other Function 150 funds, not including Defense or Energy Department funds, or funding for exchanges.

**Figure 1. Central Asia: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan**



Source: Map Resources. Adapted by CRS. (08/02 M. Chin)