

# Integration of the Central Asian Republics: the ASEAN example

Written by Juheon Lee, Aleksey Asiryanyan and Michael Butler

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## Integration of the Central Asian Republics: the ASEAN example

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JUHEON LEE, ALEKSEY ASIRYAN AND MICHAEL BUTLER, SEP 17 2020

Since the Soviet Union's collapse, several attempts at regional cooperation among the newly formed Central Asian republics—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—have failed or achieved limited results. Despite many benefits of cooperation, the region's dire economic circumstances, continuation of traditional trade relations, unresolved ethno-territorial conflicts, and external power competition made integration difficult to achieve. Three decades after the Soviet Union's demise, Central Asia remains at the nexus of geopolitical interests of great powers. The presence of Russia, which has traditionally seen former Soviet Central Asia as its own sphere of influence, is challenged by China's rise as the dominant economic force in the region. China's inroads into Central Asia through the Belt and Road Initiative (BRI) are changing the region's dynamics. Dubbed the "New Great Game," the field is not only limited to Russia and China. In February 2020, the United States (US) published a new strategy for Central Asia to better handle Afghanistan issues and keep rising China and revanchist Russia in check. In addition, the European Union (EU)'s new Central Asia strategy, adopted in 2019, aims to improve its position in the region and address its strategic interests in energy security. Several other regional actors, such as Turkey and Iran, consider Central Asia of strategic importance for their shared historical and cultural heritage.

However, it would be erroneous to view the region exclusively through the lens of great power politics. While the Central Asian republics are still struggling for political stability and economic development, Uzbekistan's recent shifts in foreign policy direction toward greater regional cooperation could change regional dynamics. The rekindling of regional ties and tangible improvements in inter-state relations may lead to further integration and give Central Asia a voice amid great power politics. Can the Central Asian republics cooperate with one another for the region's collective security and economic prosperity? What can these countries do to avoid being marginal players and to have their own voices, at least in regional matters? This article seeks an answer by focusing on the example of the Association of Southeast Asian Nations (ASEAN). ASEAN is not led by great powers but has survived and continuously expanded its role for the past five decades in the East Asian region. The paper explores the possibility of ASEAN-style regionalism in Central Asia.

### Central Asian Integration: Progress and Obstacles

Regional integration was first discussed among the leaders of the Central Asian countries in 1991 during the collapse of the Soviet Union. At first, integration of these newly independent countries seemed natural due to common religious and cultural heritage, Soviet experience, abundant natural resources, and similar domestic economic and political challenges. Kazakhstan, Kyrgyzstan and Uzbekistan marked the beginning of regional integration by establishing the Central Asian Union in 1994, which was joined by Tajikistan in 1998. Other intergovernmental organizations have been established by more powerful external actors to promote regional cohesion, such as the Commonwealth of Independent States (CIS), the Eurasian Economic Community (EurAsEC), the Eurasian Economic Union (EEU), and the Shanghai Cooperation Organization (SCO). However, initial enthusiasm among the Central Asian nations dissipated as the countries grew apart from one another. It was not until Uzbekistan's recent change of foreign policy course toward greater regional cooperation that Central Asian integration started to attract more attention. The lack of progress in the last three decades can be attributed to several interrelated factors. After the Soviet Union's collapse, Central Asia was left with many unresolved conflicts, such as water and border disputes.

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Competition for water resources and violent ethnic conflicts only added tension to what was already an insecure region. With no history of independent statehood, the five republics also diverged in their foreign relations approaches. Uzbekistan and Turkmenistan, for example, feared external influences, economic dependency, and loss of sovereignty, which made regional cooperation difficult. These states were not only cautious of external influence, such as Russia's attempts to regain its hegemony, China's rapidly growing influence, and the US's increasing interests but also tried to protect their newly gained autonomy, fearing terrorism, separatism, and Islamic fundamentalism.

The continuation of regional integration, however, is more necessary than before for both internal and external reasons. These republics are land-locked small economies. During Soviet times, their economies were mostly oriented toward Moscow, and economic links between the countries were not well established. Therefore, it would be advantageous to link their economies, as similar small, land-locked European countries, such as Austria, Liechtenstein, Luxembourg, and Switzerland, have done. Moreover, the Central Asian countries are joint users of energy, transport, gas, water, and irrigation networks. For example, the region obtains 90 percent of its water supply from two rivers (the Amu Darya and the Syr Darya), but there are conflicts between the upstream countries (Tajikistan and Kyrgyzstan) with abundant water and the downstream countries (Uzbekistan, Kazakhstan, and Turkmenistan) with abundant oil and gas resources. These countries need to find ways to effectively transport their extracted oil and gas to other countries by collaborating with one another. In addition, the countries need to cooperate on security challenges, such as religious extremism, crime and terrorism, which often move across their borders. In particular, achieving peace and stability in Afghanistan has become a priority for the region. Due to these countries' interdependence, it would be expedient to form a common economic strategy and security policy. Despite some domestic and regional bodies collaborating on resource-sharing matters, a severe lack of cooperation has exacerbated the issues.

In the face of external influences, Central Asia should be able to have a say in what is best for the region. Currently, the region is caught in a web of overlapping regional initiatives, which are often ineffective and serve external actors' economic and political interests. During the 2000s, Russia, wanting to prevent the EU from gaining access to Central Asia's oil and gas resources, tried to monopolize gas supply by constructing a pipeline linking the Central Asian gas fields with the Russian gas network; however, China stepped in to offer loans for the countries to resist Russian pressure. Broader regional organizations, such as the SCO and the Collective Security Treaty Organization (CSTO), have pursued deeper ties with Russia and China; however, such organizations are disproportionately benefiting the larger powers. Moreover, individual countries face issues with China and Russia. UN officials have estimated that China has detained more than 1 million Muslims, including many ethnic Kazakhs. Kyrgyzstan sees its culture appropriated by the Chinese government. The increasingly nationalist and revisionist tendencies in Russian politics have raised concerns in Kazakhstan, which has a large Russian-speaking population.

Central Asia should continue its efforts to form a comprehensive regional organization to stimulate economic growth and political stability while reinforcing sovereignty in the region. However, to do this, the republics have to overcome some economic and political obstacles. On the economic side, the volume of economic cooperation between Central Asian countries is still much lower than that of each of them with partners outside the region. This is primarily because the natural resource-based economic structure and Russia-centered transportation network, mostly developed in the Soviet period, do not facilitate further integration. Moreover, the shortage of technology and financial resources compels these states to depend on developed countries but not on each other. The large-scale penetration of foreign capital into the economy has placed the countries under the control of foreign owners. Finally, the deepening of the integration process is hindered by fundamental differences in economic development strategies, such as the directions and rate of transition from a planned economy to a market economy, and differences in currency, tax and customs policies.

On the political side, Central Asian societies suffer from poor accountability of public policy, pervasive corruption, smuggling, and drug trafficking, all of which serve the governing elites' interests. The weak tradition of multilateral diplomacy between countries in the region is also a problem. During the Soviet period, the Central Asian republics did not directly communicate with the outside world. They also lacked effective governmental institutions to engage in cooperative projects; their varying economic interests often led them to pursue protectionist policies. Central Asian

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leaders are still in the process of defining their national interests, and their foreign policy orientation is affected by bizarre and extreme priorities, often determined by outside partners. The leaders prize their countries' sovereignty, while some compete with each other for control of resources, especially water and energy (Tajikistan and Uzbekistan), and for supremacy in regional leadership (Kazakhstan and Uzbekistan) or prefer to operate in strict neutrality to the point of isolation (Turkmenistan). Central Asian governments often find it difficult to implement their stated intentions to pursue the goals of improved border management, control of drug trafficking, and reduced behind-the-border harassment of private business and investors. These challenges beg the question whether regional integration and cooperation in Central Asia have a chance to succeed.

### **ASEAN: a Platform for Diversity and Flexibility**

When ASEAN was founded in 1967, there was little hope for its survival. For the past five decades, however, ASEAN has demonstrated itself as a successful regional institution, which is interesting because, unlike successful organizations in other regions, ASEAN is not led by countries with great economic or military power. It has even outlived the South East Asia Treaty Organization, a US-led regional organization that ceased operation in 1977 and weathered Cold War confrontation and numerous local insurgencies. These post-colonial states cooperated for collective regional autonomy to keep the major powers from undermining their nation-building. Although ASEAN is still facing major power rivalries, such as China against the US in the South China Sea and, to a lesser extent, China against Japan in mainland Southeast Asia, the organization is steadily growing in importance on the global stage both politically and economically. ASEAN has expanded its influence through its central role in the ASEAN Regional Forum, ASEAN plus three (China, Japan and South Korea), the East Asia Summit, the ASEAN Defense Ministers' Meeting, and the Regional Comprehensive Economic Partnership, which is

built on the member countries' free trade agreement with ASEAN. ASEAN has been successful as Asia's only multipurpose regional organization that provides a platform on which East Asia-wide regional institutions have been built.

ASEAN has embraced internal diversity among its members. The essence of the "ASEAN Way," the association's official anthem, is a process of regional interaction and cooperation based on discreteness, informality, consensus-building, and a non-confrontational bargaining style, which contrasts with western-style multilateral organizations with "adversarial posturing, majority vote and legalistic decision-making procedures." The ASEAN Way has its foundation in the "Musyawarah" practice, which has been generally used in Southeast Asia for centuries: it is a flexible no-vote system in which all the issues concerned are discussed until a final resolution is reached with mutual recognition, which has saved ASEAN from conflict and confrontation. Asia-Pacific Economic Cooperation has also been influenced by the ASEAN Way in its implementation of a free trade area without a legally binding pattern but based on concerted unilateral liberalization and a "gentleman's agreement." This setting has been conducive to considering ASEAN members' political, economic, religious, and cultural diversity. For example, economic integration takes place in ways that reflect its members' differences: labor market integration underpins several million migrants from Cambodia and Myanmar working in Thailand; since 1995, Vietnam has become Thailand's second largest trade partner in the region; Thai foreign direct investment in Cambodia, Laos, Myanmar, and Vietnam has increased on an unprecedented scale; and infrastructure connectivity enables road travel between Myanmar and central Vietnam across Thailand and Laos.

Externally, ASEAN has played its primary role as a broker, providing the platform on which East Asia-wide regional institutions have been built. Amid ongoing political tensions between major powers in the region, such as China, Japan, South Korea, Taiwan, and the US, ASEAN's flexibility has made it convenient for ASEAN to act at least nominally as the driving force behind East Asian integration. Of course, the lack of unity and centrality raises concerns among critics. For example, the Philippines won an overwhelming legal victory over China on South China Sea issues in an international tribunal in July 2016, but all attempts to include such wording in ASEAN statements have been scuttled by China-friendly Cambodia. In addition, coup-prone Thailand has moved closer to China for recognition and support, while Beijing's acquiescence is indispensable for Myanmar's peace process. Critics say the lack of strong leadership among ASEAN countries will eventually limit its role as a buffer between major powers and regional brokers, eventually damaging the East Asian region's security. Skeptics have also questioned the feasibility

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of ASEAN's collective action and doubted whether ASEAN has the capacity to create independent strategic space as US-China competition continues to grow. However, ASEAN's efforts should not be judged by reference to the European experience. It does what it can. Despite these concerns, ASEAN countries are trying to move beyond a binary choice between the US and China by working with the regional middle powers, such as Australia, Japan, and South Korea.

### **Can Central Asia be Integrated like ASEAN?**

Just like ASEAN countries, European integration experience does not apply to Central Asian integration. Unlike Europe, Central Asian states are mostly young political entities that are striving to protect their sovereignty and are less likely to sacrifice it for the cause of regional integration. Most Central Asian nations' economies are neither highly industrialized and sophisticated nor complementary with one another. This limits the impact of the "spillover effect," which is essential from a Eurocentric neo-functional perspective. However, given Central Asia's location as a strategically important land bridge between Europe and Asia, the region's economic prosperity and political stability are critical not only for the 66 million inhabitants but also for their neighbors. To benefit from its strategic location and to reinforce economic and political sovereignty, the countries can benefit from a system that links them with their neighboring countries, including China, Iran, Afghanistan, and Pakistan.

Central Asia could pursue a gradual transition from simplified to more complicated relationships, while taking into account each member state's interests. Although the SCO offers a flexible model based on the principles of non-interference, diversity, and mutual respect, this project depends heavily on China. ASEAN-style integration may be conducive to embracing members' diversity on a relatively equal footing before reaching out to or relying on others. In particular, Central Asian regimes are at various stages of authoritarianism and transition to a market economy; therefore, a larger organization making decisions that states oppose would be a significant threat to the organization's internal stability. While this situation would prevent Central Asia from becoming as deeply integrated as an organization like the EU, an ASEAN-style organization could allow for the nations to develop their own internal trade connections and support each other's development while providing a more unified policy to negotiate with major powers more effectively.

Like ASEAN, small states can provide a platform for broader regional cooperation. The initiative of creating ASEAN-centered cooperation has limited the pressure from larger states and gradually influenced geopolitical configuration in the broader Asia-Pacific region. The Central Asian situation is developing to a certain extent in a similar scenario but is at the initial stage, where the risks of destruction of the existing balance of power are especially high. An ASEAN-style partnership would allow these nations to support each other's development and gradually present a cohesive foreign policy toward the outside world in ways that reassure major powers. A more integrated Central Asia could take better opportunities to grow partnerships with China while addressing their concerns of losing sovereignty.

An organization of this type would be monumental for Central Asian nations, long left to their own devices and caught between two great powers, yet China and Russia have nothing to fear from this development either. China, in particular, has much to gain from negotiating with a more confident and economically stable Central Asia. A Central Asian organization with a coordinated policy on foreign relations would make China's BRI plans much easier, allowing for a more comprehensive policy, rather than negotiating different, disjointed agreements with each nation. Additionally, a more cooperative and integrated Central Asia would likely prevent nations from feeling that they need to balance the influences of Russia and China but instead mean that they would be able to cooperate with major powers without being as concerned about them infringing on their independent decision-making. An ASEAN-style integration for Central Asia would enable the region to shift from a battleground for influence into a more unified, stable region. They would be better able to take advantage of its position as part of a global trade network, also benefiting China by being a more stable and reliable trade partner and reducing regional competition for influence with Russia. Finally, a more integrated and unified Central Asia could act as a catalyst for Afghanistan's peace process and economic development.

### **Conclusion**

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Central Asia is at a crossroads. While Central Asia remains a region fraught with the challenges of recently established nations, issues compounded by a resurgent Russia and China's growing influence, it is also in a unique position to reap the benefits offered by China's BRI. More effective international cooperation between these nations would provide a unique opportunity to capitalize on the potential prosperity brought to the region through the BRI, bring stability to the region, allow for greater intra-regional development, and reduce competition between Russia and China, additionally strengthening larger regional organizations such as the SCO. Such an opportunity should not be passed on. In the long term, a successful, unified Central Asia could build on ASEAN's precedent of effective regional cooperation and self-sufficiency in the developing world. Kazakhstan and Uzbekistan might become capable enough to play leadership roles in the broader region and champion policy solutions to common Central Asian problems and resist undue influence from more powerful outside powers.

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