

The Tashkent conference “Central and South Asia: Regional Connectivity. Challenges and Opportunities” signals the beginning of a new era in the history of the region



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**Executive summary:** For two centuries, great-power competition for zones of influence and strategic dominance has disrupted millennia-old trade, cultural and scientific exchanges between Central Asia and South Asia that had contributed to their prosperity and allowed them to build some of the greatest civilizations in human history. The Tashkent Conference “Central and South Asia: Regional Connectivity. Challenges and Opportunities” organized upon the initiative of the President of Uzbekistan signals the emergence of a new era in the heartland of Eurasia. The establishment of a trade and transport corridor is expected to bring significant economic benefits to all countries of the two regions and help build a solid basis for sustainable peace, stability and prosperity in Afghanistan.

## **Introduction**

The conference organized on 15 and 16 July 2021 in Tashkent by the Government of the Republic of Uzbekistan upon the initiative of President Shavkat Mirziyoyev explored opportunities for the development of a trade and transport corridor between Central Asia and South Asia. Participants outlined the potential economic benefits of increased economic cooperation and investment for the whole region and its contribution to efforts to establish peace and stability in Afghanistan. President Shavkat Mirziyoyev, in his opening statement confirmed that strengthening ties with its neighbors is a priority for Uzbekistan “a reliable, stable, and predictable partner, interested in and committed to constructive cooperation based on mutual interest”. The President reminded participants that the close historical ties between the two regions, going back to several millennia, teach present generations that “Without tighter relationship and economic connectivity, we cannot turn this part of the world, and the Eurasian continent, into a stable and prosperous space.”

The conference signaled the beginning of a new area, when the countries of the region revive the millennia old tradition of cultivating thriving trade relations, scientific and cultural exchanges that made them so prosperous and allowed them to build some of the greatest civilizations in human history before the onset of the Great Game. In this paper the authors provide a historical background to the discussions that took place during the Tashkent Conference.

### **1. The Great Game that lasted too long**

The conference took place two centuries after the Great Game, a rivalry between the Russian and British Empires in Central Asia and Afghanistan had been set off (although the term was coined by Arthur Conolly in 1840 only). Following the end of the Napoleonic wars, Russia became the dominant power in mainland Europe while the British, taking advantage of their naval superiority, continued building the greatest colonial empire in history. The two empires expanded towards each other in Afghanistan and Central Asia, without ever actually engaging in direct military confrontation. Still for two centuries the Great Game undermined the stability, prosperity and human development of the countries of the two regions.

Central Asia was colonized by Russia in the 19th century step by step among other reasons driven by the fear that the British Empire may have plans to extend its influence beyond Afghanistan. The disaster of the First Anglo-Afghan war in 1842 significantly alleviated Russian concerns as to the capacity of their rival to move into Central Asia. Neither was the Russian expansion into Central Asia an economic success during the initial period of the Great Game. Until the second half of the nineteenth century the expansion of its rule in Central Asia did not produce much benefits for Russia (not to speak of the huge losses of failed expeditions, like the first attempt to reach Khiva in 1839-40). Only a century later, in the Soviet period did Central Asia become a valuable economic partner, thanks to the development of extractive and heavy industries and cotton production.

Analyzing the original motives of the Russian expansion into Central Asia one cannot fail to see the extraordinary influence of the aristocratic-military elites that dominated decision making of the Tsarist empire at that time, at least when it came to this particular region. It was not the ministry of finance, the rapidly developing capitalist companies and banks of St.Petersburg and Moscow and not even the cautious diplomats of the foreign ministry who called the shots. Generals speaking about the need to protect the “prestige of the Empire” and the necessity to “pacify” the unruly inhabitants of the frontier areas dominated decision making during the first decades of the Great Game.

Afghanistan, which historically served as a bridge for trade as well as cultural and scientific links between Central and South Asia was declared a buffer zone in 1895, a decision that hindered any kind of connection between Central and South Asia under the rival imperial powers. The Great Game, a rivalry in the form of intelligence and diplomatic competition continued into the twentieth century. The temptation to expand spheres of influences, territorial expansions and increasing benefits from controlled foreign trade as well as other economic advantages was too strong: despite treating Afghanistan as a buffer zone, the imperial powers continued their efforts to gain full control of the country, resulting in the second and third Anglo-Afghan Wars on the part of Britain and the Soviet-Afghan War on the part of the Soviet Union. Afghanistan remained a prey to its geography even after the collapse of the Soviet Union. Foreign intervention continued in various forms and in 2001 the USA tried to establish control over Afghanistan in order to expand its influence in this part of Eurasia. Dominance over the country would provide considerable sway over the geo-economic and geo-political processes in the heart of Eurasia. Since control over Afghanistan was deemed of great economic and strategic importance, it was denied to the Soviets by their political rivals, the USA and its allies, and in the same way, it has been denied to the USA in the post 9/11 period.

### **The countries of the region marginalized**

The domination of Central Asia and Afghanistan by great powers left little hope for the countries of the region to be able to preserve their millennia old trade and cultural relations. By the end of the nineteenth century Bukhara, Khiva and Khorezm lost their independence and with it their ability to maintain, let alone develop, their relations with historic trade partners, including South Asia. China after the two Opium Wars was not in the position either to effectively conduct an independent foreign and economic policy and maintain the millenia old economic and cultural relations with its neighbors via thriving trade along the Silk Road. Other neighbors, like Persia and the Ottoman empire faced similar fates.

Modern Central Asian countries within their present borders emerged after the victory of the Bolshevik revolution. While the region enjoyed considerable economic growth during the Soviet period thanks to investment in industry and agriculture, the Cold War made it impossible to restore their traditional relations with South-Asia. Borders between the Central Asian Soviet republics and their neighbors to the south remained sealed.

## **II. Reviving the “Great Game”: the 1979 Soviet invasion of Afghanistan**

When analyzing Soviet decision making that led to the invasion of Afghanistan in 1979, what stands out are the surprising similarities with the decision making of Tsarist Russia during the colonization of Central Asia. Economic considerations played a minor role in these decisions. The crumbling Soviet economy was not in the position to provide the huge investment needed to build the north-south transport infrastructure (pipelines, electricity transmission lines, roads, railroads) through Afghanistan that would have been instrumental in creating a viable economic space between the Southern republics of the Soviet Union and South-Asia. The main considerations - like in Tsarist times - were the prestige of the Soviet Union, the wish to demonstrate the strength of the Red Army to allies and foes alike, and the need to “stabilize” the neighboring country - which at that time posed no serious threat to the well-defended borders of the Soviet Union.

## **III. The post-independence years: a lost opportunity**

The birth of independent countries in Central Asia in 1991 offered a long-awaited opportunity to rebuild traditional trade, economic and cultural relations with South Asia. Unfortunately, the profound instability that seized the whole region following the decade-long war in Afghanistan did not offer ideal conditions for building ties of peaceful cooperation. The civil war in Tajikistan that claimed 50 000 lives, the repeated incursions of the fighters of the Islamic Movement of Uzbekistan and the rapid spread of the trafficking in drugs and weapons undermined the stability and security of Central Asian countries and created mistrust among the countries of the two regions. By the time the situation started to improve after the conclusion of the Tajik civil war, the spectre of the Great Game, in the form of yet another foreign intervention, appeared again.

## **IV. Third time unlucky: after the Brits and the Soviets, the US moves into Afghanistan**

The American invasion of Afghanistan in 2001 following the terrorist attacks of September 11, heralded a two-decade long attempt to build a stable, peaceful and prosperous Afghanistan. But the lessons of previous occupations were not properly learned. Without a viable plan for creating a solid economic basis for a peaceful and prosperous Afghanistan by returning the country to its traditional role as an economic corridor between Central and South Asia, stabilization efforts failed. The vicious circle, seen many times in the past two centuries reemerged: the Afghan economy without the reconstruction of trade and transport corridors to both Central and South Asia was unable to provide the prosperity necessary to creating lasting peace and stability, while instability prevented the reestablishment and safe operation of these corridors. Persistent security challenges and the slow progress in building democratic institutions and a market economy finally led to the decision by the US government to withdraw from the country.

This decision leaves the future fate of the region in the hands of Central and South Asian

countries (including, of course, Afghanistan itself), and their neighbors. This is a tremendous opportunity - and a historic responsibility. The lessons of the last two centuries should be properly analyzed and learned. The countries of the two regions should jointly develop plans for building a corridor for economic and trade cooperation through Afghanistan, that would contribute to the stability and prosperity of both Central and South Asia. Such a corridor should be designed not by strategic and military planners thousands of miles away, but by the ministries of economy, finance, education, culture of the countries of the two regions, as well as local companies, banks, research institutes and first of all the millions of farmers, traders and small entrepreneurs who want peace and a booming economy after two centuries of instability.

Peace and prosperity will become a reality only if all stakeholders are convinced that this time it is achievable. As the Secretary General of the UN in his opening address at the Tashkent Conference emphasized: "Let's work together to ensure that the potential dividends of peace are well enough understood by all so that the promise of connectivity itself becomes a counterbalance to the threat of further deterioration in Afghanistan."

#### **V. A new beginning: opportunities and risks**

Participants of the Conference "Central and South Asia: Regional Connectivity" agreed that the countries of this vast region now had an opportunity to rebuild what had existed there for several millennia: vibrant trade, economic, cultural and scientific links via a safe corridor through Afghanistan. At the same time, overcoming the complicated historical legacy of the last two centuries, resolving festering conflicts, building trust and attracting sufficient investment to develop the robust infrastructure between Central and South Asia necessary for the rapid development of trade and economic relations are a formidable shared challenge for all the countries of the region.

Participants of the Tashkent Conference expressed the hope that this time not strategic competition, but the wish to achieve shared benefits and prosperity through connectivity will drive transformational changes in the region. Central and South Asia have a significant regional integration potential thanks to their rich resource endowment, economic complementarities, common challenges and geographical adjacency. The benefits of the gravitational pull of geographical proximity on movement of capital, goods, services and people in Central and South Asia have remained underutilized due to instability in Afghanistan. Trade and economic connectivity between Central and South Asia is instrumental to the resolution of socio-economic problems of Afghanistan and the entire region. For any meaningful connectivity between the Central and South Asian regions, peace and stability in Afghanistan is *sine qua non* precondition. All the regional projects aimed at promoting economic connectivity and integration, including TAPI, CASA 1000 and the Termez-Kabul-Peshawar Railway line pass through Afghanistan.

Therefore the first and most important step is to achieve sustainable peace, security and stability in Afghanistan. It requires the involvement and cooperation of all political forces

and all ethnic groups, as well as active support by all neighbors. Even if all Afghan political forces agree to play by democratic rules and work together for the sake of peace and prosperity of their people, it will take sustained efforts to overcome the considerable political, cultural and religious divides within the society. As the examples of a number of other countries show, it is not easy to bridge the gap between the wealthier and more cosmopolitan cities and the rural areas with their more traditional lifestyles, not to speak of tensions among various ethnic groups.

## **VI. Cooperation frameworks**

There are numerous regional and sub-regional organizations offering a suitable framework for developing economic cooperation and integration between Central and South Asia, among them the Belt and Road Initiative, the Eurasian Economic Union, CAREC, ECO, SCO and CPEC.

In contrast to earlier periods of great-power politics, an encouraging sign is the strong political wish of practically all neighbouring countries and partners to see an end to interference in the internal affairs of Afghanistan. The period of the Great Game with its numerous “proxy conflicts” that sprung up during the last two centuries, should come to an end. Investment in infrastructure, with its long payback period, needs long term stability. Countries that are in the process of investing tens of billions of dollars in such infrastructure want to know that their investment is safe.

The most immediate step should be to provide early benefits to the population of the whole region by the rapid expansion of economic and trade ties. The acceleration of large projects such as TAPI or CASA 1000 should go hand in hand with small steps that take advantage of the opening up of transport corridors between Central and South Asia.

There are a number of positive geopolitical and geoeconomic developments in the Eurasian space that can facilitate efforts to strengthen trade and economic ties between Central and South Asia. China, a neighbor of several Central and South Asian countries, has emerged as the economic powerhouse of the world, with a GDP of nearly USD 15 trillion (USD 25 trillion based on ppp) in 2020. India, with a GDP of over USD 3 billion in 2020 (almost USD 9 billion, based on ppp) is an attractive market and source of investment for the countries of the economic corridor. Russia, maintaining its traditional friendly ties of cooperation with the countries of both regions, remains an important partner too.

The Belt and Road initiative of China provides massive investment in regional infrastructure. The China-Pakistan Economic Corridor opens up huge opportunities for the Pakistani economy. A peaceful environment, the resolution of disputes among South-Asian countries and the transition from strategic competition to economic cooperation are sine qua non preconditions for the full development of the network of interconnected North-South and East-West corridors. The presence of the representative of the Russian Railways at the Tashkent conference signalled the interest of Russia to participate in the development

of such a network, which could then be connected to transport corridors to Europe and China.

The United States, having withdrawn militarily from Afghanistan, remains an important economic partner and the source of investment and technology, as well as development assistance for the countries of Central and South Asia. A meeting of representative of the C5+1 countries - the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan, Turkmenistan, the Republic of Uzbekistan, and the United States of America - held on the margins of the Tashkent Conference affirmed their commitment to “enhancing their engagement through this important regional diplomatic platform and seeking opportunities to strengthen connectivity between the Central and South Asian regions via trade, transport and energy links. The C5+1 recognized that increased connectivity supports its shared goal of a prosperous and secure Central Asia.” The C5+1 countries reconfirmed their “commitment to strengthening the region’s security and stability, including through Afghan peace negotiations”.<sup>[1]</sup>

## **VII. Pakistan pioneering economic cooperation between Central and South Asia**

The participation of the Prime Minister of Pakistan in the Tashkent conference was a proof of strong interest in strengthening trade and economic cooperation between Central and South Asia. Pakistan, as a multi-regional country provides essential connectivity to various regions including landlocked partners in Central Asia. The CPEC is going to further strengthen the capacity of Pakistan to actively participate in the economic integration process between Central and South Asia. As Prime Minister Imran Khan emphasized in his statement at the Tashkent Conference, connectivity with the Eurasian heartland is a major pivot of the foreign and economic policy of Pakistan. Pakistan can serve as a gateway of Central Asia to the Arabian Sea. It’s efforts to develop connectivity with Central Asia through Afghanistan will not only facilitate its economic development and resilience but it will also improve the security situation in the northern part of the country. Progress towards improved economic connectivity with Central Asia would have a positive influence on the economic and security situation of the region and provide strong incentives for diplomatic efforts to resolve outstanding bilateral problems. Pakistan, as an immediate neighbor, has suffered just too long from instability in Afghanistan. It will be the country that benefits the most from peace in Afghanistan. Pakistan has supported all the initiatives and peace processes for Afghanistan including the Quadrilateral Cooperation Group, the Moscow Format, the Kabul Process I and II, the SCO Contact Group, the International Contact Group on Afghanistan, the Six Party talks, the Regional Economic Cooperation Conference on Afghanistan and last but not the least in the Doha process. Pakistan played a role in bringing various parties to the table under the Doha process.

However peace and stability in Afghanistan is a shared responsibility of all the countries of the region. Bringing peace to Afghanistan is beyond the capacity of a single country. The best way to help Afghanistan is to restore it to its historical role as a bridge between Central and South Asia. Thriving trade, transport and energy links through its territory will bring

substantial revenue to the country, allowing it to reduce its dependence on foreign aid.

The two regions should capitalize on their comparative advantages in terms of human and natural resources. A convincing demonstration of this potential is the rapid development of bilateral relations between Pakistan and Uzbekistan in recent years. Bilateral trade increased from just \$30 million in 2016-17 to more than \$130 million in 2020-21. The two countries signed a deal to develop the Termez-Kabul-Peshawar Railway line, which will become an important component of the transport and logistic corridor between Central and South Asia via Afghanistan. It will be an important step towards restoring Afghanistan to its traditional role as a transit hub. Pakistan and Uzbekistan concluded a transit trade agreement on 15 July 2021 on the margins of the Tashkent Conference. The two countries also signed a forty-point “Joint Declaration on the Establishment of Strategic Partnership”.

#### **VIII. The European Union - an indispensable market and source of investment and technology**

The countries of Central and South Asia face the multiple challenges of establishing a solid economic foundation for lasting peace in Afghanistan, overcoming the legacy of two centuries of underdevelopment, increasing their resilience to climate change and all these in a period of tremendous geopolitical and geoeconomic change, driven by the decarbonization of the world economy.

The Central and South Asia economic corridor (and here we could add the Russian Federation, extending the corridor further to the North) needs to be plugged into the massive flows of goods, services, technology and investment along the EU-China economic corridor, potentially the greatest economic space of the 21st century.

Joseph Borell, the High Representative of the European Union for Foreign Affairs and Security Policy, in his address to the Tashkent Conference spoke about EU support to the promotion of sustainable connectivity between Central and South Asia and beyond. He assured Central Asian partners: the European Union “will work with them to overcome the security and economic challenges of our time. We can bring our two regions more closely into interconnected space.”

The Government of Hungary, in the framework of the policy of “Opening to the East” actively develops economic, cultural and educational cooperation with Central Asian countries, supporting their efforts to take full advantage of their position as a logistical hub at the intersection of North-South and East-West economic corridors.

#### **IX. Central Asia as a promoter of regional cooperation and stability**

Central Asia is now in a much better position than a few years ago to take an active part in building a North-South economic corridor through Afghanistan. Today there exists a clear, expressed political will at the highest level to develop political, economic and trade



cooperation among the countries of the region. The Joint Statement of the Consultative Meeting of the Heads of State of Central Asian Countries held on 29 November 2019 in Tashkent emphasized that “the tendency of regional rapprochement in Central Asia is a historically determined reality”.

After two and a half decades of failed policies aimed at ensuring self-reliance and self-sufficiency, trade, economic and investment relations among Central Asian countries are now developing with unprecedented speed. A dynamic, open and unified Central Asian market offers much better business and investment opportunities for South-Asian partners than the smaller economies of independent countries. For example, the joint investment in and operation of new large hydropower stations in the upstream countries of Tajikistan and Kyrgyzstan with the participation of Uzbekistan, Kazakhstan and Turkmenistan with their much larger economies would boost electricity exports to Afghanistan and South-Asia through CASA 1000, while at the same time help Central Asian countries adapt to climate change by increasing their capacity to store water for low-water years.

Improving regional connectivity with South Asia could become a key component of a long-term strategy of Central Asian countries to build balanced, “multi-vector” political and economic ties with all direct neighbors, China, Russia, Iran and Afghanistan, as well as important partners including the European Union, the US, Japan, South-Korea, Turkey, Pakistan and India. While some of these neighbors and partners may have disputes or competing agendas, Central Asian countries enjoy good and stable relations with all of them. Central Asia has the potential to become an active promoter of stability, security and economic, trade and cultural cooperation in its broader neighborhood.

#### **X. Launching a multilateral dialogue in Tashkent**

The Tashkent Conference signalled the beginning of a new era in the history of Central and South Asian cooperation. It provided a platform for launching the long and complicated process of building trust and confidence between Afghanistan and its neighbors, as well as among the neighbors themselves. The countries of the two regions should continue the multilateral dialogue started in Tashkent, with the objective of forging regional peace and cooperation. Only by working closely together in good faith can these countries overcome common security challenges and underdevelopment.

The strategic objective of connectivity must be to expand trade and economic relations between the two regions and beyond. Central and South Asian connectivity will add new dimension and momentum to plans to build various New Silk Road corridors running along the east-west axis. Enhanced connectivity between the two regions will help substantially in the development of all other connectivity plans, including the Central Asian Economic Cooperation (CAREC), the Economic Cooperation Organization (ECO), the Shanghai Cooperation Organization (SCO), the Eurasian Economic Union, the Belt and Road Initiative (BRI) and the China Pakistan Economic Corridor (CPEC). No single country or organisation can deliver regional cooperation unilaterally. Inter-organizational coordination will facilitate

the realization of the proposed transport and communication corridors. It is imperative to coordinate and integrate the various plans for expanding transport infrastructure. Central and South Asia trade and economic connectivity shall be based on the principles of open regionalism, which imposes no restrictions on any regional or extra-regional state to join a regional integration arrangement or regional trade arrangement.

Besides hard components of connectivity, it is important to develop the “software” for the planned transit corridors by harmonizing customs procedures, financial policies and the application of international standards and best policies for strengthening trade and economic relations. Harmonization and coordination of legal and regulatory frameworks would improve the regional investment climate too.

#### **XI. A dream is coming true?**

The President of Uzbekistan Shavkat Mirziyoyev in his opening address at the Tashkent Conference proposed to establish an annual forum of representatives of the countries of the two regions to discuss and agree on measures to expand trade, economic, investment links, cultural and academic exchanges and develop regional production networks. Improved coordination through the continuation of the multilateral dialogue launched in Tashkent would help harmonize and integrate competing initiatives to achieve inclusive development and win-win solutions. Such a process would gain momentum by prioritizing economic interests over regional competition and geopolitics. It is now the responsibility of the decision makers of the countries of the two regions to display the leadership, vision and pragmatism necessary to make the dream of restoring the millennia old ties between Central and South Asia a reality.