

CRS Issue Brief for Congress

Received through the CRS Web

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

Updated January 21, 2005

Jim Nichol
Foreign Affairs, Defense, and Trade Division

Report Documentation Page

Form Approved
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE JAN 2005	2. REPORT TYPE	3. DATES COVERED 00-00-2005 to 00-00-2005			
4. TITLE AND SUBTITLE Central Asia: Regional Developments and Implications for U.S. Interests		5a. CONTRACT NUMBER			
		5b. GRANT NUMBER			
		5c. PROGRAM ELEMENT NUMBER			
6. AUTHOR(S)		5d. PROJECT NUMBER			
		5e. TASK NUMBER			
		5f. WORK UNIT NUMBER			
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service, The Library of Congress, 101 Independence Ave, SE, Washington, DC, 20540-7500		8. PERFORMING ORGANIZATION REPORT NUMBER			
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)		10. SPONSOR/MONITOR'S ACRONYM(S)			
		11. SPONSOR/MONITOR'S REPORT NUMBER(S)			
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified	Same as Report (SAR)	19	

CONTENTS

SUMMARY

MOST RECENT DEVELOPMENTS

BACKGROUND AND ANALYSIS

Historical Background

Overview of U.S. Policy Concerns
 Post-September 11 and Afghanistan
 Support for Operation Iraqi Freedom

Fostering Pro-Western Orientations
 Russia's Role

Obstacles to Peace and Independence
 Regional Tensions and Conflicts

Democratization and Human Rights
 Democracy Pledges

Security and Arms Control
 Weapons of Mass Destruction

Trade and Investment
 Energy Resources

Aid Overview

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 in countering 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 have hosted coalition troops and provided access to airbases. In 2003, Uzbekistan endorsed coalition military action in Iraq and Kazakhstan provided about two dozen troops for rebuilding.

After September 11, 2001, U.S. policy emphasized bolstering the security of the Central Asian states to help them combat terrorism, proliferation, and arms trafficking. Other strategic interests include internal reforms (democratization, free markets, and 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 is concerned about human rights and civil liberties problems in all the states. The Administration's policy goals in Central Asia reflect the differing characteristics of these states. U.S. interests in Kazakhstan include the security and elimination of 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, Turkmenistan, and Uzbekistan.

Some observers call for different emphases or levels of U.S. involvement in Central Asia. Some have called for strengthening conditions linking aid to progress in improving human rights or in making adequate progress in democratization and the creation of free markets. Some have disputed the importance of energy resources to U.S. national security. Others point to civil and ethnic tensions in the region as possibly endangering U.S. lives and investments. Heightened congressional interest in Central Asia was reflected in passage of "Silk Road" language in late 1999 (P.L. 106-113) authorizing enhanced U.S. policy attention and aid to support conflict amelioration, humanitarian needs, economic development, transport (including energy pipelines) and communications, border controls, democracy, and the creation of civil societies in the South Caucasian and Central Asian states.

Consolidated Appropriations for FY2005, including Foreign Operations (P.L. 108-447, signed into law on December 8, 2004) provides \$126 million in FREEDOM Support Act assistance to the Central Asian states (as directed by the conferees; H. Rept.108-792), a reduction of \$2 million to the budget request. Prior-year provisions are maintained that condition aid to Uzbekistan on its progress in democratization and respecting human rights, and to Kazakhstan on its progress in respecting human rights. For Kazakhstan, a presidential waiver is permitted on national security grounds.



MOST RECENT DEVELOPMENTS

On January 11, 2005, Kyrgyz President Askar Akayev raised concerns that “provocateurs” might be active during upcoming legislative and presidential elections and that such “homegrown” provocateurs could receive help from those who led democratization efforts in Georgia and Ukraine. He called on the “nation” to rebuff these “exporters of revolution.” Former Kyrgyz Speaker Medetkan Sherimkulov and former Foreign Minister Roza Otunbayeva, now prominent critics of the Kyrgyz government, were denied registration as candidates on the grounds that they did not satisfy a residency requirement because of their recent diplomatic postings abroad. The lower legislative chamber on January 20 quickly passed a bill excluding envoys from the requirement, but the speaker was attempting to negate the vote.

Elections to Tajikistan’s lower legislative chamber are planned for February 27, 2005. Reportedly, over 200 people from six parties had applied to run as candidates for 41 single-seat constituencies. Prominent opposition Democratic Party head Makhmadruzi Iskandarov was denied registration as a candidate because of his arrest in December 2004 on corruption charges some deemed politically motivated. The six parties also have submitted lists of candidates for 22 seats to be allocated by party list voting. Elections to Turkmenistan’s 50-seat Majlis (legislature) were held on December 19, 2004. All 131 candidates were nominated by the sole ruling Democratic Party and approved groups. In seven districts, no candidate received the required vote of over 50%, so run-offs were held on January 9, 2005, providing a guise of electoral choice.

BACKGROUND AND ANALYSIS

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 Shiia 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, the five republics gained independence. (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*.)

Central Asia: Basic Facts
<p>Area: 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.</p> <p>Population: 56.5 million (2003 est., <i>Economist Intelligence Unit</i>), somewhat less than France; Kazakhstan: 14.8m.; Kyrgyzstan: 4.98m.; Tajikistan: 6.4 m.; Turkmenistan: 4.8 m.; Uzbekistan: 25.5m.</p> <p>Gross Domestic Product: \$57.6 billion in 2003; per capita GDP is about \$1,019; poverty is rampant. Kazakhstan: \$29.7b.; Kyrgyzstan: \$2.0b.; Tajikistan: \$1.1b.; Turkmenistan: \$14.8b.; Uzbekistan: \$10.0b. (<i>EIU</i>, current prices).</p>

Overview of U.S. Policy Concerns

After the collapse of the Soviet Union at the end of 1991, Congress and others called for the Administration to devise an aid policy for the new Eurasian states, and President George H.W. Bush sent the “FREEDOM Support Act” 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 (contained in Consolidated Appropriations for FY2000; 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 Uzbekistan is the “linchpin” of the region (it borders all the other states, shaping the range and scope of regional cooperation) and should receive the most U.S. attention, while others argue that ties with “energy behemoth” Kazakhstan are more crucial to U.S. interests. In general, however, they support bolstering democratic and economic reforms and stability in the region. Such advocates of U.S. involvement argue that political instability and the growth of terrorist groups in Central Asia can 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 U.S. leadership in fostering reform will help alleviate the social distress exploited by anti-Western Islamic extremist groups to gain adherents. Although many U.S. policymakers acknowledge a role for a democratizing Russia in Central Asia, they stress that U.S. and other Western aid and investment strengthen the independence of the Central Asian states and forestall Russian attempts to re-subjugate the region.

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 once 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. Other still topical arguments include whether the United States should continue to try to foster democratization among cultures some view as historically attuned to authoritarianism. Some observers reject arguments that U.S. interests in anti-terrorism, nonproliferation, regional cooperation, trade, and investment outweigh concerns over democratization and human rights. These observers urge reducing or cutting off most aid to repressive states that widely violate human rights. They warn that the populations of these states may come to view U.S. engagement as propping up authoritarian leaders and as focused only on energy and military access. Some observers point to civil problems in the region as a reason to eschew major U.S. involvement such as military access that might 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 three inter-related activities: the promotion of security, domestic reforms, and energy development. 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, according to Deputy Assistant Secretary of State B. Lynn Pascoe in testimony in June 2002. During a February 2004 visit to the region, Defense Secretary Donald Rumsfeld announced that “it is Caspian security ... that is important” for the United States and the world, and in April 2004, Deputy Secretary of State Richard Armitage stressed that Central Asia “is a linchpin in global peace and prosperity. And so stability in the area is of paramount importance and of vital national interest” to the United States. He indicated that the United States would not only provide security assistance but would also urge the Central Asian states to embrace “democratic and economic reforms, respect for human rights, freedom of religion, rule of law, and a willingness to cooperate within the region.”

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). The State Department’s *Patterns of Global Terrorism 2003* report highlighted Kazakhstan’s, Kyrgyzstan’s, Tajikistan’s, and Uzbekistan’s continuing “dependable,” “outspoken,” and “staunch” support for U.S. and international anti-terrorism efforts (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. Uzbek President Islam Karimov on March 6 stated that the Iraq operation was a continuation of “efforts to break the back of terrorism.” In August 2003, however, Karimov stated that Uzbekistan would not send troops to Iraq. Among other Central Asian states, Kazakh Foreign Minister Kasymzhomart Tokayev on March 28, 2003, voiced general support for disarming Iraq. Reportedly responding to a U.S. appeal, Kazakhstan has deployed 27 military engineers to Iraq who are engaged in de-mining and water purification duties. Tajik analyst Suhrob Sharipov argued that Tajikistan had taken a neutral stance because it had benefitted from U.S. aid and from U.S.-led actions against terrorism in Afghanistan that improved its security.

Fostering Pro-Western Orientations

The United States has encouraged the Central Asian states to become responsible members of the international community, and supported their admission to the Organization for Security and Cooperation in Europe (OSCE), NATO bodies, and other Western organizations. The United States has supported these integrative goals through bilateral aid and through coordination with other aid donors, including regional powers such as Turkey. These and other means are used to discourage radical regimes, groups, and Islamic fundamentalists — who use repression or violence to oppose democratization — from attempts to gain 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. While they have had greater success in attracting development aid from the West than from the East, some observers argue that, in the long run, their foreign policies will probably not be anti-Western, but may more closely reflect the concerns of other moderate Islamic states. (See also CRS Report RL30294, *Central Asia's Security*.)

Russia's Role. Until recently, the Bush Administration generally had viewed a democratizing Russia as serving as a non-threatening role model in Central Asia. Despite recent authoritarian tendencies in Russia, the Administration emphasizes 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 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.

The long-term impact of the events of September 11, 2001, on the Central Asian states may depend upon the duration and scope of U.S. and coalition presence in the region, Russia's countervailing policies, and the fate of Afghanistan. Prior to the September 2001 attacks, Putin had tried to strengthen Russia's interests in the region while opposing the growth of U.S. and other influence. Among Russia's reasons for acquiescing to increased U.S. and coalition presence in the region after the September 2001 attacks were its interests in boosting some economic and other ties to the West and its hopes of regaining influence in Afghanistan. More recently, Russia's interests in countering U.S. influence have regained some momentum.

Russian officials have emphasized interests in strategic security and economic ties with Central Asia, and concerns over the treatment of ethnic Russians. Strategic concerns have focused on drug trafficking and regional conflict, and the region's role as a buffer to Islamic extremism. During the 1990s, Russia's economic decline and demands by Central Asia caused it to reduce its security presence, a trend that President Putin appears to be reversing. Russian border guards were largely phased out in Kyrgyzstan in 1999. In late 1999, the last Russian military advisors left Turkmenistan. In 1999, Uzbekistan withdrew from the CST, citing its ineffectiveness and obtrusiveness.

Russia has appeared determined to maintain a military presence in Tajikistan. It long retained about 12,000 Federal Border Guards in Tajikistan, most of whom were Tajik conscripts, and 7,800 Russian troops of the 201st motorized rifle division (*The Military Balance 2003-2004*). Efforts to formalize a post-Soviet basing agreement with Tajikistan dragged on for years, however, as Tajikistan endeavored to maximize rents and assert its sovereignty. After the expiration of a Tajik-Russia border control cooperation agreement, Tajikistan in 2004 demanded full control over its borders. In a *volte face* during a June 2004 visit to Moscow, however, Rakhmanov announced that Russia would not completely hand over border control until 2006. Reasons for the *volte face* probably include Tajikistan's dependence on receipts from Tajik guest workers in Russia and Rakhmanov's desire for Russia's political support during upcoming elections. Finally, in October 2004 the Tajik-Russian basing agreement was signed, which actually provides for troops to be based at myriad facilities throughout the country, and represents Russia's largest military deployment abroad, besides its Black Sea Fleet. Reportedly, about \$240 million in Tajik debt to Russia is forgiven, and Tajikistan charges less than \$1 in annual rent for the facilities.

In an apparent shift toward a more activist Russian role in Central Asia, in January 2000, then-Acting President Putin approved a “national security concept” that termed foreign efforts to “weaken” Russia’s “position” in Central Asia a security threat. In April 2000, Russia called for the members of the CST to approve the creation of rapid reaction forces, including in Central Asia, to combat terrorism emanating from Afghanistan, and hinted that such a force might launch pre-emptive strikes on Afghan terrorist bases. These hints elicited U.S. calls for Russia to exercise restraint and consult the UN, and elicited Taliban warnings of reprisals against Central Asian states if they permitted Russia to use their bases for strikes. Marking mutual concern, Presidents Clinton and Putin agreed at their June 2000 summit to set up a working group to examine Afghan-related terrorism, and the group held two meetings prior to September 11, 2001. A May 2001 CST summit approved the creation of a Central Asian rapid-reaction force headquartered in Kyrgyzstan, with Russia’s troops in Tajikistan comprising most of the force, along with small Kazakh, Kyrgyz, and Tajik battalions. This initiative seemed in part aimed to protect Russian regional influence in the face of nascent U.S. moves in the region against Afghanistan. CIS members in 2001 also approved setting up an Anti-Terrorist Center in Moscow, with a branch in Kyrgyzstan providing Russian influence over regional intelligence gathering.

Perhaps to counteract the increased U.S. presence in Kyrgyzstan, 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. The nearly two dozen Russian aircraft and 300-700 troops at the base also serve as part of the Central Asian rapid reaction force. Putin stressed that the base “enshrines our military presence in Kyrgyzstan.” The base is a few miles from the U.S.-led coalition’s Manas airbase, which some observers view as a clear sign of Putin’s drive to constrain U.S. regional influence. (However, the commander of the rapid reaction forces in June 2004 called for cooperation with NATO forces based in the region.) These observers argue that the initial gratitude of the Central Asian states toward the United States — for their added security accomplished through U.S.-led actions in Afghanistan — has slowly declined over time. Reasons may include regional perceptions that the United States has not adequately addressed economic distress and burgeoning drug trafficking. Also, Russia is pledging robust security support to the states to get them to forget their pre-September 11, 2001, dissatisfaction with its support.

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 oil and gas resources in the region through participation in joint ventures and by insisting that pipelines cross Russian territory. At the same time, Russia has avoided large economic subsidies to the region. Russia’s attitude regarding a Western energy role in the Caspian remains complex. Particularly after the signing of a Statement on Energy Cooperation 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. In January 2004, however, Putin stressed Russia’s strategic interest in being the main export route for Kazakh energy.

The safety of Russians in Central Asia is a populist concern in Russia, but has in practice mainly served as a political stalking horse for those in Russia advocating the “reintegration” of former “Russian lands.” Ethnic Russians residing in the new Central Asian states had concerns about employment, language, and other policies or practices they deemed discriminatory and many emigrated, contributing to their decline from 20 million in

1989 to 6.6 million in 2001. They now constitute 12% of the population of Central Asia, according to the *CIS Statistics Agency*. Remaining Russians tend to be elderly or low-skilled. In Kazakhstan, ethnic Kazakhs have again become the majority.

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. With the Soviet collapse, national identities often 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, leaving large numbers of people outside their "national" borders. Criss-crossing mountains thwart Tajikistan's territorial integrity by making internal travel difficult. After gaining independence, the governments of the states also struggled to gain control over administrative subunits. Looking at the region as a whole, most observers agree that the term Central Asia denotes a geographic area more than a region of shared identities and aspirations, although it can be argued 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, and such tensions are potentially magnified by the formation of extra-regional cooperation groups such as the CST Organization (a military secretariat was set up in April 2003 in Moscow), NATO's Partnership for Peace (PFP), and the Shanghai Cooperation Organization (SCO). Each group reflects the diverging interests of Russia, the United States, and China, although the fact that each group stresses anti-terrorism would seem to provide motivation for cooperation. 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. Although Karimov had criticized the SCO as ineffective, in August 2003 he praised Russia's greater attention to regional security and insisted that Uzbekistan host the SCO Anti-Terrorism Center. Appearing to return to his earlier assessment, in April 2004 he criticized the SCO for failing to aid Uzbekistan during the March-April 2004 attacks (see below), and concluded that Uzbekistan should "rely on its own power." Some observers have argued that these vacillations reflect a policy of playing off the major powers to maximize aid. This policy appeared to pay dividends at the June 2004 SCO summit, when China reportedly proffered up to \$1.25 billion in grants and loans to Karimov, and Russia up to \$2.5 billion in investment.

The 1999 and 2004 Attacks in Uzbekistan. A series of explosions in Tashkent in February 1999 were among early signs that the government was vulnerable to terrorism.

By various reports the explosions killed 16-28 and wounded 100-351. 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 the plot, along with Tohir Yuldashev (former leader of the banned Adolat social movement) and the Taliban. The first trial of 22 suspects in June resulted in six receiving death sentences. The suspects were described in court proceedings as Islamic terrorists who received training in Afghanistan, Tajikistan, Pakistan, and Russia, and were led by Solikh, Yuldashev, and Jama Namanganii (the latter two were leaders of the Islamic Movement of Uzbekistan (IMU; see below). In 2000, Yuldashev and Namanganii received death sentences in absentia, and Solikh received a 15.5 year prison sentence. Solikh denied that he was a member of the IMU and both Solikh and Yuldashev denied involvement in the bombings, although Yuldashev warned that more bombings might occur if Karimov did not step down.

On March 28 through April 1, 2004, a series of bombings and armed attacks were launched in Uzbekistan, reportedly killing 47. President Karimov asserted on March 29 that the violence was aimed against his government, in order to “cause panic among our people, to make them lose their trust in the policies being carried out.” An obscure Islamic Jihad Group of Uzbekistan (Jama’at al-Jihad al-Islami, reportedly an alias of the IMU) claimed responsibility for the violence. After the attacks, media censorship intensified. While some observers alleged that there were wide-scale detentions, the human rights organization Freedom House reported in July 2004 that detentions like those of 1999 “did not materialize,” and that local trials of suspects appear to respect the rights of defendants. (Human Rights Watch, however, has stated that virtually all defendants are tortured.) The defendants in several of these trials were accused of being members of Jama’at 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. The first national trial of fifteen suspects (all of whom confessed their guilt) ended in late August 2004, with sentences of 11-16 years in prison. Some of the defendants testified that they belonged to Jama’at and 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 Jama’at, and linked him to Taliban head Mohammad Omar, Uighur extremist Abu Mohammad, and Osama bin Laden. The suspects testified that an accidental explosion at a safe house had prematurely triggered their attacks. Over 100 individuals reportedly have been convicted so far in various trials.

Explosions occurred in Tashkent, Uzbekistan on July 30, 2004, at the U.S. and Israeli embassies and the Uzbek Prosecutor-General’s Office. Three Uzbek guards reportedly were killed. All U.S. and Israeli diplomatic personnel were safe. The next day, Secretary of State Colin Powell condemned the “terrorist attacks.” The IMU and Jama’at claimed responsibility and stated that the bombings were aimed against the Uzbek and other “apostate” governments. A Kazakh security official announced in November 2004 that the government had apprehended several Jama’at members. He alleged that the group had ties to Al Qaeda; had cells in Kyrgyzstan, Uzbekistan, and Russia; and was planning assassinations in Uzbekistan. U.S. concerns about the ongoing attacks include increased instability that could affect the security and future of K2, reduce coalition access to Afghanistan by air or ground, and heighten the danger of trafficking in WMD technology and know-how (see also CRS Report RS21818, *Violence in Uzbekistan*).

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, linking the IMU to bombings and attacks on Uzbekistan in 1999-2000. According to *Patterns of Global Terrorism 2003*, IMU forces assisting the Taliban and al-Qaeda against coalition actions in Afghanistan suffered major losses, and Namanganiy was probably killed, but the IMU remains a threat to U.S. and regional interests.

The Incursions into Kyrgyzstan. Several hundred Islamic extremists and others first invaded Kyrgyzstan in July-August 1999. Namanganiy 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. With Uzbek and Kazakh air and other support, Kyrgyz forces finally forced the guerrillas out in October 1999. According to some observers, the incursion indicated both links among terrorism in Kyrgyzstan, Uzbekistan, Russia (Chechnya), and elsewhere and the weakness of Kyrgyzstan's security forces. 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. According to the State Department, 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.

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 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. In 1993, the CIS authorized "peacekeeping" in Tajikistan, mostly involving Russian forces in place. 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 Emomali Rakhmanov and 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, but Russian troops have remained. The United States has pledged to help Tajikistan rebuild.

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. However, U.S. democratization support has faced many setbacks in the region. The United States has worked with the ex-Communist Party officials who have led in the five states (even in Tajikistan, the current president was once a low-level party official) since before independence, recognizing that they may continue to hold power for some time.

Possible scenarios of political development in Central Asia include continued rule in most of the states by former Soviet elites, gradual transitions to more nationalistic elites who

are at least somewhat democratic and Western-oriented, or large-scale and perhaps violent transitions to Islamic fundamentalist or xenophobic rule. All the Central Asian leaders have given assurances to the United States that they support democratization, but have continued to rule largely as they did during the communist period, with minimal adaptations. They have remained in power by orchestrating extensions of their terms and by eliminating possible contenders. Only one regional leader — Kyrgyzstan's President Akayev — has stated that he will step down when his term expires in 2005. Belying appearances of political stability, alleged coup attempts have occurred in Uzbekistan and Turkmenistan, and leaders in Uzbekistan, Turkmenistan, and Kyrgyzstan face rising popular protests.

Democracy Pledges. During Nazarbayev's 1994 U.S. visit, he and then-President Clinton signed a Charter on Democratic Partnership recognizing Kazakhstan's commitments to the rule of law, respect for human rights, and economic reform. During his December 2001 visit, Nazarbayev repeated these pledges in a joint statement with President Bush. In March 2002, Uzbek Foreign Minister Abdulaziz Komilov and Secretary Powell signed a Strategic Partnership Declaration pledging Uzbekistan to "intensify the democratic transformation" and improve freedom of the press. During previous visits in 1997 and 1999 to Washington, D.C., Tajikistan's President Rakhmanov was not received at the presidential level as a protest against failures in democratization. However, he met with President Bush and other top officials during his December 2002 U.S. visit. The Administration highlighted Tajikistan's "significant progress" in democratization, and Rakhmanov pledged to "expand fundamental freedoms and human rights." Some observers argue that the Administration faces a dilemma in urging regional governments to embrace pluralism, including toleration for Islamic groups such as Hizb ut-Tahrir and Tajikistan's Islamic Revival Party (IRP), when the governments assert that some or all members of these groups are terrorists.

Despite such democracy pledges, the states have made little progress in democratization and respect for human rights, according to the State Department's *Country Reports on Human Rights Practices for 2003*. Turkmenistan and Uzbekistan are generally viewed as the most repressive, while Kazakhstan and Kyrgyzstan are increasingly limiting what free expression and other rights they permitted in the 1990s. Tajikistan experienced many human rights abuses during its civil war, but there have been a few human rights improvements since then. 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 its June 2004 *Trafficking in Persons Report*, the State Department placed Kazakhstan and Tajikistan on a "Tier 2 Watch List," for having problems with human trafficking for labor or prostitution that they are making some progress in addressing. U.S. officials have raised concerns that a new Tajik electoral law does not create independent electoral commissions and imposes an exorbitant application fee for candidates.

The U.N. Rapporteur on Torture in March 2003 completed a draft report that concluded that police and prison officials in Uzbekistan systematically employed torture and other coercive means to obtain confessions and as punishment. In a speech the next month, however, Jones reported that the Administration's "persistent and consistent diplomatic engagement" with Uzbekistan had resulted in "real achievements" in improving human rights (this also was reported to Congress in May 2003; see below). Several subsequent high-profile arrests and beatings led her to testify in October 2003 that the country had regressed. In Turkmenistan, an alleged November 2002 failed coup resulted in dozens of arrests. The U.S. State Department strongly protested violations of legal due process and "credible

reports” of forced confessions. In December 2003, the United States, Russia, and other countries approved an unusual U.N. General Assembly resolution urging Turkmenistan to implement human rights reforms as suggested by the OSCE, and to permit prison visits (see also CRS Report RS21384, *Turkmenistan’s Attempted Coup*).

In Congress, Omnibus Appropriations for FY2003 (P.L. 108-7; signed into law on February 20, 2003) forbade FREEDOM Support Act assistance to the government of Uzbekistan unless the Secretary of State determined and reported that Uzbekistan was making substantial progress in meeting its commitments to democratize and respect human rights. P.L. 108-7 also forbade assistance to the government of Kazakhstan unless the Secretary of State determined and reported that it significantly had improved its human rights record during the preceding six months. Unlike the case with Uzbekistan, 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, and in July 2003, that Kazakhstan was making progress, eliciting some criticism of these findings from Congress. These conditions have been retained in Consolidated Appropriations for FY2004, including foreign operations (P.L. 108-199), while clarifying that the prohibition covers assistance to the *central* government of Uzbekistan and specifying that conditions include respecting human rights, establishing a “genuine” multi-party system, and ensuring free and fair elections and freedom of expression and media. Consolidated Appropriations for FY2005, including Foreign Operations (P.L. 108-447, signed into law on December 8, 2004) retains the conditions on assistance to Kazakhstan and Uzbekistan.

On July 13, 2004, State Department spokesman Richard Boucher announced that, despite some “encouraging progress” in respecting human rights, up to \$18 million in military and economic aid would be withheld because of “lack of progress on democratic reform and restrictions put on U.S. assistance partners on the ground.” International Military Education and Training (IMET) and Foreign Military Financing (FMF) programs, which are conditioned on respect for human rights, were among those affected. The State Department reprogrammed \$2.4 million of the affected \$18 million for non-governmental programs in Uzbekistan and used notwithstanding authority (after consultation with Congress) to expend \$7 million on health reforms, anti-torture and anti-terrorism programs, scientist retraining, and WTO accession advice (so that about \$8.5 million was ultimately withheld). The Chairman of the Joint Chiefs of Staff, Gen. Richard Myers, during a visit to Uzbekistan on August 12, 2004, criticized the cutoff of IMET and FMF programs as “shortsighted” and not “productive,” since it reduced U.S. military influence. Reportedly, he announced boosted nonproliferation aid of \$21 million and the transfer of fourteen patrol boats worth \$2.9 million, perhaps to reassure the Uzbeks of U.S. interest in their security (see also below, *Weapons of Mass Destruction*).

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. The development of U.S. security ties with Central Asia pre-September 11, 2001, facilitated the cooperation of the states in OEF. According to Assistant Secretary of Defense Crouch in testimony in June 2002, “our military relationships with each [Central Asian] nation have matured on a scale not imaginable prior to September 11th.”

Kyrgyzstan, he related, was a “critical regional partner” in OEF, providing basing for combat and combat support units at Manas for U.S. and coalition forces (in 2005, U.S. troops reportedly number about 1,500). Uzbekistan provided a base for U.S. operations at Karshi-Khanabad (in 2005, reportedly less than 900 U.S. troops) and a base for German units at Termez, and a land corridor to Afghanistan for humanitarian aid via the Friendship Bridge at Termez. Kazakhstan provided overflight rights and expedited rail transshipment of supplies. Turkmenistan permitted blanket overflight and refueling privileges for humanitarian flights. Tajikistan permitted use of its international airport in Dushanbe for refueling and hosted a small French unit. While denying that U.S. basing was permanent, 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. In July 2003, Kyrgyzstan argued that the ostensible impermanence of U.S. basing justified its agreement to host Russian troops at the Kant airbase to help protect Kyrgyzstan from terrorism.

To obtain Uzbekistan’s approval for basing, the March 2002 U.S.-Uzbekistan Declaration on the Strategic Partnership 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 small but increasing amount of U.S. security assistance was provided to the region pre-9/11. Such aid was boosted in the aftermath of 9/11, and has lessened somewhat in FY2003-FY2005, although it remains about one-third of all agency aid budgeted for the region. Security and law enforcement aid was \$187.55 million in FY2002 (31%), \$101.5 million (33%) in FY2003, and \$69.6 million (33%) in FY2004. All the states receive FMF and IMET assistance and are eligible to receive Excess Defense Articles (EDA) on a grant basis. Increasing support is also provided to enhance border security to combat trafficking in drugs, humans, and WMD. To help counter burgeoning drug trafficking from Afghanistan, in 2003 the Drug Enforcement Administration set up its first office in the region in Uzbekistan. The National Defense Authorization Act for FY2004 (P.L. 108-136) calls for up to \$40 million in counter-narcotics aid for Tajikistan, Turkmenistan, and Uzbekistan. U.S. Central Command in 1999 became responsible for U.S. military engagement activities, planning, and operations in Central Asia. Besides regular visits by USCENTCOM Commanders, Defense Secretary Donald Rumsfeld visited the region in 2001, 2002, and February 2004. Efforts to foster military cooperation were furthered when all the Central Asian states except Tajikistan joined NATO’s PFP by mid-1994 (Tajikistan joined in 2002). Central Asian officers and 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 called for enhanced attention to the countries of the South Caucasus and Central Asia.

The Administration in recent months has emphasized that terrorist groups such as IMU are regrouping and carrying out new attacks in Central Asia, perhaps signaling that an enduring U.S. military presence in the region is contemplated. Perhaps indicatively, the *Washington Post* reported on March 25, 2004, that the Administration may ask Kyrgyzstan, Tajikistan, and Uzbekistan for long-term access to military facilities for emergency training and staging by rapid-reaction forces. Under a new U.S. military basing strategy, the

countries might serve as “forward operating sites” with only small U.S. military support staffs or as “cooperative security locations” with no staffing in place.

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, including 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). Though some in Kazakhstan urged “retaining” the weapons, it pledged to become a non-nuclear weapons state. 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 has been set up to facilitate verification and compliance with arms control agreements to prevent the proliferation of WMD.

Besides the Kazakh nuclear weapons, there are active research reactors, uranium mines, milling facilities, and nuclear waste dumps in Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, many of which 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, the world’s only nuclear desalinization facility. Shut down in April 1999, it has nearly 300 metric tons of uranium and plutonium spent fuel in storage pools (three tons of which are weapons-grade). In 1997 and 1999, U.S.-Kazakh accords were signed on decommissioning the Aktau reactor and storing its uranium and plutonium. Kazakhstan, Kyrgyzstan, and Tajikistan report that their mining and milling activities have resulted in massive and hazardous waste dumps. CTR aid was used to facilitate the transport of eleven kilograms of uranium in fuel rods from Uzbekistan to Russia in September 2004.

Kazakhstan and Uzbekistan hosted major chemical and biological warfare (CBW) facilities during the Soviet era. CTR and Energy Department 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. Both these projects were completed in 2002. Other CTR aid helps keep Uzbek weapons scientists employed in peaceful research.

The National Defense Authorization Act for FY2003 (P.L. 107-314, Sec.1306) provides 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 certifies that the waiver is necessary for national security and submits a report outlining why the waiver is necessary and how he

plans to promote future compliance with the restrictions on CTR aid. The waiver authority, exercisable each fiscal year, will expire at the end of FY2005. The six restrictions in P.L. 103-160 call for CTR recipients to be committed to dismantling WMD if they have so pledged, foregoing excessive military buildups, eschewing re-use in new nuclear weapons of components of destroyed weapons, facilitating verification of weapons destruction, complying with arms control agreements, and observing internationally recognized human rights. Although Russian arms control compliance appeared to be the main reason for the restrictions, on December 30, 2003, the President certified and reported that Uzbekistan had failed to respect human rights, making a waiver necessary.

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 August 2003, President Bush reported to Congress that Turkmenistan was no longer in full compliance with “Jackson-Vanik” provisions. However, the President exercised his waiver authority under the act after receiving assurances from Turkmenistan that it would move to restore freedom of emigration. Turkmenistan announced in January 2004 that it was rescinding an objectionable exit visa requirement. The Export-Import Bank (Eximbank) has obligated funds for short-term insurance, loans, or guarantees for export sales of industrial and agricultural equipment and bulk agricultural commodities to all the states except Tajikistan. The Overseas Private Investment Corporation (OPIC) has signed agreements with all the Central Asian states on insuring U.S. private investments overseas, and has obligated funds for financing or insurance in all the states except Tajikistan.

On June 1, 2004, The U.S. Trade Representative signed a Trade and Investment Framework Agreement with ambassadors of the Central Asian states to establish a U.S.-Central Asia Council on Trade and Investment. The Council will meet at least yearly to address intellectual property, labor, environmental protection, and other issues that impede trade and private investment flows between the United States and Central Asia and that hamper intra-regional trade and economic development.

The emergence of Central Asia as a “new silk road” of trade and commerce is challenged by corruption, internal trade barriers, border tensions, the challenges of geography, and the uncertain respect for contracts. All the states of the region possess large-scale resources that could yield export earnings, but these challenges scare off major foreign investment (except for some investment in the energy sector) to revamp, develop, or market the resources. 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.

Energy 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 May 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 oil and gas pipelines from Baku, Azerbaijan, through Tbilisi, Georgia, to Turkey, coaxing Kazakhstan to use the oil pipeline, and otherwise encouraging the regional states to provide a stable and inviting business climate for energy development.

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. Oil resources, DOE reports, are comparable to those of the North Sea, and Turkmenistan, Uzbekistan, and Kazakhstan rank among the top countries in terms of proven and probable gas reserves. Kazakhstan possesses the Caspian region's largest proven oil reserves at 9-17.6 billion barrels, according to DOE, and also possesses 65 trillion cubic feet (tcf) of natural gas. The U.S. Energy Department in mid-2003 estimated that there were 9-17.6 billion barrels of proven and possible oil reserves and 65 trillion cubic feet (tcf) of proven gas reserves in Kazakhstan. The Tengiz oilfield began to be exploited by Chevron-Texaco and Kazakhstan in a consortium during 1993 (U.S. Exxon-Mobil and Russia's LUKoil later joined). The Karachaganak onshore field is being developed by British Petroleum, Italy's Eni, U.S. Chevron-Texaco, and LUKoil, who estimate reserves of more than 2.4 billion barrels of oil and 16 tcf of gas. In 2002, another consortium led by Eni reported that the Kashagan offshore field had between 7-9 billion barrels of proven oil reserves, comparable to those of Tengiz. Kazakhstan's oil exports currently are about one million barrels per day (bpd). Armitage stated in April 2004 that "Kazakhstan could well be producing over three million bpd by the end of this decade, making [it] one of the world's top five oil-exporting nations." Private foreign investors have become discouraged in recent months by harsher government terms, taxes, and fines (See also CRS Report RS21190, *Caspian Oil and Gas: Production and Prospects*).

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 pipelines to export markets. Russian shareholders have a controlling interest, 44%, in the Caspian pipeline consortium (CPC), which completed construction in 2001 of a 930-mile oil pipeline from Kazakhstan to Russia's Black Sea port of Novorossiysk, the region's first new pipeline capable of carrying 560,000 bpd. President Bush hailed the opening of the pipeline as "advanc[ing] my Administration's National Energy Policy by developing a network of multiple Caspian pipelines ... [that] help diversify U.S. energy supply and enhance our energy security." However, the Administration still has advocated building pipelines that break Russia's near-monopoly of existing routes, as evidenced by a joint statement issued at the May 2002 U.S.-Russia Summit that indicated Russia's acceptance of the building of the BTC pipeline. China and Kazakhstan are building an oil pipeline from Atyrau on Kazakhstan's Caspian seacoast to the Xinjiang region of China, initially planned to carry 200,000 bpd and to be

completed at the end of 2005. To assuage Russia that it is not in competition for Asian markets, Kazakhstan has invited Russia to send some oil through the prospective pipeline.

Turkmenistan possesses about 101 tcf of proven gas reserves, according to DOE, among the largest in the world. In the late 1980s, Turkmenistan was the world's fourth largest natural gas producer. It is now largely dependent on Russian export routes. In December 1997, Turkmenistan opened the first pipeline from Central Asia to the outside world beyond Russia, a 125-mile pipeline linkage to Iran. Plans for substantial shipments to Iran remain unrealized, however. Turkmenistan also has not been able to convince investors to help it build a gas pipeline through Afghanistan. Appearing resigned to getting less than the world market price, Niyazov signed a 25-year accord with Putin in April 2003 on supplying Russia about 200 billion cubic feet of gas in 2004 (about 12% of production), rising to 2.8 tcf in 2009, perhaps then tying up a large part of Turkmenistan's production.

Aid Overview

The Bush Administration provided added security and other assistance to the Central Asian states in FY2002 in response to the events of September 11, 2001. Some observers characterized this assistance as a U.S. *quid pro quo* for the use of military facilities and an incentive for continued cooperation. The Administration has argued that the safer environment in the Central Asian states fostered by security assistance and the U.S. military presence should permit greater democratization, respect for human rights, and economic liberalization in the region, and the development of Caspian energy resources.

For much of the 1990s and until September 11, 2001, the United States provided much more aid each year to Russia, Ukraine, Armenia, and Georgia than to any Central Asian state (most such aid was funded from the FREEDOM Support Act account in Foreign Operations Appropriations, but some derived from other program and agency budgets). Cumulative foreign aid budgeted to Central Asia for FY1992 through FY2003 amounted to \$3.2 billion, about 13% 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 (\$584.13 million) and as a percent of total aid to Eurasia (25%). The aid amount for FY2003 appeared to return to about the previous percentage level. Although the FY2004 estimate and request for FY2005 appear less in absolute amounts than in FY2003, they appear to loom larger as percentages of the total FREEDOM Support Act and other Function 150 aid to Eurasia (see Table 1). The Conference Report (H.Rept. 108-792) on H.R. 4818 (P.L.108-447; Consolidated Appropriations for FY2005) directed FREEDOM Support Act and FMF funding for Central Asia that matched, or nearly matched, that called for by the request. Besides bilateral and regional aid, the United States contributes to international financial institutions and nongovernmental organizations that aid Central Asia. 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
(in millions of dollars)

Central Asian Country	Cumulative Funds Budgeted FY1992-FY2003 ^a	FY2003 Budgeted ^a	FY2004 Estimate ^a	FY2005 Request ^c
Kazakhstan	1,054.4	100.43	68.6	40.22
Kyrgyzstan	697.35	54.71	44.08	39.54
Tajikistan	550.59	49.36	33.47	36.35
Turkmenistan	227.71	10.98	8.66	9.28
Uzbekistan	595.33	83.46	53.94	53.22
Total	3,188.83 ^b	306.77 ^b	208.75	178.61
Percent	13	15	14	27

Sources: State Department, Office of the Coordinator for U.S. Assistance to Europe and Eurasia; State Department, *U.S. Government Assistance to and Cooperative Activities with Eurasia: FY2003 Annual Report*, January 2004.

a. FREEDOM Support Act and Agency funds.

b. Central Asian Regional funds are included in the total.

c. FREEDOM Support Act and other Function 150 funds, not including Defense or Energy Department funds; the FY2004 estimate and FY2005 request exclude funding for exchanges.

Figure 1. Central Asia's New States



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