

# **Faultlines**

**O F C O N F L I C T**

## **in Central Asia and the South Caucasus**

**Implications for the U.S. Army**

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Violent conflict is likely to be a continuing problem in Central Asia and South Caucasus over the next 10 to 15 years. Violent clashes within and between states in this region have already occurred, and they are likely to occur again. Depending on how the region develops, the form and degree of conflict may or may not grow to involve other states, including the United States and its interests. This analysis considers some of the most important factors underlying the likelihood of conflict in the region, assessing their implications for regional stability and for U.S. interests and potential involvement over the next 10 to 15 years. It also provides some preliminary thoughts on the implications of the ongoing U.S. presence in and near the region.

None of the sources of conflict described in this report operate in a vacuum. Economic, political, ethnic, and religious factors all combine with the impact of foreign interests to make conflict more or less likely. This analysis suggests, however, that the key factor for the likelihood of regional conflict is the regimes themselves; their weaknesses and volatilities leave them increasingly unable to withstand challenges posed by other faultlines. When regimes collapse, these politically and economically weakened countries may experience armed strife.

The specifics of how this happens can vary. Unintegrated and/or alienated minorities who link their economic deprivation and political oppression to ethnicity or religion can be expected to organize. But if there are no political institutions to channel their participation, their efforts to do so will put them in conflict with the state and pos-

sibly with each other. The absence of effective political institutions makes it more likely that public discontent will take extralegal forms. Moreover, civil strife and potential state failure resulting from a succession crisis is possible in the next 15 years in almost all of these states, except perhaps Armenia. It is most likely in the near term in Azerbaijan and Georgia. Azerbaijan's president is aging and ailing. He has indicated that he hopes his son will succeed him. Georgia's president Eduard Shevardnadze, also over 70 years of age, has said that he will not run again when his term expires in 2005.

Ethnic heterogeneity, a necessary but not sufficient condition for ethnic conflict, is present in almost all the states of the region (Armenia and, to a lesser extent, Azerbaijan are the exceptions). In this part of the world, however, ethnic diversity exists side by side with wide economic disparities and state policies of "ethnic redress" that privilege the titular nationality over others—including those who once enjoyed more advantages. Weak institutions and limited central control make it more likely that dissatisfied groups will have the capacity to mobilize and acquire weaponry. If this happens, the state itself is likely to respond with violence.

At the interstate level, these internal dynamics may well make conflict with other states more likely, as leaders seek to unite a people of an increasingly contested state behind them, or seek to strike first before another state can undermine their power, or simply behave in an aggressive manner. Pretexts for interstate conflict in this region abound, as borders drawn up in Soviet times fail to follow ethnic lines (or, in most cases, economic "common sense" lines), giving many states a claim on the territory of others. It is expected that territorial disputes may well lead to some forcible readjustment of borders. Such disputes may also serve as a proximate cause of cross-border adventurism by some states. In addition to insurgency attacks, territorial claims and efforts to "defend" co-ethnics by one or another state could escalate conflict to an interstate level. In Central Asia, border conflicts are most likely in the Ferghana Valley. In the South Caucasus, the risk remains that Nagorno-Karabakh will flare up once again.

The states' economic condition reflects the political situation. Both poverty and economic dependence are prevalent in all eight states under consideration. The people of Central Asia and South Caucasus

are by and large in worse shape economically than they were under Soviet rule, with at least half living at or below the poverty line according to their own national statistics. What wealth there is, is highly concentrated in the hands of a very small minority, and social services are minimal. Moreover, while trade has begun to shift somewhat toward partners in Europe, the states of Central Asia and South Caucasus remain significantly dependent on Russia. Russian efforts to increase regional economic integration could, if successful, keep these states from many of the potential benefits of involvement in the globalized economy. Finally, while the energy producers may place most of their hope in expected revenues from energy exports (although they then run the risk of both resources and foreign investment becoming diverted entirely to the energy sector, with little gain for the rest of the economy), all the states of the region will require fundamental—and probably painful—reforms before their economies can truly begin to develop.

In an economically backward and depressed situation such as this, it is not uncommon to see the rise of criminal activity and corruption. The drug trade and other criminal activities give people a means of economic activity, alleviating poverty and providing employment. Corruption and bribery make it possible to get things done. Thus, crime in such a situation has both positive and negative effects. Estimates suggest that in much of the Central Asian and South Caucasus region, the shadow, or illegal, economy is approaching the size of the legal economy. If it could be quantified and included, it would double the GDP. This means both that studies of the legal economy alone understate the economic deprivation, and that the prospects for growth are probably lower than the studies indicate, because the long-term effects of a criminalized economy are overwhelmingly negative. Bad business drives out good, preventing investment and growth. Corruption weakens the state's ability to govern, decreasing trust in it and making it tremendously inefficient, as nothing gets done without bribes. Moreover, in Central Asia and South Caucasus, the significant component of the criminal economy that is linked to the drug trade has its own repercussions. The region has already become an important route for drugs flowing from Afghanistan. Increasingly, production is moving into states like Tajikistan, as well. Drug use is on the rise, straining already limited public health resources and increasing the danger of AIDS, and proceeds from drug

trafficking are reportedly sometimes used (although the extent is unknown) to fuel the insurgencies that threaten local governments.

Resource development, too, has its positive and negative aspects. The Caspian oil-producing states, Azerbaijan and Kazakhstan, have the greatest prospects for finding hard currency markets abroad. Turkmenistan and Uzbekistan, which produce gas but have very little export potential for their limited oil production, are unlikely to find a market outside the regional one, as monetization of natural gas resources is a far more difficult endeavor. As for the rest of the states of the region, Georgia has hopes of becoming a transit state for Caspian oil and reaping some economic benefits in this way, but Armenia, Tajikistan, and Kyrgyzstan have few prospects in this regard. Moreover, recent droughts have exacerbated the fact that the have/have-not situation with energy is largely reversed when it comes to water. The fossil fuel-poor upstream countries, Kyrgyzstan and Tajikistan, lie at the headwaters of the Syr Darya and Amu Darya rivers, which provide the means for hydroelectric power generation. The fossil fuel-rich downstream countries, Kazakhstan, Uzbekistan, and Turkmenistan, rely on this water for the irrigation of extensive cotton and grain fields. Arguments over when to release this water have led to repeated energy shut-offs and international disputes, while among the Caspian littoral states, disagreement over the division of the seabed has led to the increasing militarization of that body of water, as each state seeks to protect its claims.

Resource competition and crime and the drug trade are overall less likely to serve as proximate causes of conflict than as aggravating factors, making conflict more likely, more intense, and more likely to spread. However, disputes over territory in the resource-rich Caspian Sea itself can also heighten tension. Foreign involvement to contain a developing crisis may also exacerbate the situation, for example, prolonging conflict and involving more states, while criminal support of insurgency groups, perhaps with drug money, can keep the conflict going longer than it otherwise might.

Foreign interests, whether or not they themselves spur conflict, will have an impact on how it develops, and outside actors are likely to get involved if it does. Russia, China, Turkey, Iran, and the United States may seek to defend their interests in the region, whether those derive from shared ethnic characteristics, hopes for pipelines to carry

Caspian energy resources to and through their states, fears of conflict spreading beyond the region, or a desire to demonstrate strength and influence. Foreign state and nonstate actors have also supported insurrectionist and secessionist movements within Central Asia and South Caucasus, seeking to advance strategic and/or ideological (and religious) goals. And as the U.S. response to terrorist attacks on its soil in September 2001 evolves, the region acquires a new set of concerns, including the implications of continued war in Afghanistan, the possibility of unrest in Pakistan, and the short- and long-term impact of U.S. force presence in the region.

The situation in Afghanistan and Pakistan, as well as the troop presence of U.S., Russian, and other forces in the region may serve to catalyze state failure in a number of ways, perhaps making significant conflict more proximate than it might otherwise have been. Refugee flows into the region could strain the treasuries and stretch the capacities of states to deal with the influx. They can also potentially be a mechanism for countergovernment forces to acquire new recruits and assistance. This is of particular concern given the history of Al Qaeda and Taliban support to insurgent groups in Central Asia, as well as the ethnic links and overlaps between Afghanistan and the Central Asian states. To date, the rise of insurgencies linked to radical Islam has either caused or provided an excuse for the leadership in several states to become increasingly authoritarian, in many ways aggravating rather than alleviating the risk of social unrest, and it is entirely plausible that this trend will continue. Moreover, if the U.S.-Russian relationship improves, Russian officials may take advantage of the opportunity, combined with U.S. preoccupation with its counterterror campaign, to take actions in Georgia and Azerbaijan that these states will perceive as aggressive. Meanwhile, U.S. forces in the region may be viewed as targets by combatants in the Afghanistan war and by insurgent efforts against the Central Asian governments.

The situation in Afghanistan will almost certainly have an impact on the faultlines in Central Asia and possibly those in the South Caucasus. While it remains too early to predict just what that impact might be, regardless of the situation in Afghanistan, there remains excellent reason to believe that over the next 15 years separatists will continue to strive to attain independence (as in Georgia) and insurgency forces to take power (as in Uzbekistan, Kyrgyzstan, and Tajikistan).

This could spread from the countries where we see it currently to possibly affect Kazakhstan, Turkmenistan, and Azerbaijan. It could also result in responses by states that see a neighboring insurgency as a threat, and by others that pursue insurgents beyond their own borders. Insofar as U.S. forces stay involved in the region, it could draw the United States into these Central Asian and South Caucasus conflicts.

Even before September 11, 2001, the United States was involved in Central Asia and South Caucasus. Diplomatic ties, economic assistance, economic interests, and military engagement through NATO's Partnership for Peace and bilateral cooperation varied in intensity from state to state, but were significant with several. Caucasus states Georgia and Azerbaijan hoped that U.S. engagement, as well as close ties with neighbor Turkey, might translate into NATO support against Russian political, economic, and military pressure (or, at least, a perception by Russia that NATO support was possible). Central Asian states such as Uzbekistan and Kyrgyzstan received assistance that they hoped would help them with challenges posed by Al Qaeda- and Taliban-supported insurgency groups that sought to destabilize their governments. These states also saw U.S. assistance as a possible alternative to dependence on Russia, and, in the case of Uzbekistan, a means of further strengthening its own regional role. Thus, while in the near term it seems likely that the United States presence will be geared to the counterterror campaign in and around Afghanistan, U.S. interests in the region extend beyond the present campaign. Depending on how ties with the Central Asian states develop, and on the future path of the counterterrorist effort, future activities may involve more counterterrorist efforts into Afghanistan (and perhaps Pakistan), supporting the Central Asian states in their counterinsurgency efforts, peacemaking or peacekeeping after conflict emerges in the region, or responding to terrorist groups on the territories of Central Asian states themselves. Moreover, even if the United States is less involved, a crisis in Central Asia or in the South Caucasus could lead to the deployment of international peacekeepers or peacemakers, to include U.S. forces, protection of energy and pipeline infrastructure throughout the region, and protection and evacuation of U.S. and other foreign nationals.

The same factors that make conflict more likely—ethnic cleavages, economic hardship, high crime rates, rampant corruption, etc.—also



complicate any and all efforts, military, economic, or otherwise, in the region. Whatever the extent and form of the longer-term U.S. presence in the region, it will therefore be challenging—and challenged. Even without these problems, the terrain is difficult and distances are substantial, while infrastructure throughout the region leaves much to be desired. With U.S. troops already in place to varying extents in Central Asian and South Caucasus states, it becomes particularly important to understand the faultlines, geography, and other challenges this part of the world presents. U.S. forces will face them in one way or another regardless of the depth of their commitment to the region. The current situation, however, suggests that they may face them somewhat sooner than might once have been expected.