

Mental pictures of endless steppe and high mountains. Of nomads and horses. Of post-Soviet aspirations – and tristesse. Of rich cultural heritage – and present-day leader cult. Countries right on the ancient and now on the New Silk Route. Countries nestled between Russia and China, but also of relevance and interest to the United States and Europe. Countries whose geopolitical importance and economic potential is often emphasized during speeches and state visits, but that are still “terra incognita” for many global decision makers (both political and business ones). What is happening in this mysterious region? 2019 has been an economically difficult, yet interesting and overall positive year. 2020 promises to hold more to look out for. The Stans are not to be overlooked!

This short piece can't even glance at all of them individually – even though there would be many interesting observations and considerations to share, e.g., also with respect to Kyrgyzstan and – often overlooked – Tajikistan. But the below takes a quick look at “the leader” (Kazakhstan), the “challenger” (Uzbekistan) and the “laggard” (Turkmenistan).

The leader

When Kazakhstan gained independence (or, probably more historically adequate, accepted circumstances – it was the last Soviet Republic to declare independence, on 16 December 1991), most politicians and analysts considered it a very dangerous basket case: a vast country with a broken economy yet a stockpile of nuclear weapons. Fast forward 18 years, the situation appears very different – today's Kazakhstan has been nuclear weapon-free for two decades and is an upper-middle-income country considered stable and reliable, with a multi-vector foreign policy to balance the influence of Russia, China and the West. The recently established Astana International Financial Centre sends a clear and courageous message in terms of Kazakhstan's Central Asian hub ambitions on the economic level, beyond oil, gas and other natural resources that have been the real backbone of the economy so far.

But it isn't all rosy. While overall economic development since independence has been a success story, Kazakhstan is currently going through very difficult times, with heavy reliance on state-owned enterprises, especially in the natural resources sector, and a continued need for very significant structural reforms.

However, when talking with international politicians and businessmen with an interest in Kazakhstan, the biggest and ever-present fear always appeared to have been: What if President Nursultan Nazarbayev resigns (or even dies)? Would it all fall apart? Would there be chaos? This was even asked by people very critical of Nazarbayev and his regime. The question was (partially) answered in 2019: On 19 March, Nazarbayev surprised pretty much everyone, domestically and internationally, by announcing his resignation. Kassym-Jomart Tokayev, as Chairman of the Senate, took over as President and was then elected in a snap election on 09 June. To many observers, it all felt like a “game of chess, orchestrated by a grandmaster” – where many of the moves came as surprises, but in hindsight added up to a systematic strategy. Transition hasn't seen Nazarbayev stepping back from all power – he is still the leader of the Nur Otan Party, the chairman of the critically important National Security Council, and holder of the title of “Elbasy” (Leader of the Nation) – and since 21 October, he has enjoyed extra powers (again), over ministerial and security appointments; all of that in addition to his informal influence. The capital city is now called Nur-Sultan, visitors arrive at Nursultan Nazarbayev Airport and drive past Nazarbayev University, on their way to the city centre. Nazarbayev is definitely still very present. 2020 will be an interesting year, to watch further developments in this still evolving transition.

Dragoman

The challenger

With a population of more than 32m people, Uzbekistan is actually the largest of the “Stans” by that measure. However, under President Islam Karimov’s 28-year long rule which ended in his death in September 2016, Uzbekistan was considered one of the world’s most isolated and repressive countries. Things appear to have changed drastically since current President Shavkat Mirziyoyev took office in December 2016. Though not initially greeted with much enthusiasm by many observers, he has put Uzbekistan on a course of reform and economic liberalization that is slowly starting to bear fruits. Uzbekistan’s 2019 debut on the sovereign bond market was heavily oversubscribed, by a factor of 8.5 according to Bloomberg. As it appears, Uzbekistan is gradually becoming somewhat of a “new posterboy” of political and economic reform in Central Asia, and it is gaining relevance and influence – a development officially welcomed, but still eyed with some concern and even a bit of envy by many in its northerly neighbor, Kazakhstan. From an opportunities perspective, Uzbekistan may still not be the easiest place, but it is definitely a player that is increasingly claiming its fair and well deserved share of attention – politically and economically.

The laggard

The country that is lagging behind is Turkmenistan – still characterized by Human Rights Watch as one of the most repressed and closed countries of the world, with an economy considered to be in a very bad state and highly dependent on gas exports.

In late July this year, rumours started making the rounds in Ashgabat and beyond, that President Gurbanuly Berdimuhamedov may have died. They were wrong, but the question of succession was brought to the forefront of attention. Many think that Berdimuhamedov may be grooming his son Serdar (who is in his late thirties) as successor. Only time will tell. Be that how it might be, even Berdimuhamedov has pledged some political and economic reforms – in light of economic pressures as well as developments around the region. In September, he created a constitutional commission to reform parliament. And there are other, small signs. They shouldn’t be overinterpreted, but it might be worth to at least throw a glance at Turkmenistan every now and then.

The conclusion

So, where does all of this leave Central Asia? Well, in a world of turmoil and rapidly diminishing predictability even in so-called established democracies, Central Asia suddenly doesn’t look too bad at all. Actually, there are many encouraging signs and opportunities, especially for those who know how to deal smartly with the inherent risks. Look at the (de facto still developing) power transition in Kazakhstan; the political and economic reform signals sent by new President Tokayev. Consider the reform ambitions of President Mirziyoyev and his team in Uzbekistan. Maybe, even detect some rays of positive signals from Turkmenistan, even though that may require a very close look at this stage. But the overall message is clear and loud: Don’t overlook Central Asia’s Stans!



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