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**(M. A. Theses)**

**Economic influence of Russia in Central Asia since 1991-2010**

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**In the Name of Allah, the Compassionate, the Merciful**

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## **Abstract**

Russia has predominated in Central Asian countries (Turkmenistan, Uzbekistan, Kazakhstan, Tajikistan and Kyrgyzstan) from earlier of nineteenth century and it expanded its influence in the region. Russia always exploited the Central Asian states' resources and transferred them to Moscow and these countries were forced to provide Russian requirements. Russia tried to reduce great powers' influence in this region and keep its influence. When established communist government, the Central Asian countries adopted themselves to new government and in this period the Soviet Union exploited their resources more than Tezarian government, because new government wanted to communize the resources. The Soviet Union forced these states to produce special commodities and these policies caused that they have single-product economy; Soviet Union reached its requirements from this region. Now Russia wants to make the proponent governments in these republics to keep its influence like the past. Energy resources have increased the importance of Central Asian region and now, other countries like China, United States and European Union are influencing and exploiting the resources in this region with regard to severe competition with Russia. Some of Central Asian countries such as Turkmenistan and Kazakhstan have many oil and gas resources and this issue has caused that Russia to be sensitized about the region. There is a tendency to west among Central Asian countries and they want to decrease Russian prevalence in their territories and try to improve their relations with great powers and gain many incomes by exporting their energy resources to those countries.

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## **Chapter One.**

## **1.1. Introduction**

The Central Asian countries were under influence of Russia and Soviet Union since 19 century. Central Asian republics (CARs) were not independent states until 1991, and they didn't have relations with other countries and their relations with others were under the control of Russia. They became independent states in 1991, and after independent they wanted to get rid of Russian influence. The Soviet Union policies in the region caused that the Central Asian countries have single product economy because they produced one kind product especially cotton and wheat. After independent they faced to political and economic problems and tried to solve them but they needed to enlist from Russia and US. Russia itself had many problems and couldn't help to these republics and this issue caused that other powers presence in the region and expands their relations with these new republics and influence of these powers in Central Asia increased Russian problems. So Russia attempted to expand its influence in the region like the past. Russian economic influence in the region was not salient until late 1990s, because it was faced with economic problems but from 2000, when Vladimir Putin took presidency in Russia, Central Asia became a priority in foreign policy of Russia and economic and political relations increased between Russia and these republics. Russia has increased investing in Central Asian economies such as railway, oil and gas pipelines and establishing of new economic companies, even it wants to buy all their energy resources to doesn't allow that these republics export their resources to Europe and China. Russia wants to make the proponent governments in these republics and support them to keep its influence in the region. After September 11 and presence of US troops in the region increased Russian security treats. American policy goals in Central Asia are energy cooperation, regional security, support for democracy and the rule of law. The US wants to create another route for export of oil and gas resources from Central Asia to Europe to decrease Russian influence on natural resources in Central Asia and a main threat for Russian interests in the region. Tendency to west among Central Asian states has caused that Russia be worried about its interests in the region and it attempts to expand its economic relations with these republics to prevent from influence of other great powers in the region. The region has many oil and gas resources and energy sector is

very important for Russia and it doesn't want that the China and United States be dominant in these resources. Russia tries to control these republics within the regional organizations (Shanghai Cooperation Organization, Collective Security Treaty Organization and Commonwealth of Independent States) and has bilateral agreement with these republics to ensure from security of its borders. Russia uses vary instruments to expand its economic influence in the region. Since 2005, with the rise in the price of oil, Russian influence has increased in the region. Now influence of other countries like China, EU and United States has increased in Central Asia and this is a big chance to Central Asian states to reduce Russian influence in their territories by expanding of their relations with great powers. The CA countries want to have independent government without Russian influence in international relations. There is a big competition among great powers with Russia in the region and Russian has lost its influence in Central Asia.

## **1.2. Key questions:**

- Why Russia's economic influence has been diverged in Central Asia since 1991?

## **Sub Questions**

- What achievements has Russia had in the Central Asia?
- What efforts has Russia done for saving its control in the region?
- How far has Russia succeeded in prevention of great powers influence in the region?

## **1.3. Main Hypotheses:**

-Tendency to economic and political independent and expand relations with other countries specially west among Central Asian states, Economic influence of competitors in the region and exploitation and investment in energy sector and importance of Central Asian geopolitics in 21 century for great powers have created a competition in Central Asia among great powers and these issues have caused that Russia can't keep its influence in these republics after collapse of Soviet Union.

- Russia has not could decline great powers' influence in Central Asia after collapse of Soviet Union because of its economic weak in comparison of Soviet Union term and now the great powers (China, US and EU) have many interests in this region.

- Russian economic limitations after collapse of Soviet Union don't allow that Russia increases its influence in the region and it can't compete with other actors especially United States, China and EU.

#### **1.4. Backgrounds, (Literature review).**

--*"Energy, Economics and Security in Central Asia, (Russia and its Rivals)"*, by, Blank Stephen.

This book discusses about energy, economies and security among Central Asian states and reviews importance of energy for great powers like China, US and Russia. It argues about competition among great powers and importance of security in the region for them after collapse of Soviet Union.

--*"Russia and Central Asia (a new web of relations)"*by, Jonson Lena.

The author speaks about Central Asian importance for Russia and discusses about expansion of relations between Russia and Central Asian states and so Russia has tried to help them to solve their problems. It says, are these states Near Abroad for Russia or No?

--*“Vladimir Putin and Central Asia (The Shaping of Foreign Policy). By Jonson Lena.* The author tries to argue about Russian policies in Central Asia during Putin’s term and he says that Russia expanded influence in the region during these years and it had a big competition with great powers after 11 September attacks 2001. Russia tried to expand its influence in the region to decline great powers’ influence.

--*“Central Asia, (Views from Washington, Moscow and Beijing)”by Runer Eugene, Trenin Dmitri and zhao Huasheng.*

The author speaks about present of great powers (China, US, EU and Russia) in Central Asia after collapse of SU. It argues great powers’ interests in the region and he says there is a competition among them especially after 11 September 2001, and reviews their plans in Central Asia.

--*“Central Asia (political and economical challenges in the post Soviet Union era)”by Vassiliev Alexei.*

This book studies economic and political problems of Central Asian countries after collapse of Soviet Union (SU). It says that these states wanted to increase their relations with West countries to decline the problems but because of Russian influence in the region, they couldn’t succeed. It also reviews the problems among Central Asian countries after collapse of SU.

### **1.5. Research Objectives, Purposes.**

I want to show Russian influence in Central Asia after collapse of Soviet Union and also express, Can these countries get rid of Russian influence and expand their relations with other countries especially west? To review China and west competition in this region with Russia. To give recommendations for the reduction of Russian economic influence in these countries.

### **1.6. Key Terms:**

Influence zone, Russia, economic development, influence, Central Asia, China, United States, Europe, Russian policies, economic independence, great powers, cooperation, technical limitations.

### **1.7. Shortcomings and Obstacles of the Subject**

There is dearth of articles and research papers in English on the economic influence of Russia and Central Asian countries and there are no updated books and good internet facilities.

## **Chapter Two: Theoretical Framework**

## **2.1. Introduction**

The influence zone is the main factor for great powers to increase their power in international relations. The great powers always want to influence in poor countries to reach benefits. In the past term the big countries attacked to poor countries and harried their resources. Nowadays the great powers infiltrate in weak states and intervene in their internal policies and they use different instruments such as; economic, cultural and political in their foreign policies. In this chapter I study the theoretical background of research. In this Chapter I study a few conceptions such as; influence, instruments of foreign policy (political- cultural- economical), methods of influence and instruments of economic influence in international system. And also we will express that how do the great powers infiltrate in other countries especially in the weak states and dominance over them.

## **2.2. Influence zone**

Influence refers to the relation among the government actors in which an actor makes the others act against their own wishes.<sup>1</sup>

Influence zone is a determinative and serious part of the instruments of big powers to produce, maintain or increase their own national security. Influence zone is of great importance in the political and economical destiny of a great power. Big powers get a big deal of their power from these areas. The spread of Influence zone is an important aspect of national development and productivity. Such view and policy was of the most usage in international relations of colonial powers campaign. European countries have experienced the policy of Influence zone more than others and many poor European areas have been exploited by big European powers. Big powers try to develop business in other countries and govern them along with political and land dominance which is called imperialism.<sup>2</sup>

Having a powerful navy force from 16-19th century, big European powers (Spain, Portugal, and England) conquered weak countries and spread their lands, competing over them together.<sup>3</sup>

According to influence intensity, it can be divided into vertical and horizontal types. Vertical influence refers to authority exertion rate based on political and military power. Horizontal influence with low intensity but high importance refers to increasing the relations without using military power of a strong country against a weak country. These relations are always unfair between dominant and dominated countries. Based on intensity, influence zone has 3 states:

**1**-Barrier government which is an independent and neutral country interceding between two rival big powers to prevent their conflict, **2**- Dependant government which is an independent country dominated by a big power, and **3**- Exploited government which is the result of the dominance of Europe in third world countries in a project from 1600-1960. So, influence zone may result from a variety of relations

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<sup>1</sup>- Alem Abdolrahman, Bases of Politics Science, Nashreny Publications, 1383, p. 95.

<sup>2</sup>- Romesh C. Dutt, The Economic History of India in the Victoria Age, London, Routledge, 2000.

<sup>3</sup>- Norman Friedman, Seapower as Strategy: Navies and National Interests, Annapolis, MD: Naval Institute Press, 2001, Chapter 6.



especially of colonial type. In the past, influence zone was determined based on a law contract. So a big power would pass some colonies to another big power. Such deals were common among exploiters. Based on the history of international relations, influence zone is dividable into: power balance cold war, mono-polar and multi-polar eras. In power balance era, 5 or 6 big powers formed that appointed some areas as their influence zones. No power could challenge the other one and accepted the territory of others, formally. <sup>4</sup>

In cold war era, influence zone was divided into two super powers of America and Soviet Union due to their high infiltration all over the world. For the fear of nuclear war between those two sides, both countries formalized the territory of their rival.<sup>5</sup> At this time the allies of them could get some influence zones for themselves under their support. <sup>6</sup>

In unipolar era, the era of Soviet downfall, America was the only superpower of the world, controlling an international government in the world along with other big powers.<sup>7</sup> At this time, America announced the start of a modern global regulation and tried to follow his economical policies all over the world.<sup>8</sup>

America insisted to have more economical influence zones and was involved in trade wars as a result of following its economical policies called "free business". In this era, America tried to monopolize its intervention everywhere and raise its global power. After September 11 of 2001, Russia agreed with American operation in central Asia to fight terrorism and create military stations there. After that, America introduced its influence and benefit zones in a special frame gradually. In the war of 2008 of Georgia, Russia explained its foreign policy and justified its invasion as a tool of defending Russian rights there. That war showed readiness of Russia for intervening in that country for the sake of minor Russian citizens by force. Electing Putin, Russia

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<sup>4</sup>- feizi Siroos Influence Zone: Guideline of Great Powers, Chapter of Guideline Studies, No. 45, Spring 1390, pp. 174-181.

<sup>5</sup>- Keal Paul "Contemporary Understanding about Sphere of Influence" Review of International Studies, No. 9, 1983, pp. 155-172.

<sup>6</sup>- Dockrill, Op.Cit, pp.126-127.

<sup>7</sup>- Hantington, Samuel "Culture, Power, Democracy" In Globalization of Power and Democracy, Siroos Feizi and Ahmad Rashidi, Tehran, Kavir Publications, 1383, pp. 39-55.

<sup>8</sup>- Welch, D. et al, Understanding American Government, Boston, MA: Wadsworth, 2010, pp. 572-573.

introduced itself as a self-sufficient superpower with global capabilities. For having strategic benefits in previous Soviet republics, Russians redefined their role in post - cold war era and showed that they can't do any more attempt in mono-polar era.<sup>9</sup> Their policy of post cold -war era is much more different and complicated than before in non-military form.<sup>10</sup>

### **2.3. Foreign policy indicators in international system**

The governments use diplomatic, economical, cultural, and military tools in their foreign policies to get their goals and benefits.

**2.3.1. Diplomatic tool.** Diplomatic tools are the techniques for managing foreign policy or setting international relations and solving international disputes peacefully. In the past times, diplomacy was secretive and limited but got more evident by the pass of time. Nowadays, diplomacy has undergone some changes in a way that diplomatic problems are solved by the rules of international organizations. Governments should consider the following techniques to succeed in diplomatic negotiations and foreign policies:

1. True understanding of goal hierarchy and national benefits.
2. Awareness from power amount and national facilities.
3. Using different alternatives to reach their goals.
4. True evaluation of change trend in the behavior of other actors.
5. Strong treatment in negotiations.

**2.3.2. Economical tool.** Economical tools are effective at fulfilling foreign policy and national benefits along with technological and financial tools by which a government tries to create changes in the policies of others. These changes will be in a way to

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<sup>9</sup>- Trenin Dimitri "Russia's sphere of Interest, not influence" Washington Quarterly, Op. Cit.

<sup>10</sup>- Brzezinski Zbigniew "Russia's Sphere of Influence – Chechnya and Beyond" Azerbaijan International, Vol.8, No. 1, spring 2000, p.24.

provide the benefits of the country using them. This technique is used by strong countries to reach their goals.<sup>11</sup>

In 20th century, governments use economical techniques differently. Many third world countries with mono –product economy are vulnerable to economical tools of big powers. So, some of them have tried to change their economy into multi-product ones to reduce their vulnerability. Different forms of economical tools like donating loans or lack of it, exporting technology or lack of it, economical and commercial embargos, blocking assets, increase or decrease of custom tariffs, cooperating or lack of it in investments are used. After World War II, big powers like America have considerably used these tools in their foreign policies for political, military, and strategic aims. For example, America stipulated its financial help to Nicaragua to changing its foreign policy. International organizations also use them to make poor countries obey strong countries.<sup>12</sup>

For complexity of economical transactions, governments use many tools trying to change the behavior of others or make them continue it. In all cases, governments try to create some changes at rewards, income, capital, and technology. Some techniques used in this way are as follows:

1- **Tariff**. For all products importing another country, a tariff is assigned to increase income or support internal producers against foreign products.

2- **Rationing**. To control import trend, countries may ration them. In such cases, the importer imports some goods to a country with fair price but is allowed to sell just specific amounts in a certain period.

3. **Embargo**. In commercial embargo, import or export from a specific country is boycotted. The countries, not involved in government business, exert embargo by making private importers provide a certificate to buy goods from boycotted country.

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<sup>11</sup>- Ghavam Abdol Ali, Principles of Foreign Policy and International Politics, Samt Publications, Tehran, 1385, pp. 206-210.

<sup>12</sup>- Monsefi Abolghasem, International Organizations, College of Social Relevances Science, 1358, p. 299.

4. **Transaction prohibition.** The country which tries to deprive another country from some goods prohibits its traders from dealing with traders of the boycotted country.

5. **Giving loan, credit or changing the rate of currencies.** Governments may offer credit or loans to other countries in commercial transactions.

6. **Blocking assets.** In open global economy, companies, governments, and people have foreign assets in the form of capital, bank accounts, and other properties. If these assets are enough, they can be used as hostages.<sup>13</sup>

7. **Ownership divestment.** Governments may divest asset ownership of boycotted countries' companies for economical purposes. It can also be used as leverage for changing domestic or foreign policies of other countries.<sup>14</sup>

**2.3.3. Cultural tool and advertisement.** In the process of cultural tools nations are addressed. The government using this technique tries to change behavior patterns, thinking, and lifestyles of other nations in the way of providing their own benefits. In this case, using advanced psychological, anthropological, and sociological methods and symbols, creates a kind of empathy between the country using these techniques and addressee countries. In 20th century, Bolsheviks used these tools for spreading their revolution to different parts of the world in 1917 for the first time. Nazis used this tool to dominate European countries in 1930s.

After World War II and formation of bi-polar, those two countries used all their advertisement and cultural facilities to impress other countries. Occident impressed values, consumption, thinking, and life style of Orient by its advanced technology, developed satellite networks, cultural and advertisement strategies. This cultural change could reinforce pressing forces inside socialistic systems in long term. Finally, those new forces caused the downfall of dictator regimes in those areas; so, ex-Soviet leaders had to find new paradigms in foreign policy. Forcing the politicians to make

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<sup>13</sup>- MS. Daoudi and M.S Dajani, *Economic Sanctions; Ideals and Experience*, (London: Routledge & Kegan Paul, 1983).

<sup>14</sup>- Harold J. Berman, *The Legal Framework of Trade Between Planned and Market economies: The Soviet-American Example*; *Law and contemporary Problems*, 24, 1959, p. 504.