Central Asia's "Geo-strategic & Geo-economic Centrality" Dr Andreas Baumgartner EMBS

2022 has been a challenging year for the world, and for Central Asia and its "Stans" in particular. The year started with massive unrest in Kazakhstan in January, followed by the impact of the Russian attack on Ukraine from February onwards, shifting geopolitical realities, regional orientation, and economic priorities. 2022 forced the Stans to re-evaluate their relationship to Russia. At the same time, those global and regional challenges have given rise to new opportunities, not least along the so-called Middle Corridor and with respect to Central Asia's natural resources. The picture is far from all bleak; Central Asia's countries are offering interesting economic perspectives for investors – and they are pro-actively trying to attract them.

Returning to Brussels from a trip to Central Asia in November 2022, Josep Borrell, High Representative of the European Union for Foreign Affairs and Security policy as well as Vice President of the European Commission, published a blog entitled "Central Asia's growing importance globally and for the EU" (20 Nov 2022), making a very strong statement: "These days, Central Asia is at the centre of events, both in geo-strategic and geo-economic terms." He might have been a bit too optimistic (or at least biased by his role) when concluding in the same blog: "It is obvious that the region is looking to diversify its relationships and that the EU is seen as a partner of choice."

Certainly, the whole region is looking to diversify its relationships. Traditionally, there has been close proximity to Russia, politically, culturally, economically and even language-wise (despite all countries pushing their respective national languages, Russian is still widely spoken and considered the primary common language). Yet, there had always been concerns about the "big brother", its influence and interests. With the Russian attack on Ukraine, those concerns have become way more vocal, among political leaders as well as the general public. Speaking to people in the region, there is a strong sentiment around "what is happening to Ukraine, that could have been us". There is no doubt who the sympathies of most of the population are with.

Politically and economically, the Central Asian countries have been very concerned this year that they may be pulled into the vortex of sanctions, directly or indirectly, especially if perceived as too close to or at least not clearly enough distanced from Russia. At the same time, leaders in Central Asia had to keep in mind the existing (and important) ties to Russia as well as their own Russian minorities. This has caused delicate balancing acts, witnessed throughout the year, starting with the UN General Assembly Resolution on Ukraine on 24 March 2022, where Kazakhstan, Uzbekistan, Kyrgyzstan and Tadjikistan all abstained while Turkmenistan chose not to be present. Since then, political leaders of the Stans have become more outspokenly critical of Russia, in particular President Tokayev of Kazakhstan – which surprised some observers, as Russia actually intervened in support of him during January's unrest in Kazakhstan. It shouldn't have really come as a surprise, though, looking at President Tokayev's overall career. A true diplomat, President Tokayev is considered a master of the act of balancing, especially in the international arena (but he has also repeatedly demonstrated his skills in the domestic arena).

Yet, is it fair to conclude that "the EU is seen as a partner of choice", as Josep Borrell put it? Without doubts, the EU is an important partner for all of Central Asia. But the bigger names, other than Russia, are still China, with its geographic proximity as well as massive economic interests in Central Asia, and the United States, which is still regarded (and respected) as the lead nation of the Western hemisphere. Not to be underestimated, players such as India are discovering and advancing their interests in Central Asia. Plus, there are a number of mid-sized and smaller players that are of interest and relevance to Central Asia, and vice-versa – the GCC countries (Saudi Arabia and UAE in particular) as well as Southeast Asian countries (especially Indonesia and Singapore) are often named in this context. For other countries, such as Australia, this also opens opportunities. In short, Central Asia's countries are demonstrating a multi-dimensional balancing act, with different nuances but still following the rough course of balancing plotted by Tokayev's Kazakhstan. Borrell was right, the EU is a partner of choice, but certainly not the partner of choice, and even more certainly not the only one.

Taking the eyes off the global/regional balancing game that has been so dominant over the last months, at least for a moment, it is worth noting that there have also been a number of larger and smaller political crises, in conjunction with unrest, around the region in 2022. The January uprising in Kazakhstan and the crackdown that followed were first. It started as protests by oil workers, but quickly reached Almaty. In July, Uzbekistan faced unrest when in a region called Karakalpakstan, security forces and protesters clashed over autonomy rights. Karakalpakstan enjoys the status of an "autonomous republic" within Uzbekistan, and plans by central government to cut back on that status (and in particular the right to secede) triggered the unrest. Tadjikistan faced its own series of unrest, especially in Gorno-Badakhshan, from May onwards, again mainly around topics of autonomy and self-determination as well as general dissatisfaction with central political authorities (even though President Rahmon framed the unrest as a matter of battling organized crime). In an interesting essay published by the Carnegie Endowment for International Peace, Kirill Krivosheev concluded: "All the crises that have erupted in Central Asia this year have the same underlying causes: weak political institutions, and governments that dismiss public frustration until it erupts into bloodshed on the street" (Kirill Krivosheev, Crises in Central Asia Belie the Region's Ability to Democratize, July 2022).

Indeed, continuing the reform process, strengthening institutions and battling disillusion among their population, who are struggling with steeply rising cost of living, will be of major importance for Central Asia's countries in 2023, under difficult geo-political and geo-economic circumstances. In Kazakhstan, President Tokayev was re-elected on 22 November for a 7-year term, and there is hope that he will use those 7 years (after which he is claiming not to seek re-election, in line with the constitution of Kazakhstan in its latest version) to leave a legacy of reforms and prosperity. At the same time, many observers fear that the "golden age of liberal reforms" in Uzbekistan has already come to an end. Let's hope that international observers are right with respect to the former, and wrong with respect to the latter.

Which takes us to the economic picture. In short, and nobody will be surprised by that, the economic situation is challenging in all the Stans. The degree of challenge varies between countries, but none of them can escape the geo-economic trends, aggravated by a number of home-grown challenges. In particular, there is increasing criticism that large parts of the population, especially in the more rural areas, have not really benefitted yet from the economic growth seen across the region, despite all challenges. As one senior government official put it to the author of this commentary: "you only need to drive 30 minutes from Astana, and you are in a totally different world – this is what we need to tackle". He is right, and his statement applies not only to Kazakhstan.

But at the same time, the picture isn't all bleak. The global crisis triggered by Russia has turned more focus on the so-called Middle Corridor, a trade route running from China to Europe through Central Asia without touching Russia. Also, Central Asia is rich of a whole range of natural resources, many of them not fully exploited yet. Other parts are very fertile agricultural land (thinking in particular of Uzbekistan and Kyrgyzstan, but also parts of Kazakhstan). There is a lot of space in conjunction with ample wind in certain parts, optimal for green energy production. There are many areas of outstanding natural beauty, in combination with a rich cultural heritage, the touristic potential of which is only starting to be explored. There are many young people with very good education, who are proud of their home countries and eager to make a difference. And so on, and so forth. Yes, doing business in most of the Central Asian countries is still considered an “adventure” full of surprises and challenges; given location and living conditions (and not least weather conditions), postings there are often still regarded as “hardship postings”. But with a positive attitude and proper preparation as well as professional advice and support, Central Asia offers amazing economic opportunities – and a treasure trove of personal discoveries.

To conclude with Josep Borrell, once again: “When you travel to Central Asia, you feel there is a new dynamic”. He is certainly right about that. 2023 will be another exciting and dynamic year for Central Asia, certainly full of challenges, but just as certainly full of opportunities.

PS: A little fun fact at the end – as of this year, Kazakhstan’s capital city is holding the Guinness Book World Record for “city with the most name changes”: Founded as Akmola, it was renamed Akmolinsk in 1832 and Tselinograd in 1961. In 1992, it became Astana, only to be renamed Nur-Sultan in 2019 (in honour of President Nursultan Nazarbayev who stepped down that year). In 2022, it reverted back to Astana (seen as a clear political signal by President Tokayev). Astana’s airport code remained “TSE” for the longest time, and was only changed to “NQZ” by IATA in 2020 (N standing for Nursultan, QZ for Qazaqstan) – while the city was called Nur-Sultan.

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