

Armament and Disarmament in the Caucasus and Central Asia

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Preface

Since the publication of Gennady Chufrin's edited book on *The Security of the Caspian Sea Region* in 2001, SIPRI has not attempted to maintain a special research focus on the affairs of the Caucasus region and Central Asia. Our decision nevertheless to offer this modest Policy Paper now reflects two considerations. First, and despite some progress in clarifying the oil-related issues covered in the previous volume, these regions have again become a target of considerable strategic attention and have been exposed to new political/military challenges as a result principally of the US-led 'war on terrorism'. Second, at a time when the regional security agenda is being reopened and reassessed, we considered that it might be helpful to throw into the debate some detailed factual information of the sort traditionally gathered by SIPRI—on such important but often under-discussed dimensions as the actual pattern of military spending and defence development, arms transfers within and beyond the region, and the applicability and effectiveness of arms control and confidence-building measures.

The authors of this Policy Paper include representatives of three different SIPRI project teams and a qualified Russian expert. The picture which emerges from their interlocking contributions is of two regions caught between fast-evolving and often contradictory agendas: the priorities and power-based logic of the war on terrorism; the dead weight and remaining dangers of indigenous conflicts; the appeal and normative pressure of European-style global and regional integration; and the continued very serious flaws in governance in the countries concerned when judged by both value-related and efficiency-related standards. The great northern neighbour, Russia, remains an ambivalent force in all these dimensions. Greater attention by a wider (including a European) audience to these issues and to the related risks and opportunities would be timely and welcome, and our best hope is that the present Policy Paper may help to encourage it.

I would like to thank all the authors, and editor Eve Johansson, for their excellent work and for their mutual cooperation on the production of this Policy Paper within an unusually challenging time frame.

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Director, SIPRI
July 2003

Acronyms

ACV	Armoured combat vehicle
CBM	Confidence-building measure
CFE	Conventional Armed Forces in Europe (Treaty)
CIS	Commonwealth of Independent States
CSBM	Confidence- and security-building measure
CSCE	Conference on Security and Co-operation in Europe
CST	Collective Security Treaty
ECR	Electronic combat and reconnaissance
EU	European Union
FRY	Federal Republic of Yugoslavia
FMF	Foreign Military Financing
FY	Fiscal year
GDP	Gross domestic product
GUAM	Georgia, Ukraine, Azerbaijan and Moldova
GUUAM	Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova
IMET	International Military Equipment and Training
IMU	Islamic Movement of Uzbekistan
JCG	Joint Consultative Group (CFE Treaty)
JCG	Joint Control Group
NATO	North Atlantic Treaty Organization
OSCE	Organization for Security and Co-operation in Europe
PFP	Partnership for Peace
SAM	Surface-to-air missile
SCO	Shanghai Cooperation Organization
TLE	Treaty-limited equipment
UTLE	Unaccounted-for and uncontrolled TLE

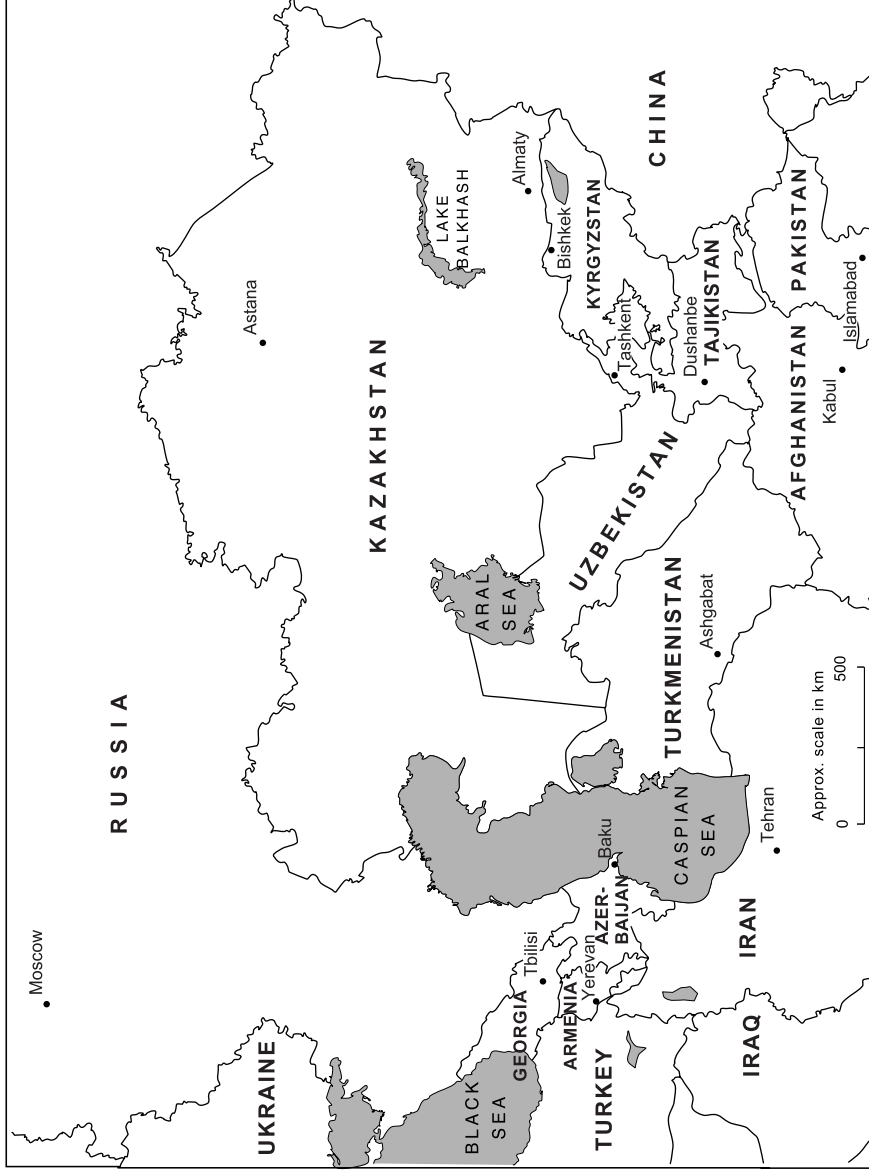


Figure 1. Map of the Caucasus and Central Asia

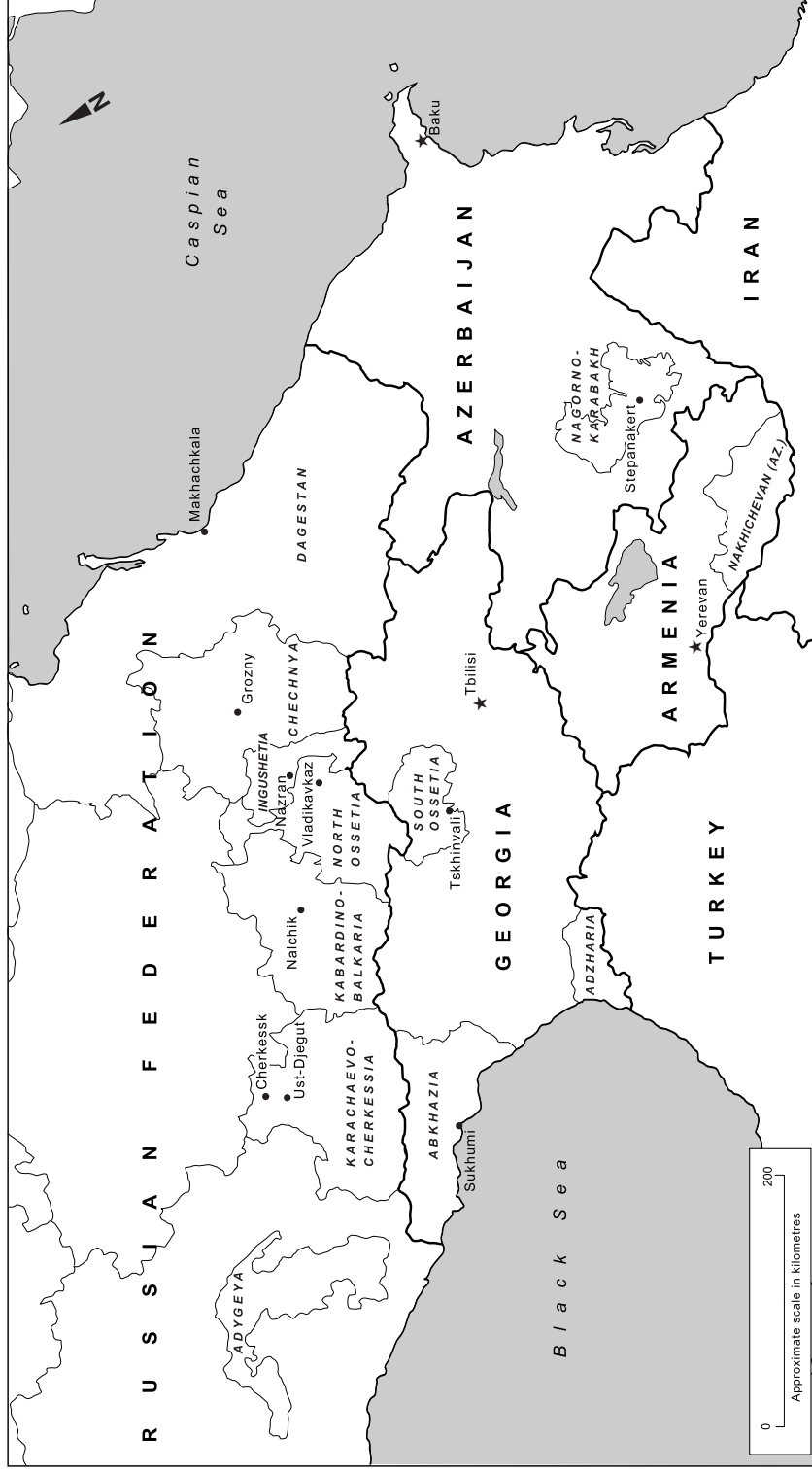


Figure 2. Map of the Caucasus

Armament and disarmament in the Caucasus and Central Asia: an introduction

ALYSON J. K. BAILES

The international attention paid to the nations of the South Caucasus¹ region and Central Asia²—a group of post-Soviet states beyond Europe's conventional frontiers but included in the Conference on/Organization for Security and Co-operation in Europe (CSCE/OSCE)—has been fitful at best over the past decade. During the last years of the 20th and at the start of the 21st century, after the conflicts in Georgia and Nagorno-Karabakh became (at least partly) 'frozen', security concerns about the regions tended to decline and to become overshadowed both by 'oil diplomacy' and by concern about developments within Russia itself, in Chechnya and Dagestan. In 2002–2003 a constellation of changes in the outside world has started to reverse this pattern. Chechnya is no longer a regular topic of high-level political debate between Russia and the West, and President Vladimir Putin has played the anti-terrorist card with some success to secure his freedom to deal with it as an internal security matter.³ The factors prompting greater international attention to Russia's south-western and southern neighbours, by contrast, have the potential to undermine—perhaps for good—any Russian pretension to decisive influence or an exclusive *droit de regard* in these regions. At the time of writing, however, this latest shift could again be called in question by a new diversion of focus to the 'greater Middle East' following hostilities in Iraq.

'Regions' is a better term than 'region' because there is at least one important dividing line between Armenia, Azerbaijan and Georgia on the one hand and the Central Asian states on the other. The most obvious difference is geographical and geo-strategic, but it is reinforced by the historical contrast between Armenia and

¹ Armenia, Azerbaijan and Georgia. The North Caucasus consists of the Russian republics of Adygeya, Chechnya, Dagestan, Ingushetia, Kabardino-Balkaria, Kalmykia, Karachaevo-Cherkessia and Northern Ossetia.

² Kazakhstan, Kyrgyzstan, Turkmenistan, Tajikistan and Uzbekistan.

³ See the speech by President George W. Bush on Russia's NTV on 18 Nov. 2002: 'Our position on Chechnya is that we hope this can get solved peacefully, that this is an issue within Russia . . . [apropos the Chechnyan terrorist action in a Moscow theatre] the people to blame are the terrorists. I believe you can hold terrorists to account, killers to account, and at the same time solve difficult situations in a peaceful way . . . [on general anti-terrorist cooperation] Russia is our friend and we're working in collaboration to hunt down those who would kind of hide in the shadowy corners and bring them to justice'. 'Bush praises Russian, Georgian anti-terrorism cooperation', 18 Nov. 2002, URL <<http://usinfo.state.gov/topical/pol/terror/02112104.htm>>. On recent developments on the Chechnya and Georgia issues see Anthony, I. *et al.*, 'The Euro-Atlantic system and global security', *SIPRI Yearbook 2003: Armaments, Disarmament and International Security*, (Oxford University Press: Oxford, 2003), pp. 72–73.

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Georgia as ancient kingdoms and the ‘stans’ which—as their names hint—have a long-standing ethnic identity but short experience as modern nation states (with artificial frontiers inherited from the Soviet period). Azerbaijan is closer to the ‘stans’ in this respect, as well as in belonging to the continuum of Turkic⁴ language and culture. Other, cross-cutting differences such as the importance and nature of religiosity and the possession or absence of oil are also of practical significance.

The factors common to all these states, apart from having formerly been parts of the Soviet Union, are unfortunately of a negative kind: various degrees of bad governance and internal instability; unresolved civil conflict, often linked with territorial fragmentation and/or ‘soft’ outer frontiers; low socio-economic standards and varying degrees of economic dependence on the big Russian neighbour;⁵ shortage and mismanagement of natural resources (notably water); poor environmental, health, social and educational conditions; and a high degree of vulnerability to ‘new threats’ such as crime, smuggling, drug trafficking, terrorist infiltration, uncontrolled migration and so on. In strategic terms it may be remarked that these regions have sometimes had order imposed on them by a more or less authoritarian outside force, and have sometimes been used as a strategic buffer, but have never achieved a stable regional security order of their own. Recent proposals for sub-regional cooperation have been used by these states more as a tool for self-profiling and in attempts to dictate the local agenda than with a genuine intent to sink old differences. Russia’s attempts to make the Commonwealth of Independent States (CIS) an integrating force have done more in practice to atomize local relationships than to draw local states together, either in allegiance to Moscow or in opposition to it: the membership of the GUAM group, set up to some extent as a counterweight to the CIS, cut across the South Caucasus region, dividing Georgia and Armenia from Azerbaijan, and it was later joined by Uzbekistan without the other Central Asian states.⁶

The new trends bearing upon these regions show a difference in origin and impact roughly corresponding to the divide between the Caucasus and Central Asia. Georgia, Armenia and Azerbaijan lie on the edge of the ‘greater Europe’ and are starting to be more obviously affected by the great tide of European integration now approaching as far as Romania and potentially Turkey. Georgia officially requested an invitation to join the North Atlantic Treaty Organization (NATO) at

⁴ Or, in the case of Tajikistan, related to Persian.

⁵ According to the Interstate Statistical Committee of the CIS and the Russian State Customs Committee, in 2001 Kazakhstan conducted 31.7% of its total trade (exports plus imports) with Russia and drew over 43% of its imports from there. Others conducting a noteworthy proportion of total trade with Russia were Kyrgyzstan (15.3%), Tajikistan (14.8%), and Georgia (14%). IMF figures are some two percentile points lower for Kazakhstan and give only 9% for Georgia.

⁶ The other founder members of the GUAM group were Ukraine and Moldova. On sub-regional cooperation, or the lack of it, see Bremmer, I. and Bailes, A., ‘Sub-regionalism in the newly independent states’, *International Affairs*, vol. 74, no. 1 (Jan. 1998), pp. 131–47; and Dwan, R. (ed.), *Building Security in Europe’s New Borderlands: Sub-regional Cooperation in the Wider Europe* (EastWest Institute and M. E. Sharpe: New York and London, 1999), Part III. The ‘bilateralizing’ trend in Russia’s policy towards its CIS partners grew stronger with Putin’s arrival and has been only superficially offset by new steps to formalize CIS security cooperation in 2002–2003. See Anthony (note 3).

its Prague summit meeting in November 2002.⁷ Any practical prospect of membership of the alliance and/or the European Union (EU) may look remote in view of these states' own standards, as well as Russian attitudes, but the surprisingly smooth progression of the Baltic states towards double integration—in both the EU and NATO—in 2004 has given added cause to dream for Westernizing elements in the South Caucasus as well.⁸ The point certainly seems to have been reached where integrationist aspirations can start to be used as a lever of Western institutional policies to promote reforms (including the settlement of historical differences) in these countries.

At the same time, the prospect of a 'big bang' enlargement carrying the EU and NATO as far as Ukraine's frontiers in 2004 is driving both these institutions to increase their efforts for security 'outreach', implying attempts to control both residual conflicts and new threats, within the next tier of Eurasian territory which will constitute their new neighbourhood.⁹ The OSCE is similarly likely to shift resources and attention eastward as the EU and NATO in effect take responsibility for the safety and good behaviour of states within their boundaries. That said, there have been (up to the spring of 2003) no notable recent efforts to reinvigorate the search for settlements in specific civil and sub-regional conflicts.

The second principal source of changing attitudes towards these regions lies in the campaign developed by the USA since 2001 against the new threats of transnational terrorism, weapons of mass destruction and 'rogue states'. The launch of military operations against al-Qaeda and the Taliban regime in Afghanistan in October 2001¹⁰ led the USA to seek military facilities in neighbouring Central Asian states, stationing 2000 and 3000 troops at airfields in Kyrgyzstan and Uzbekistan respectively, and a smaller number in Tajikistan, while also opening dialogue with Kazakhstan. Both as recompense for these services and with the idea of strengthening local regimes' ability to deal with terrorist-related threats on their own territory, the USA has extended new military aid and advice and offered other strategic favours such as the relaxation of export controls to its supporters among the local states.¹¹

From 2001 onwards President Putin generally chose to acquiesce in these developments, partly no doubt because his hopes of resisting were limited and in accord with his general strategy of Western rapprochement, but perhaps also in the belief that certain interests (anti-terrorist, anti-Islamist) in the regions were genuinely common to himself and President George W. Bush. Nonetheless, the uneasy coexistence of Russian and US strategic influence on post-Soviet territory was

⁷ 'Georgia: Shevardnadze officially requests invitation to join NATO', Radio Free Europe/Radio Liberty (RFE/RL), *RFE/RL Newsline*, 22 Nov. 2002, available at URL <<http://www.rferl.org/nca/features/2002/11/22112002172610.asp>>.

⁸ The Baltic states, especially Estonia, have cultivated relations with Georgia for some years now and encouraged the latter to follow their model. A former international Defence Advisory Board to the Baltic states has now moved part of its activities to Georgia.

⁹ Anthony (note 3).

¹⁰ On Afghanistan see Cottey, A., 'Afghanistan and the new dynamics of intervention: counter-terrorism and nation building', *SIPRI Yearbook 2003* (note 3).

¹¹ See chapter 3 in this policy paper.

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illustrated in more than one way during 2002. An attempt by Putin to turn US doctrines of counter-terrorist pre-emption to his own profit by claiming the same justification for cross-border strikes against insurgents in Georgia's Pankisi Gorge drew stern US warnings, and would have been additionally provocative as US military advisers were now present in Georgia. More generally, Putin's steps to formalize and extend the security aspects of CIS cooperation¹² can be seen as a signal—even if more political than practical given the CIS's patchy record on implementation—that Russia itself does not regard its regional leadership as superseded, and will go on trying to channel development in directions that safeguard its own proximate (population, territory) and wider strategic interests.

It is still very early to assess how the combined impact of these changes will affect either the states of the region themselves or the larger pattern of security and strategic relationships in the area. A number of questions to guide observation may, however, be formulated. One obvious issue has already been mentioned—whether the world is seeing a move towards reconciliation and coexistence of Western (especially US) and Russian interests in these regions, or a more cynical US–Russian 'division of the spoils', or merely a tactical lull in strategic competition. (A sub-question is how long-lasting the US interest will be, as the military phase of action in Afghanistan draws to an end.) China is, of course, also an important player at the Eastern end of the region, and its perceptions and reactions have so far been little discussed. It does have some *prima facie* interests in stabilization and in the control of militant Islam and insurgency—hence, for example, its efforts to get certain Islamist groups in Xinjiang added to international lists of terrorist organizations. This might point to a certain tolerance both of US involvement and of a US–Russia *modus vivendi*. On the other hand, China's cooperation with Russia masks more existential distrust than may be found today in US–Russian relations, and Sino-US relations are still highly ambivalent, leaving room for more unpredictable and conflictual Chinese reactions, especially if trouble with the USA should flare up elsewhere (perhaps in Taiwan?).

Another set of questions concerns the impact the new outside attention and inputs will have on the regional states themselves. If US aid is not given with adequate attention to end-use and conditionality, there is a risk that it could aggravate authoritarian tendencies and excessive militarization within these already flawed regimes. At inter-state level it could lead to enhanced competition rather than new departures in sub-regional cooperation, and even to a kind of arms race.¹³

Here a general contrast might be postulated between conditions in the South Caucasus and in Central Asia. In the former, the spreading normative influence of European-style integration combined with the international community's continuing focus on conflict resolution (implying measures of demilitarization, or at least

¹² See Anthony (note 3). The measures include the designation of a Collective Security Treaty Rapid Reaction Force composed initially of forces from Russia and Kyrgyzstan. Other future providers of troops are Kazakhstan and Tajikistan. The force was declared operational in Nov. 2002.

¹³ One provocative instance may be Georgia's use of US military assistance to attempt to strengthen its grip on Abkhazia.

military reform) might just be enough to offset any mixed messages flowing from US aid. On the other hand, the region lacks any indigenous framework for arms restraint and confidence building, and the application of the one directly relevant international instrument—the 1990 Conventional Armed Forces in Europe (CFE) Treaty—is at present a matter of contention and bitterness rather than a calming influence.¹⁴ In Central Asia, conversely, there is no identifiable democratizing force with the power to guide and contain national leaders' exploitation of external favours: yet a regional framework for restraint in arms build-ups and military behaviour does exist in the form of the 'Shanghai process', linking Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan with Russia and China.¹⁵ The successful de-nuclearization of Kazakhstan after the dissolution of the Soviet Union (together with Belarus and Ukraine) was a rare achievement that has stood the test of time. Kazakhstan has, indeed, continued to campaign for a wider regional nuclear-free zone. It is worth noting also that most of the dogs of potential inter-ethnic conflict and Islamist-extremist insurgency have not barked (yet) in Central Asia. It will be interesting to observe whether these more benign local tendencies and traditions are affected, strengthened or weakened or changed in significance in response to other players' regional involvement over the next two or three years.

The development of the Caspian Sea Basin's hydrocarbon resources has been an important extra strand in both the local and the international security dynamics of the region. The speculative boom in the West about the 'oil bonanza' in the Caspian has by now given way to a more sober assessment of the proven reserves of oil and gas, and the economics of their exploitation and transportation. Few experts continue to refer to the 'new Great Game' of oil and gas competition, yet doubts remain about the potential for destabilization across the broad Caspian area. One challenge stems from the uneven distribution of the reserves, which means that Kazakhstan, Azerbaijan and Turkmenistan stand to benefit far more than their neighbours—fanning jealousy and hardly promoting sub-regional cooperation. Another source of destabilization is related to mismanagement of the oil wealth by corrupt elements in the regimes, so that instead of being a lever for reforms Western investment may become a driver for authoritarian tendencies. The position of Russia also remains ambivalent: while Moscow in the last couple of years has come a long way towards accepting 'civilized' standards of cooperation and competition in this sector, its attitude can easily shift towards more predatory and self-assertive behaviour. Russia's large-scale military exercises in the Caspian Sea in mid-2002 certainly hint at readiness to exploit military instruments for influencing the outcome of disputes with the other littoral states on the division of the spoils.¹⁶

¹⁴ See chapter 3 in this policy paper.

¹⁵ See chapter 4 in this policy paper. Uzbekistan is not part of the agreements on restraint in arms build-ups.

¹⁶ On the interactions between oil and security issues see, e.g., Chufirin, G. (ed.), SIPRI, *The Security of the Caspian Sea Region* (Oxford University Press: Oxford, 2001); Hill, F. and Fee, F., 'Fuelling the future: the prospects for Russian oil and gas', *Demokratizatsiya*, fall 2002, URL <<http://www.brook.edu/views/papers/hillf/200205.htm>>; Baev, P., 'Russia's policies in the Caucasus:

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The specialized essays in the remainder of this report are designed to contribute to the further understanding and monitoring of the issues raised above, by providing practical information on aspects which are accessible to SIPRI's established methods of data collection and analysis. The four chapters which follow focus first on concrete evidence of defence and military behaviour—one covering military expenditure, and another covering arms production and arms transfers, by all the states of the South Caucasus and Central Asia as defined above; then on arms control and confidence-building processes in the Caucasus region; and finally on the same issues for Central Asia. The data presented are up to date as far as the end of 2002.

security, energy, geopolitics', ed. D. Lynch, *Security and Insecurity in the South Caucasus* (EU Institute of Security Studies: Paris (forthcoming 2003)); and Baev, P., 'Gunboats in the great anti-terrorist game', *CACI Analyst*, 28 Aug. 2002, URL <http://www.cacianalyst.org/view_article.php?articleid=17>.

1. Military expenditure in the South Caucasus and Central Asia

SAM PERLO-FREEMAN and PETTER STÅLENHEIM

Introduction

The two regions of the former Soviet Union situated on either side of the Caspian Sea—the South Caucasus and Central Asia—present complex and troubled security environments which share a number of common features. Both are made up of economically poor states with fragile political institutions. Many countries in both are beset with internal conflicts, and central governments' control over some areas is limited. Both are becoming important theatres—for Russia and the USA—in the 'war on terrorism' because of their proximity to conflict zones in Afghanistan and Chechnya, and the presence of radical Islamic organizations, some allegedly linked to al-Qaeda. For the Caspian littoral states of Azerbaijan, Kazakhstan and Turkmenistan, the increasing exploitation of Caspian Sea oil presents new security issues. The last two factors—terrorism and oil—have led to the USA forming new security links with countries in the two regions, including the supply of military aid.

While there are such common factors, other features are specific to particular countries. For Tajikistan, Turkmenistan and Uzbekistan, there is the continuing instability in neighbouring Afghanistan. Armenia and Azerbaijan have an unresolved territorial dispute over the Armenian-populated enclave of Nagorno-Karabakh in Azerbaijan.¹ Finally, the aspirations of Azerbaijan and Georgia eventually to join the North Atlantic Treaty Organization (NATO) make the transformation of their armed forces towards NATO doctrines and structures an issue, although the prospect of membership is at present remote.²

This chapter analyses the implications for both military expenditure and external military assistance in the South Caucasus (section II) and Central Asia (section III) of these security challenges; of the current strategic importance of the two regions, including their relevance to the war on terrorism; and of internal factors such as progress (or lack of it) in military reform. The linkages and effects involved are not always entirely clear, *inter alia* because military expenditure data for some Central Asian countries for recent years are patchy. Indications are, however, that military expenditure has been generally rising in most of Central Asia and is likely to continue to do so. In the South Caucasus, Azerbaijan's increase in its military expenditure in recent years is likely to be followed in 2003 by Armenia, but Georgia's

¹ A comprehensive analysis of security issues in these regions (although written before 11 Sep. 2001) can be found in Chufrin, G. (ed.), SIPRI, *The Security of the Caspian Sea Region* (Oxford University Press: Oxford, 2001).

² See also the Introduction to this policy paper.

military expenditure has been falling sharply owing to economic pressures, rendering the country's armed forces highly dependent on external military aid.³

The South Caucasus

The South Caucasus region has become the focus of increasing international interest in the past few years. The main recent security developments are the following. First, the region has become a theatre for the US war on terrorism, leading to the USA supplying military aid to all three countries. Second, the planned Baku–Tbilisi–Ceyhan oil pipeline, which will allow Caspian oil to be piped directly to the Mediterranean, has increased the economic importance of the region. Third, the presence of Chechen militants in the Pankisi Gorge area of Georgia, which borders Chechnya, has led to Russian threats of military action against Georgia if it fails to deal with the problem in a manner satisfactory to Russia. In addition, the region remains home to numerous unresolved, although largely dormant, conflicts, involving Nagorno-Karabakh⁴ and the separatist areas of Abkhazia and South Ossetia in Georgia. These conflicts, already the subject of involvement by the Organization for Security and Co-operation in Europe (OSCE), are becoming of increasing concern to the European Union (EU) and NATO.⁵

The extent to which these security pressures are leading to increases in military expenditure varies according to economic circumstances in the three countries, and may also be connected to the role of major powers as suppliers of military aid, guarantors of security and, in some instances, unwelcome guests.

Georgia's military, faced with growing security threats, both internal and external, has experienced a chronic lack of funding because of the general weakness of the government's fiscal position. Azerbaijan has been rapidly increasing its military expenditure. Armenia has up until 2002 kept its military expenditure flat in real terms, perhaps relying on Russian military aid and assistance with border defence. However, all three countries have budgeted for a substantial increase for defence in 2003, which may be a sign of the growing insecurity in the region.

Armenia and Azerbaijan: an arms race in the making?

There are signs that a renewed arms race between Armenia and Azerbaijan may be beginning. While the ceasefire that has held since the end of the 1988–94 war between them shows no sign of being broken, the two countries remain deadlocked over the Nagorno-Karabakh issue, with Armenian forces remaining not only in

³ For SIPRI data on the military expenditure of the countries covered in this policy paper see Stålenheim, P. *et al.*, 'Tables of military expenditure', *SIPRI Yearbook 2003: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2003), pp. 339–59.

⁴ For a brief summary of the Nagorno-Karabakh conflict see 'Nagorno Karabakh', Federation of American Scientists Military Analysis Network online, URL <<http://www.fas.org/man/dod-101/ops/war/nagorno-karabakh.htm>>.

⁵ See also Anthony, I. *et al.*, 'The Euro-Atlantic system and global security', *SIPRI Yearbook 2003* (note 3), pp. 67–70.

Nagorno-Karabakh but also in areas of Azerbaijan surrounding it. Azerbaijan's military expenditure has roughly doubled in real terms since the 1994 ceasefire. Its 2002 defence budget was for 608 billion manats (approximately \$130 million)—roughly twice Armenia's level. Armenia's military expenditure has remained fairly flat since 1997. However, both countries have decreed substantial increases in military spending for 2003—Armenia by approximately 20 per cent in real terms⁶ and Azerbaijan by approximately 9 per cent in real terms.⁷ There is some indication that Armenia's increase may in part be a response to that of Azerbaijan. The Armenian Defence Minister, Serzh Sarkisian, has expressed concern at the gap between the two and at Azerbaijan's increase in its military expenditure.⁸ On the other hand, Armenia's increase may be smaller than it appears, as the president, when announcing the increase, also announced that the government would stop using off-budget funds to support the military.⁹

It should be noted that Azerbaijan's higher level of military spending and the larger size of its armed forces do not reflect the true military balance between the two countries given the substantial military aid Armenia receives from Russia. In addition, Azerbaijan's mostly conscript army is reported to suffer from poor morale and from conditions so poor as to lead to serious health problems.¹⁰ It may be a mark of the military's lack of resources, despite the budget increases, that President Heidar Aliiev established a charitable fund in August 2002 to support the armed forces, channelling private and corporate donations.¹¹

External military aid and involvement

Armenia receives significant military aid and support from Russia. This support, including arms supplies at preferential prices, was crucial for Armenia's victory in the 1988–94 war, and a formal military assistance treaty was concluded in 1997.¹² Russia contributes to the defence of Armenia's borders with non-Commonwealth of Independent States (CIS) countries, including Turkey, and has a significant air defence base in Armenia, including MiG-29 combat aircraft and cruise missiles. Moves were made in 2002 to step up this cooperation, with the Secretary of the Russian Security Council, Vladimir Rushailo, indicating that Russia would prob-

⁶ 'Armenian government seeks large increase in defence spending', Radio Free Europe/Radio Liberty (RFE/RL), *RFE/RL Newslines*, vol. 6, no. 214, Part 1 (14 Nov. 2002).

⁷ 'Azerbaijan to increase defence spending', *RFE/RL Newslines*, vol. 6, no. 198, Part 1 (21 Oct. 2002).

⁸ Mediamax (Yerevan), 'Armenian defence chief concerned at rising Azerbaijani military expenditure', 13 Nov. 2002, in Foreign Broadcast Information Service, *Daily Report—Central Eurasia (FBIS-SOV)*, FBIS-SOV-2002-1113, 13 Nov. 2002.

⁹ 'Armenian government seeks large increase in defence spending' (note 6).

¹⁰ Doyle, C., 'Azerbaijani bluster masks military weaknesses', *Eurasia Insight*, 13 Dec. 2002, URL <http://www.eurasianet.org/departments/insight/articles/eav121302_pr.shtml>.

¹¹ 'Azerbaijan creates charitable fund to support armed forces', *RFE/RL Newslines*, vol. 6, no. 158, Part 1 (22 Aug. 2002); and 'Azerbaijani army fund receives corporate donation', *RFE/RL Newslines*, vol. 6, no. 240, Part 1 (27 Dec. 2002).

¹² 'Armenia and Russia form military alliance', *Institute for the Study of Conflict, Ideology and Policy Digest*, vol. 2, no. 16 (9 Sep. 1997), URL <<http://www.bu.edu/iscip/digest/vol2/ed16.html>>.

Table 1.1. US military assistance to the South Caucasus and Central Asia, FY 2002^a

Figures are actual expenditure, in thousand US \$.

	FMF	Suppl.	IMET	Total
Armenia	4 000	0	75	4 075
Azerbaijan	4 000	0	377	4 377
Georgia	11 000	20 000	889	31 889
Kazakhstan	2 750	2 000	893	5 643
Kyrgyzstan	2 000	9 000	600	11 600
Tajikistan	700	3 000	259	3 959
Turkmenistan	0	0	388	388
Uzbekistan	207	11 000	880	12 087
Total	24 657	45 000	4 361	74 018

Notes: FY = Fiscal year. FMF = Foreign Military Financing; Suppl. = Foreign Operations Emergency Supplemental Funding; IMET = International Military Education and Training.

^a The US fiscal year runs from 1 Oct. of the previous year to 30 Sep. of the named year.

Source: US Department of State, 'Congressional budget justification for foreign operations', 15 Apr. 2002, URL <<http://www.fas.org>>.

ably approve a fresh request for arms recently made by Armenia.¹³ This may be in part an attempt by Russia to maintain its influence in the region as a counterweight to US involvement in Georgia (see below).

Azerbaijan also benefits from military aid from a larger neighbour, Turkey. This seems to be on a smaller scale than Russia's aid to Armenia, although not all the details are made public. In 1999 Turkey provided \$3.5 million in military aid to Azerbaijan for force modernization, and a further agreement was signed in 2002 to increase this cooperation. Turkey also provides military training for Azerbaijan.¹⁴

Both Armenia and Azerbaijan also receive military aid from the USA, in the latter case partly linked to Azerbaijan's strong support for the USA's war on terrorism. The Azerbaijan government has granted the USA unlimited overflight rights and is sharing intelligence and curbing terrorist financing and the use of Azerbaijan as a transit route by Chechen rebels.¹⁵ Although there is little record of

¹³ Danielyan, E., 'Caucasus: Russia boosts alliance with Armenia as US gains foothold in Georgia', RFE/RL online, 6 June 2002, URL <<http://www.rferl.org/nca/features/2002/06/06062002162402.asp>>; and Litovkin, V., *Obshchaya Gazeta*, 11 Feb. 1999, in 'Moscow view on Armenia air defence deal', FBIS-SOV-1999-0219, 11 Feb. 1999.

¹⁴ Litovkin (note 13); Interfax (Moscow), 'Turkey to help Azerbaijan bolster defence', in FBIS-SOV-1999-0724, 24 July 1999; and 'Turkey to maintain military aid to Azerbaijan', *Turkish Daily News*, 25 Sep. 2002, URL <<http://www.geocities.com/master8855/Forces/turkey.html>>.

¹⁵ 'Patterns of global terrorism: Azerbaijan', available on the Internet site of the US Embassy in Baku, URL <<http://www.usembassybaku.org/pas/globalterr.html>>.

Islamist terrorist activity in Azerbaijan,¹⁶ its support for US goals has resulted in US military aid to Azerbaijan for counter-terrorism purposes of \$4.4 million for US fiscal year (FY) 2004.¹⁷ This was made possible by President George W. Bush in January 2002 waiving Section 907 of the 1992 Freedom Support Act, which banned military aid to Azerbaijan on account of the Nagorno-Karabakh dispute. This waiving of the ban on military aid to Azerbaijan was opposed by the influential Armenian lobby in the USA; a Senate compromise balanced this by earmarking \$4.075 million in military aid to Armenia (see table 1.1).¹⁸ In subsequent requests to Congress for military aid appropriations, the US administration has requested identical sums for the two countries for both Foreign Military Financing (FMF) and International Military Equipment and Training (IMET)—in fiscal year (FY) 2003, \$3 million of FMF and \$750 000 of IMET funding for each, and in FY 2004 \$2.5 million of FMF and \$900 000 of IMET for each.¹⁹ This puts the USA in the somewhat ironic position of providing military aid to Azerbaijan to counter terrorist threats, and at the same time to Armenia to counter the resulting Azerbaijani threat.

Table 1.1 shows US military aid to all the countries in the South Caucasus and Central Asia in 2002.

Oil

Another possible driving factor behind Azerbaijan's military expenditure is the oil resources of the Caspian Sea, the source of its current strong economic growth. This creates both internal and external security issues. The issue of the division of the Caspian oilfields and waters has proved a contentious one for the littoral states, Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. In particular it has created tensions between Azerbaijan and Iran, with Iranian gunboats challenging Azerbaijani oil exploration vessels in July 2001.²⁰ At the time of writing, the littoral states were reported to be making progress in negotiations on the status of the Caspian but had not yet reached agreement on some key issues.²¹

¹⁶ 'Azerbaijan: Islamic activists get jail sentences', RFE/RL online, 29 Apr. 2002, URL <<http://www.rferl.org/nca/features/2002/04/29042002100222.asp>>; and Pannier, B., 'How big a threat is Hizb-ut-Tahrir?', *RFE/RL Weekday Magazine*, 30 May 2002, URL <<http://www.rferl.org/nca/features/2002/05/30052002155920.asp>>.

¹⁷ US Department of State, 'Congressional budget justification for FY04 foreign operations', Feb. 2003, URL <<http://www.fas.org/asmp/profiles/aid/aidindex.htm>>.

¹⁸ Morgan, D., 'Lawmakers face delicate decisions in assigning foreign aid', *Washington Post*, 3 Nov. 2001, reproduced at URL <<http://www.detnews.com/2001/politics/0111/03/politics-334417.htm>>. The final figure was \$4 million. US Department of State (note 17).

¹⁹ US Department of State (note 17).

²⁰ Iskenderov, M. and Wall, T., 'Caspian Sea disputes flare, raising doubts about oil and gas exploration', *Eurasia Insight*, 31 July 2001, URL <<http://www.eurasianet.org/departments/insight/articles/eav073101.shtml>>.

²¹ Blagov, S., 'Caspian states make progress on accord, but territorial differences remain', *Eurasianet*, 15 May 2003, URL <<http://www.eurasianet.org/departments/business/articles/eav051503.shtml>>.

Internally, the construction of the new Baku–Tbilisi–Ceyhan oil pipeline, begun in September 2002, is significant. This will enable Caspian oil to be piped from the Azerbaijani capital, Baku, to the Turkish Mediterranean coast, avoiding Russian territory, and is both crucial for Azerbaijan’s economy and of great strategic importance beyond the region. Russia has been concerned at what it sees as political motives for the construction of the pipeline, while the USA is interested in reducing both its dependence on Middle Eastern oil and Russian control of the transport routes for energy. For these reasons the pipeline is generating security concerns which are heightened by the fact that it passes close to the disputed Nagorno-Karabakh enclave, as well as to Armenian-dominated areas of Georgia and Kurdish areas of Turkey. In April 2002 Azerbaijan signed a military agreement with Georgia to increase oil pipeline security and counter-terrorism efforts.²²

‘The greatest enemy’

The conflict over Nagorno-Karabakh remains the defining security issue for both Armenia and Azerbaijan. Although President Aliiev has rejected the option of renewing armed conflict, pro-war rhetoric is growing among the media and politicians in Azerbaijan. The present poor morale and conditions in Azerbaijan’s army mean that this is likely to remain no more than rhetoric, but in the long run Azerbaijan’s rapidly growing oil economy is likely to lead to increased resources for the military, as for other sectors of society. This will inevitably put pressure on Armenia to follow suit, as it must surely reckon that Azerbaijan cannot tolerate for ever a status quo resulting from military defeat, which sees its territory occupied by the country it proclaims its ‘greatest enemy’.²³ Unless there is a peace agreement, military expenditure in both countries is likely to increase in the coming years.

Georgia

According to estimates based on available official data, military spending is continuing to fall in Georgia, despite major security problems which include the two breakaway autonomies of Abkhazia and South Ossetia, and the presence of Chechen rebel fighters in the Pankisi Gorge, which has led to Russian threats. However, domestic spending is augmented by US military aid as Georgia develops a closer alliance with the USA, pursuing the eventual goal of NATO membership.

Georgia’s military expenditure fell by approximately two-thirds in real terms between 1996 and 2002.²⁴ This has led to severe funding shortfalls. In April 2001 it

²² Economist Intelligence Unit (EIU), *Country Report, Azerbaijan* (EIU: London, 1 Oct. 2002); and Akhmedova, A., ‘Azerbaijan, Georgia, move to secure oil pipelines’, Eurasianet, 21 Apr. 2002, URL <<http://www.eurasianet.org/departments/business/articles/pp042102.shtml>>.

²³ ‘Defence Minister describes Armenia as “greatest enemy”’, *RFE/RL Newslines*, vol. 5, no. 48, Part 1 (9 Mar. 2001).

²⁴ Actual military expenditure in recent years is difficult to specify precisely, partly because of budgeted funds being sequestered in mid-year and partly because of failure to transfer budgeted funds to the relevant department. The Georgian armed forces are split across 4 departments of state—the Ministry of Defence, the Department of State Border Guards, the Interior Ministry and the Depart-

was reported that salaries had not been paid for 16 months and that soldiers were actually undernourished.²⁵ When Russian aircraft bombed the Pankisi Gorge area of Georgia in September 2002 in pursuit of alleged Chechen fighters, the Georgian Defence Ministry admitted that it did not have a functioning anti-aircraft system. Georgian participation in a number of NATO Partnership for Peace (PFP) exercises in 2002 was cancelled, and the army was even forced to cancel an independence day parade in 2001 because of lack of funds. Conditions were bad enough to provoke a mutiny in May 2001 at a base near Tbilisi, although it was ended without bloodshed.²⁶ The lack of funding is exacerbated by endemic corruption in all ranks of the armed forces, with generals alleged to skim off funds from the military budget and more junior officers stealing supplies and selling them on the black market.²⁷ It has led to sharp public disagreements between the military, supported by the Minister of Defence, and the Finance Minister, with the Chief of Staff of the Border Guards threatening to resign if more funds were not provided. However, with a projected budget deficit of 100 million lari (\$47 million) in 2002, the Finance Minister insisted that, as Georgia was no longer facing an immediate external threat, this was not a priority. The budget for 2003 increases the Ministry of Defence budget from 38 million to 57 million lari, but this is well short of the military's demands.²⁸

These problems are the result of Georgia's severe general economic difficulties. Georgia suffered more than any of the other countries discussed here from the collapse of the Soviet Union. By 1995 its gross domestic product (GDP) had fallen to 20 per cent of its 1990 level, and its transition problems were exacerbated by the conflicts in Abkhazia, South Ossetia and elsewhere.²⁹ Since then the country has enjoyed generally strong economic growth, but it was hit hard by the world economic crisis of 1998 and built up high levels of debt and budget deficits. Revenue shortfalls resulting from corruption and poor tax collection contribute to the fiscal

ment of State Security. Actual expenditure figures have been made available to SIPRI for the Ministry of Defence portion of the budget for the period 1997–2001, and in some cases for the Border Guards, but not for the other paramilitary forces. SIPRI's estimates for these units are based on the known ratio of actual to budgeted expenditure for the Ministry of Defence. See Stålenheim *et al.* (note 3), pp. 343, 349 and 355. See also 'Georgian finance official rules out second budget sequester', *RFE/RL Newslines*, vol. 5, no. 215, Part 1 (13 Nov. 2001).

²⁵ Georgian TV1 (Tbilisi), 4 Apr. 2001, 1500 GMT (in Georgian), in 'Georgian soldiers said undernourished as army hit with financial crisis', FBIS-SOV-2001-0404, 4 Apr. 2001.

²⁶ Peuch, J.-C., 'Georgia: Tbilisi urgently needs military reforms before NATO hopes become reality', *Eurasia Insight*, 1 Dec. 2002, URL <<http://www.eurasianet.org/departments/insight/articles/eav120102.shtml>>.

²⁷ Peuch (note 26); and Interfax (Moscow), 'Official details Georgian Defence Ministry corruption', 18 Jan. 2000, in FBIS-SOV-2000-01-18, 18 Jan. 2000.

²⁸ Agence France-Presse (Tbilisi), 'No money, no NATO membership', 29 Nov. 2002, URL <<http://www.spacedaily.com/2002/021129013125.sxhm0pvw.html>>; and 'Parliament speaker urges increase in funding for protecting Georgia's borders', *RFE/RL Newslines*, vol. 6, no. 206, Part 1 (31 Oct. 2002). (This figure is for the original budget for the Ministry of Defence and does not include the other portions of military expenditure referred to in note 24.)

²⁹ 'Georgia: Economy', URL <http://www.inogate.org/html/countries/economy/georgia_ec.htm>.

problems.³⁰ The cuts in military expenditure have resulted especially from the need to bring the budget deficit under control. It was brought down from 6.1 per cent of GDP in 1997 to 2.6 per cent of GDP in 2000.³¹ The ‘power’ ministries (of defence, the interior and state security) were the worst hit as the government sought to protect social expenditure.³²

All this leaves Georgia in the paradoxical position of a country facing severe external and internal threats but with a military burden—the share of GDP allocated to military expenditure—of less than 1 per cent. The Georgian armed forces are therefore wholly unable to tackle the chronic instability in the country. The Pankisi Gorge is home not only to Chechen rebels but to drug traffickers and organized crime; in October 2001 a UN helicopter was shot down over the Kodori Gorge in Abkhazia; and a spate of kidnappings has made Georgia a potentially dangerous destination for foreign tourists and business people. CIS peacekeeping troops (mostly Russian) are deployed in two secessionist areas—Abkhazia, from where Georgian forces (and civilians) were driven in the 1992–94 war, and South Ossetia, where a 1994 ceasefire ended fighting over independence and allowed in the peacekeepers.

Russia also retains a number of bases in Georgia from the Soviet era, which Georgian President Eduard Shevardnadze wants closed as quickly as possible,³³ but the closure of the Russian 62nd Division base at Akhalkalaki in the 90 per cent Armenian-populated region of Samtskhe-Javaheti would risk increased instability there among a population that is economically dependent on the Russians, is fearful of neighbouring Turkey and has poor communications with Tbilisi. The proximity of the Baku–Tbilisi–Ceyhan oil pipeline to the region is added cause for concern.³⁴

Probably the biggest security concern, however, remains relations with Russia over the presence of Chechen militants in the Pankisi Gorge. In September 2002, after a series of threats of military action against Georgia, President Putin threatened a pre-emptive air strike on Georgian territory against armed Chechen and other Islamist extremist fighters in the gorge.³⁵ Tensions have eased for the time

³⁰ ‘Georgia: rebounding from the Russian economic collapse’, *Summary of the CSIS Georgia Forum*, 1 Apr. 1999, URL <http://www.csis.org/ruseura/georgia/ga_990401papa.htm>; and TACIS, *Georgian Economic Trends*, no. 3 (1999), pp. 24–25.

³¹ International Monetary Fund (IMF), *Georgia: Recent Economic Developments and Selected Issues*, Country Report no. 01/211 (IMF: Washington, DC, 26 Nov. 2001).

³² Georgian TV1 (Tbilisi), 3 Nov. 2000, 1600 GMT (in Georgian), in ‘Georgian intelligence chief criticizes budget cuts’, FBIS-SOV-2000-1103, 3 Nov. 2000; and Georgian TV1 (Tbilisi), 23 Sep. 2000, 1500 GMT (in Georgian), in ‘Shevardnadze supports 2001 draft budget to lead Georgia out of crisis’, FBIS-SOV-2000-0923, 23 Sep. 2000.

³³ See chapter 3 in this policy paper.

³⁴ Center for Defense Information, ‘Georgia: fighting terrorism in another failed state’, 22 Mar. 2002, URL <<http://www.cdi.org/terrorism/georgia.cfm>>; Silverman, J., ‘Paniski Gorge kidnappings hint at chaos in Georgian government’, *Eurasia Insight*, 29 Jan. 2002, URL <<http://www.eurasianet.org/departments/insight/articles/eav012902.shtml>>; and ‘Georgia helicopter shooting still shrouded in mystery : Q&A with Ermina van Hoye’, *Eurasia Insight*, 8 Dec. 2001, URL <<http://www.eurasianet.org/departments/qanda/articles/eav120801.shtml>>.

³⁵ See also Anthony *et al.* (note 5), pp. 73.

being, however, as the two countries have agreed to joint patrols to remove the Chechen rebels.³⁶

Georgia's military security will depend in the short term on a major new military aid programme from the USA, agreed in March 2002, involving 200 US troops training Georgian forces for anti-terrorism purposes and the supply of equipment, including 10 Huey helicopters.³⁷ This programme, which will reportedly cost the USA \$64 million in total, is part of the US war on terrorism and also aims to cement relations with Georgia, promoting US interests (such as the oil pipeline) in the South Caucasus region. The immediate aim is to enable the Georgian armed forces to deal with suspected terrorists (which the USA as well as Russia has stigmatized as being linked to al-Qaeda) in the Pankisi Gorge. More generally the aim is to give Georgia a well-trained, professional core force with modernized equipment.³⁸ The reported \$64 million figure for US aid (about \$32 million was disbursed in 2002: see table 1.1) represents three or four times Georgia's total military expenditure. Furthermore, Georgian President Shevardnadze announced in June 2003 that US military aid is to increase to \$75 million per year.³⁹ Whatever additional funds the state budget is able to provide in the coming years, Georgia is thus likely to remain dependent on external support for its armed forces for the foreseeable future. The level of its spending from the domestic budget is likely to continue to depend more on economic than on security factors.

Georgia also receives small amounts of military aid from Turkey.⁴⁰

Central Asia

The security situation in the Central Asian states has become increasingly central to the war on terrorism and the ongoing military campaigns in Afghanistan.⁴¹ Thus, the need for more detailed knowledge of the military expenditure, military aid and reform of the armed forces in the region is greater than ever. Unfortunately, this is constrained by the lack of official data on military expenditure and of information on the coverage and reliability of existing data.

It is generally believed that the official military expenditure figures of these countries understate the true defence burden.⁴² The official defence burden is relatively low: military expenditure constitutes 1–2 per cent of GDP for four of the

³⁶ 'Russia and Georgia reach border deal', BBC News Online, 7 Oct. 2002, URL <<http://news.bbc.co.uk/2/hi/europe/2305729.stm>>.

³⁷ Heintz, J., 'Georgia's military counting on US', AP (Europe), 10 Mar. 2002.

³⁸ Stier, K., 'The ruins of an empire', *Newsweek*, 3 June 2002, p. 23; and Traynor, I., 'War on terror extended to gorges of Georgia', *Guardian Weekly*, 28 Mar.–3 Apr. 2002, p. 3.

³⁹ Stratfor, 'US to give Georgia \$75 million in aid', 4 June 2003, URL <<http://www.stratfor.biz/sitrep.neo?storyId=218358>>.

⁴⁰ 'Georgian, Turkish officials sign defence grant protocol', *RFE/RL Newslines*, vol. 5, no. 106, Part 1 (5 June 2001).

⁴¹ On Central Asia see also Anthony *et al.* (note 5), pp. 76–77.

⁴² See Eaton, M., 'Major trends in military expenditure and arms acquisitions by the states of the Caspian region', ed. Chufirin (note 1).

five countries in the region.⁴³ The exception is Turkmenistan, with military expenditure of 3.8 per cent of GDP in 2000, reflecting its strong neutral posture and ambition to be self-sufficient in the field of military security.

Central Asian military expenditures are also difficult to compare with those of other countries. Using market exchange rates for the conversion of their military expenditure into dollar figures, as is done in the *SIPRI Yearbook 2003* for the purpose of methodological consistency, significantly underestimates their military expenditure in an international context.⁴⁴ Thus, while total military expenditure for the Central Asian countries in 1999 was \$477 million when converted using market exchange rates, it was \$2338 million when using purchasing power parity rates.⁴⁵

While it is clear that official Central Asian military expenditure increased significantly over the period 1998–2001, the combined levels of military expenditure are therefore subject to an unknown margin of error.

For 2002 official data are available only for Kazakhstan, which makes it impossible to assess even the official level of military expenditure for the region. In 2002 Kazakhstan's official military expenditure declined by 3.8 per cent in real terms from 2001, when its military expenditure reached its highest point since 1993. For 2003 the country's defence budget has been increased by almost 25 per cent in current prices. For Kyrgyzstan and Tajikistan, the available information suggests significant increases in their military budgets in 2002.⁴⁶ The combined effect of internal unrest and ongoing professionalization and modernization programmes for their armed forces (see below) indicates increased military expenditure in Turkmenistan and Uzbekistan as well.⁴⁷

The main sources of insecurity in Central Asia are: (a) unsettled disputes over natural resources such as oil, gas and water; (b) lack of regional cooperation and cohesion; and (c) religious extremism, with direct connections to terrorism and cross-border insurgencies. Radical Islamist guerrilla organizations are a problem, especially for Kyrgyzstan, Tajikistan and Uzbekistan. The Islamic Movement of Uzbekistan (IMU) operates in all three countries, especially from the Fergana Valley where their borders meet. The IMU was most active in 1999–2001, launching numerous military assaults in all three countries and carrying out a series of car bombings in the Uzbek capital, Tashkent, as well as numerous kidnappings.⁴⁸ The IMU sustained heavy losses fighting with the Taliban against US/Coalition forces

⁴³ Stålenheim *et al.* (note 3), pp. 354–55.

⁴⁴ See also Sköns, E. *et al.*, 'Military expenditure', *SIPRI Yearbook 2003* (note 3), pp. 304–306.

⁴⁵ On purchasing-power parity (PPP) rates see Sköns, E. and Stålenheim, P., 'Sources and methods for military expenditure data', *SIPRI Yearbook 2003* (note 3), appendix 10C, pp. 364–71.

⁴⁶ Interfax, 'Kyrgyzstan to increase defense spending in 2002', 19 Nov. 2001, in FBIS-SOV-2001-1119, 19 Nov. 2001; and International Monetary Fund (IMF), *Republic of Tajikistan: Selected Issues and Statistical Appendix*, IMF Country Report no. 5 (IMF: Washington, DC, 2003), p. 78.

⁴⁷ Blua, A., 'Central Asia: militarization could come at cost of regional stability', *Center for Defense Information Russia Weekly*, no. 221 (6 Sep. 2002).

⁴⁸ See, e.g., Center for Defense Information, 'Islamic Movement of Uzbekistan' (no date), URL <<http://www.cdi.org/document/search/displaydoc.cfm?DocumentID=1157&StartRow=1&ListRows=10>>.

in Afghanistan in 2001, and the presence of US troops in Uzbekistan is forcing it to take a lower profile, but it is reported to be regrouping in Tajikistan.⁴⁹

Although armed groups such as the IMU are currently less active than they were, the growing strength of political Islamic movements is causing security concerns for Central Asian governments. Of particular significance is Hizb ut-Tahrir, a secretive region-wide organization that seeks to establish an Islamic caliphate throughout Central Asia. The group also has members in Azerbaijan. Although Hizb ut-Tahrir specifically rejects the use of violence, regional governments claim that it is linked to armed groups such as the IMU and have imprisoned hundreds of its members.⁵⁰ The existence of such groups exacerbates the governmental fears of militant Islam that are leading to increased military expenditure.

Disputed and largely unprotected borders add to the problem of dealing with militant organizations and have led to bilateral disputes over the responsibility for the fight against them. Uzbekistan, for instance, has threatened military action against countries which harbour the IMU.⁵¹ The open borders and proximity to Afghanistan are also sources for concern, as the smuggling of arms and drugs is a source of finance for terrorists and rebel groups.

Military reform

The armed forces of the Central Asian states are generally in poor condition and their structures, partly a legacy of the Soviet Union's reliance on a mass conscript army,⁵² are ill fitted to face asymmetric threats such as terrorism and guerrilla insurgencies in mountainous areas. Moreover, the successor governments' inability to pay, feed and provide housing for military personnel has resulted in low morale and difficulties in recruiting or drafting soldiers. Partly as a result of this, the armed forces of all of the Central Asian countries are top-heavy with senior officers. The forces also lack training and adequate, sometimes even basic, equipment. Hence the prevailing trend of initiatives for reforming the armed forces—a trend that is to some extent also driven by participation in international activities such as PFP training and exercises, and international peacekeeping.

Despite the obvious need for military reform, real progress has effectively been obstructed by lack of economic resources, lack of manpower, lack of political will,

⁴⁹ McConnell, A., 'Islamic radicals regroup in Central Asia', Eurasianet, 15 May 2002, URL <<http://www.eurasianet.org/departments/insight/articles/eav051502.shtml>>.

⁵⁰ 'How big a threat is Hizb ut-Tahrir?' (note 16). See also Stepanova, E., *Anti-terrorism and Peace-building During and After Conflict*, SIPRI Policy Paper (Stockholm International Peace Research Institute: Stockholm, June 2003), available at URL <<http://editors.sipri.se/pubs/Stepanova.pdf>>.

⁵¹ International Crisis Group (ICG), *Tajikistan: An Uncertain Peace*, Asia Report No. 30 (ICG: Osh/Brussels, 24 Dec. 2001).

⁵² All the national armed forces of Central Asia except Tajikistan's were formed from the parts of the Soviet Army Turkestan Military District (MD) that were located on their respective territories. The Tajik armed forces were formed out of the guerrilla bands of the warring factions in the civil war. Burnashev, R. and Cherykh, I., 'The armed forces of the Republic of Tajikistan', *Central Asia and the Caucasus*, no. 6, vol. 18 (2002), p. 95.

inertia in the officer ranks and the absence of clear visions of what the reformed armed forces should look like. In the case of Tajikistan, economic constraints have even forced the abolition of contract service altogether.⁵³

Alongside the general objective of achieving more capable forces at lower cost, some more specific aims are discernible and some, mainly structural, reforms have been carried out. In both Kazakhstan and Kyrgyzstan one aim of the reforms has been to create well trained and equipped, mobile professional forces that are able to fight in mountainous terrain. Kazakhstan aims to have one-half of its troops on contract by 2007. According to the Defence Minister of Kyrgyzstan, one-third of the country's 9000-strong armed forces was serving on contract (i.e., professional) in August 2002 and the objective of a 100 per cent professional force was expected to be achieved within 2–3 years.⁵⁴ This goal seems unlikely to be attained given current defence budgets. In order to make a start on reforms, the leadership has chosen to concentrate them on the important southern military district. There has been some progress in the development of a few small, professional, special troop units in Kazakhstan and Kyrgyzstan, but this is not believed to be possible across the armed forces as a whole in either country as lack of training and equipment continues to be a problem even for the small professional forces already created.⁵⁵

In contrast to the other Central Asian states involved in military reform, Turkmenistan, stressing its neutral status, has started a massive increase in the size of its armed forces. At the same time it is striving to modernize arms and other equipment. To meet the increase in both personnel and equipment costs, the armed forces are supposed to become self-sufficient in terms of food by working part-time on military farms and supplying labour in other parts of the economy.⁵⁶

Despite these efforts, major reform efforts have remained on paper, without any correspondence to reality. This is due in part to lack of funding, but primarily to corruption and continual reshuffling both in the higher echelons of command and within the political authorities overseeing them.⁵⁷

The Uzbek leadership, with the largest and most capable force in the region, claims to have more or less completed its armed forces reforms, having created a flexible and mobile force. The length of conscription has been reduced from 18 to 12 months. However, the planned reformed force contrasts with what has been envisioned in Kazakhstan and Kyrgyzstan in that it entails a substantial element of

⁵³ Burnashev and Cherykh (note 52), p. 101.

⁵⁴ ITAR-TASS, 'Kyrgyzstan forecasts 'all-professional' army within 2–3 years', 2 Aug. 2002, 1501 GMT, in FBIS-SOV-2002-0802, 2 Aug. 2002.

⁵⁵ Vatanka, A., 'Split loyalties: the Central Asian states are centre stage as the USA and other Western countries look to safeguard stability in the region', *Jane's Defence Weekly* 16 Oct. 2002, pp. 82–90; and 'Kyrgyzstan: Defense minister says contract-based army too expensive', *Slovo Kyrgyzstana* (Bishkek), 1 May 2003, URL <<http://perso.club-internet.fr/kozlowski/centralasia.html>>.

⁵⁶ Vatanka (note 55), p. 85; and Alexeyev, A., 'The armed forces of Turkmenistan', *Ekspert Vooruzhenii* (English version), vol. 31, no. 3 (May/June 2002), pp. 14–19.

⁵⁷ Vatanka (note 55), pp. 82–90.

conscription.⁵⁸ Two of the most important reforms actually implemented since the country's independence are (a) the building of new bases in areas that did not need to be protected while Uzbekistan was a Soviet republic, but which since 1991 have become international border regions, and (b) the unification of command for all defence and security forces, more or less creating one unified armed force.⁵⁹ Since 1999 Uzbekistan's military reforms have focused on the creation of anti-terrorist capabilities within the special forces and professionally trained border troops.⁶⁰ Given the severe problems posed by lack of economic resources, analysts have cast doubt on the success of Uzbekistan's reforms.⁶¹ US training of the special forces does not contribute much either, because the number of soldiers actually trained is very small.⁶²

The area where Central Asian military reform can be said to have been rather more successful is on the structural level. Such reforms as adopting new defence doctrines and rearranging military districts, as has been done in Kazakhstan, Kyrgyzstan and Uzbekistan, are easy to achieve, because they seldom cost as much as do measures that actually affect the situation of the troops. Reforms aimed at solving the problem of recruiting staff and raising combat readiness, such as improvements in the social conditions of personnel, the introduction of contract service and force downsizing, as well as the improvement of standards of equipment, are expensive and are still largely lacking.

External military aid and involvement

The fact that the armed forces of the Central Asian states are plagued with severe problems of undermanning and underequipment, in combination with the very poor states of the domestic economies, has resulted in a very strong dependence on military aid from the USA and other states aspiring to influence in the area.

Following the disintegration of the Soviet Union, Russia's military aid in kind to a number of Central Asian countries made it the leading donor for the region (although exact data on the nature and value of supplies are difficult to establish). The war on international terrorism has, however, now prompted the United States to provide significant quantities of military aid, with possible important effects for the overall balance of supplies and influence.

In FY 2002, the USA provided \$33.7 million in various types of military assistance to the Central Asian region (see table 1.1). Most of this (\$25 million) was

⁵⁸ McDermott, R., 'The changing face of the Uzbek armed forces', *Central Asia–Caucasus Analyst* (Central Asia–Caucasus Institute, Johns Hopkins University), 12 Feb. 2003, URL <http://www.cacianalyst.org/view_article.php?articleid=1052>.

⁵⁹ Fairbanks, C. *et al.*, *Strategic Assessment of Central Eurasia* (Atlantic Council of the United States and Central Asia–Caucasus Institute, School of Advanced International Studies, Johns Hopkins University: Washington, DC, Jan. 2001), p. 54; and 'Pluses and minuses of military reform in Uzbekistan', *WPS Analysis*, no. 123 (20 Oct. 2000), URL <<http://perso.club-internet.fr/kozlowski/centralasia.html>>.

⁶⁰ McDermott (note 58).

⁶¹ Vatanka (note 55), p. 90.

⁶² McDermott (note 58).

from the FY 2002 Foreign Operations Emergency Supplemental Funding. The stated aim of this aid is to equip the armed forces of the regional states to increase interoperability with US or Coalition forces. Non-military aid has also been provided to the region with the stated purpose of fighting terrorism. Aid for export control and border security (not counted as military aid) aims to stop the movement of arms and terrorists over borders and to stop drug trafficking.⁶³

Apart from Russia and the USA, other important donors of military aid to Central Asia are China, which is reported to have provided a total of \$4.2 million in 2002,⁶⁴ and Turkey, with a total of \$3.2 million.⁶⁵ The countries that received the largest amounts of military assistance in 2002 were Kyrgyzstan (\$14.0 million), Uzbekistan (at least \$13.5 million) and Kazakhstan (at least \$9.6 million).⁶⁶ All these sums include the aid received from the USA (see table 1.1).

This influx of US military aid and the presence of US troops in the region are likely to become the driving factors in security policies in the region, contributing to a stronger focus on combating radical Islamic groups and on continuing force modernization—goals which are also driving regional military spending. Future military expenditure trends are likely to depend on the security situation, both in the Central Asian states and in Afghanistan, as well as on the further course of competition for influence between Russia and the USA.

⁶³ US Department of State, 'FY 2002 Foreign Operations Emergency Supplement Funding justification', Apr. 2002, URL <<http://www.fas.org>>.

⁶⁴ 'Chinese military delegation visit Kazakhstan', *RFE/RL Newslines*, vol. 6, no. 156, Part 1 (20 Aug. 2002); and 'China gives aid to Kazakh, Kyrgyz armies', *RFE/RL Newslines*, vol. 6, no. 53, Part 1 (20 Mar. 2002).

⁶⁵ Uzbekistan National News Agency (UzA), 'Turkey to provide Uzbekistan military aid worth \$300 000', 6 Mar. 2002, URL <<http://www.uza.uz>>; 'Kyrgyzstan receives military aid from Turkey', *RFE/RL Newslines*, vol. 6, no. 46, Part 1 (11 Mar. 2002); 'Kazakhstan, Turkey sign military cooperation agreement', *RFE/RL Newslines*, vol. 6, no. 51, Part 1 (18 Mar. 2002); and 'Turkey, US to assist Kazakh military', *RFE/RL Newslines*, vol. 6, no. 204, Part 1 (29 Oct. 2002).

⁶⁶ 'Kyrgyzstan receives military aid from Turkey' (note 65); 'France transfers equipment to Kyrgyz armed forces', *RFE/RL Newslines*, vol. 6, no. 195, Part 1 (16 Oct. 2002); 'Turkey to provide military aid to Uzbekistan', *RFE/RL Newslines*, vol. 6, no. 52, Part 1 (19 Mar. 2002); 'Kazakhstan, Turkey sign military cooperation agreement' (note 65); and 'Turkey, US to assist Kazakh military' (note 65). See also note 64.

2. Arms transfers to the South Caucasus and Central Asia compared, 1992–2002

BJÖRN HAGELIN*

Major arms imports

A comparison of the South Caucasus and Central Asia with regard to the volumes, types and sources of major conventional weapons imported during the 11 years 1992–2002 shows both similarities and differences (see tables 2.1 and 2.2, and appendix A).¹

First, the volumes of imports are of roughly the same magnitude for the two regions. The levels are low in international comparison. Second, each region has one main importer. Armenia received over 60 per cent of all deliveries to the South Caucasus, and Kazakhstan accounted for close to 100 per cent of all deliveries to Central Asia. Kazakhstan's imports equalled almost the total imports of major weapons by all three countries in the Caucasus.² Third, supplier patterns differ. While Russia was in effect the only supplier to the Central Asian states, that was not the case for the South Caucasus, and in particular not true for Georgia. Georgia is the only country in the two regions that received major weapons from traditional Western suppliers such as Germany and the USA. Still, the latter remained minor suppliers to Georgia compared to the Czech Republic and Ukraine. Ukraine was the main supplier to Azerbaijan.

Both regions play a role in anti-terrorist policies. In June 2000 the Commonwealth of Independent States (CIS) adopted a Programme on the Struggle against International Terrorism and Other Forms of Extremism, and decided to set up a CIS Anti-Terrorist Centre.³ The Collective Security Treaty (CST) of May 1992, of

¹ SIPRI data on arms transfers refer to actual deliveries of major conventional weapons expressed as a special SIPRI *trend-indicator value*. These values, expressed in US\$ million at constant (1990) dollars, are only an indicator of the volume of international arms transfers and not of the actual monetary values of such transfers. Thus they are not comparable to economic statistics such as gross domestic product or export/import figures. All figures given in this chapter are trend-indicator values. On the method used in calculating the trend-indicator value and for a presentation of what are considered major conventional weapons see Hagelin, B. and Wezeman, S. T., 'Sources and methods for arms transfers data', *SIPRI Yearbook 2003: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2003), pp. 535–38; and the SIPRI Internet site, URL <<http://projects.sipri.se/armstrade>>.

² It should be noted that recipients and suppliers are the countries in question. However, this does not necessarily mean that the respective governments were either the actual recipients or the suppliers of the weapons transferred or that these governments approved of the transfers.

³ 'Zasedaniya vysshikh organov SNG' [Meeting of the highest bodies of the CIS], *Diplomaticheskii vestnik*, no. 7 (July 2000), pp. 47–48. See also Belosludtsev, O. and Gribovsky, A.,

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Table 2.1. Imports of major conventional weapons to the South Caucasus, 1992–2002

Figures are SIPRI trend-indicator values.

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
Armenia												
<i>Supplier</i>												
China	–	–	–	–	–	–	–	2	–	–	–	2
Russia	–	8	310	47	102	–	–	–	–	–	–	467
Total	0	8	310	47	102	0	0	2	0	0	0	469
Azerbaijan												
<i>Supplier</i>												
Russia	64	–	–	–	–	–	–	–	–	–	–	64
Turkey	–	–	–	–	–	–	–	–	3	–	–	3
Ukraine	–	49	25	–	–	–	–	–	–	–	–	74
Total	64	49	25	0	0	0	0	0	3	0	0	141
Georgia												
<i>Supplier</i>												
Bulgaria	–	–	–	–	–	–	–	–	–	4	–	4
Czech Rep.	–	–	–	–	–	–	–	–	6	67	–	73
Germany	–	–	–	–	–	–	4	–	–	–	–	4
Russia	–	4	–	–	–	–	–	–	–	–	–	4
Turkey	–	–	–	–	–	–	3	–	–	2	–	5
Ukraine	–	–	–	–	–	8	11	25	–	–	–	44
USA	–	–	–	–	–	–	–	–	–	6	–	6
Total	0	4	0	0	0	8	18	25	6	79	0	140
South	64	61	335	47	102	8	18	27	9	79	0	750
Caucasus total												

– = No deliveries.

Source: SIPRI arms transfers database.

which the signatories today are Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, became the main instrument for implementing CIS anti-terrorist policy. After 11 September 2001, Russia as part of its anti-terrorist policy extended its relations with the Central Asian member states in particular. In 2000 it had already offered, among other things, to supply weapons and other military equipment at subsidized prices.⁴ However, of the CST signatories that are discussed in this study, only Kazakhstan received major weapons after 2000 and no new trends

⁴ 'Russia's military-political relations with Kyrgyzstan, Tajikistan and Turkmenistan', *Ekspert Vooruzhenii*, May 2002, pp. 2–8 (in English).

⁴ Jonson, L., 'Russia and Central Asia: post-11 September, 2001', *Central Asia and the Caucasus*, vol. 19, no. 1 (2003), pp. 83–94.

Table 2.2. Imports of major conventional weapons to Central Asia, 1992–2002

Figures are SIPRI trend-indicator values.

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
Kazakhstan												
<i>Supplier</i>												
Russia	–	–	–	99	170	163	–	62	147	31	69	741
Ukraine	–	–	–	–	–	–	–	2	–	–	–	2
Total	0	0	0	99	170	163	0	64	147	31	69	743
Tajikistan												
<i>Supplier</i>												
Russia	0	0	24	0	0	0	0	0	0	0	0	24
Uzbekistan												
<i>Supplier</i>												
Russia	0	0	0	0	0	0	0	0	0	5	5	10
Central Asia total	0	0	24	99	170	163	0	64	147	36	74	777

– = No deliveries.

Source: SIPRI arms transfers database.

are detectable in such deliveries that can be explained by anti-terrorist activities. Part of future transfers may be in support of the Central Asian rapid reaction force that was decided on by signatories to the CST in May 2001.⁵

Russian deliveries to Uzbekistan remained on the same low level in 2002 as in 2001, despite a five-year bilateral agreement to develop cooperation in defence and military–technological cooperation. It has been reported that the cooperation has mainly been intended to enhance Uzbekistan’s ability to resist Islamist pressure.⁶ Moreover, Uzbekistan left the CST in 1999 and has become an important partner of the USA in Central Asia. It has been described as a key country capable of orchestrating the strategic reorientation of Central Asia away from Russia to the USA.⁷ US military–political relations with Uzbekistan have come close to a security relationship: the USA would regard with grave concern any external threat to the security and territorial integrity of Uzbekistan.⁸

⁵ See the Introduction to this policy paper, note 12.

⁶ Kenzhetaev, M., ‘Uzbekistan’s military–technical cooperation with foreign states’, *Ekspert vooruzhenii*, vol. 28, no. 6 (Nov./Dec. 2001) (in English).

⁷ Kenzhetaev (note 6).

⁸ ‘Uzbek–US declaration kept secret’, *Washington Post*, 1 July 2002, p. 11, URL <<http://www.washingtonpost.com>>.

Table 2.3. Categories of major conventional weapons imported by the South Caucasus and Central Asia, 1992–2002

Figures are SIPRI trend-indicator values.

	South Caucasus				Central Asia			Total
	Armenia	Azerb.	Georgia	Total	Kazak.	Tajik.	Uzbek.	
Aircraft	–	–	16	16	683	24	–	707
Artillery	26	–	1	27	–	–	–	0
Armoured vehicles	90	74	76	240	–	–	10	10
Radars	108	–	–	108	22	–	–	22
Missiles	245	–	3	248	38	–	–	38
Ships	–	67	44	111	–	–	–	0
Total	469	141	140	750	743	24	10	777

– = No deliveries.

Source: SIPRI arms transfers database.*Types of major weapon received*

Table 2.3 shows transfers to both regions according to six weapon categories. Again, there are clear differences between them.

First, deliveries to the South Caucasus include weapons in all six categories. There were no deliveries of artillery or ships to Central Asia (see also appendix A). Second, 65 per cent of all deliveries to the South Caucasus were armoured vehicles and missiles. If radars and ships are included, those deliveries accounted for over 90 per cent. While all three countries in the region imported armoured vehicles in roughly similar volumes, only Armenia imported radar equipment and missiles, and only Georgia imported aircraft. In contrast, aircraft accounted for 91 per cent of deliveries to Central Asia. Almost all were to Kazakhstan, which also imported radar equipment and missiles. Russia's main arms transfers to Kazakhstan in the 1990s consisted of aircraft and air defence equipment.⁹ Although a complete analysis of acquisition patterns must also consider the make-up of existing inventories in these countries, the import patterns suggest that Kazakhstan in the period studied here has focused more on air defence, while all the countries in the South Caucasus were mainly concerned with land warfare. This was particularly so for Armenia.

⁹ See also Kenzhetaev, M., 'Kazakhstan's military–technical cooperation with foreign states: current status, structure and prospects', *Eksport vooruzhenii*, vol. 29, no. 1 (Jan./Feb. 2002) (in English).

Major arms exports

Many of the effects of the collapse of the Soviet Union were common to the countries included in this study. While some had indigenous arms manufacturing capacities,¹⁰ by and large they contributed to the integrated Soviet military production without having a complete domestic production structure themselves, and were largely left without major contracts when the Soviet Union collapsed. Other sectors of their economies and societies had similar experiences. At the same time these countries had to rebuild their economies to fit commercial market mechanisms. The Soviet forces also left much military materiel in the inventories of these countries, and this equipment became one of the main products they could export in order to solve their immediate economic problems and obtain foreign currency.

As in the case of imports, however, there are regional and national variations (see table 2.4). First, volumes of exports of weapons are much lower than volumes of imports of weapons, especially for the South Caucasus. Second, in the South Caucasus only Georgia delivered major weapons, while three countries of Central Asia—Kazakhstan, Kyrgyzstan and Uzbekistan—were suppliers. Third, Georgia and Kazakhstan have transferred roughly similar volumes of major weapons, but the latter supplied to a more varied foreign market.

The recipients include countries or regions in conflict, mainly in Africa and Asia (see also below in this chapter), and recipients that are politically controversial in other ways. For instance, North Korea received over 70 per cent by value of the deliveries made from Kazakhstan in the period 1992–2002. This is explained by deliveries of high-value combat aircraft in 1999. Those deliveries were not, however, approved by the Kazakh Government. This illustrates a final point—the existence of illegal transfers that are not sanctioned by the government of the supplier country.

Types of major weapon delivered

Deliveries from both regions included highly valued types of equipment such as combat aircraft. Georgia transferred Su-25s to both Croatia and the Democratic Republic of the Congo (DRC), while MiG-21s were delivered to North Korea from Kazakhstan. Similarly, both India and Sudan received combat helicopters from Kyrgyzstan while Uzbekistan delivered transport aircraft to Russia. Another type of equipment delivered from Kazakhstan to North Korea as well as to Angola, the Congo and Ethiopia was artillery. The Federal Republic of Yugoslavia (FRY) received portable surface-to-air missiles (SAMs) and their launchers. (See also appendix B.)

¹⁰ E.g., Kazakhstan can manufacture torpedoes for mainly Russian submarines, sea mines, communication and jamming systems, rockets and small arms. Kenzhetaev (note 9). According to Kazakh President Nursultan Nazarbaev, the revival of the country's defence industry has top priority. Interfax, *Presidential Bulletin*, April 15, 2003, in Foreign Broadcast Information Service, *Daily Report—Central Eurasia (FBIS-SOV)*, FBIS-SOV-2003-0416, 15 Apr. 2003.

Table 2.4. Major conventional weapons exported by the South Caucasus and Central Asia, 1992–2002

Figures are SIPRI trend-indicator values.

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total
Georgia												
<i>Recipient</i>												
Congo (DRC)	–	–	–	–	–	–	–	72	108	–	–	180
Croatia	–	–	–	86	–	–	–	–	–	–	–	86
South Caucasus total	0	0	0	86	0	0	0	72	108	0	0	266
Kazakhstan												
<i>Recipient</i>												
Angola	–	–	–	–	–	–	1	10	–	–	–	11
Congo	–	–	–	–	–	–	–	<1	<1	–	–	<1
Ethiopia	–	–	–	–	–	–	–	–	16	–	–	16
Macedonia	–	–	–	–	–	–	1	–	–	–	–	1
Nepal	–	–	–	–	–	–	–	–	–	9	–	9
North Korea	–	–	–	6	–	–	–	170	–	–	–	176
Sri Lanka	–	–	–	–	12	–	–	–	–	–	–	12
Yugoslavia	–	–	–	20	–	–	–	–	–	–	–	20
Total	0	0	0	26	12	0	2	180	16	9	0	245
Kyrgyzstan												
<i>Recipient</i>												
India	–	–	–	57	–	–	–	–	–	–	–	57
Sudan	–	–	–	3	–	–	–	–	–	–	–	3
Total	0	0	0	60	0	0	0	0	0	0	0	60
Uzbekistan												
<i>Recipient</i>												
Russia	0	0	0	0	0	0	0	0	0	0	170	170
Central Asia total	0	0	0	86	12	0	2	180	16	9	170	475

– = No deliveries.

Source: SIPRI arms transfers database.

Specific arms transfer and export control issues

Transfers of arms other than major weapons

Between 2000 and 2003 SIPRI studied transfers of armaments to areas of conflict.¹¹ Complex methodological problems stand in the way of measuring small arms transfers in the same way as SIPRI measures major weapon transfers. Nevertheless, there are several ongoing projects and published studies that point to problems of controlling the availability of small arms before, during or after conflict, in particular in countries such as Georgia¹² and regions such as the South Caucasus.¹³

The availability of former Soviet and nationally manufactured, as well as internationally transferred, small arms is a problem that is high on the international political agenda. The presence of missions from the Organization for Security and Co-operation in Europe (OSCE) in both the South Caucasus and Central Asia may support national governments in establishing the necessary institutions and controls to reduce problems within their own societies as well as those associated with international transfers.¹⁴ However, the many complications associated with the control of small arms—not least the security situation in general and the actual implementation of policies—suggest that it may take a long time to solve all outstanding problems.

Arms races

There is an assumption that wars result in increasing arms transfers to the forces supported by outside governments or groups. Although this is sometimes the case, especially during long wars, it is not necessarily true during short wars or for major weapons. Many supplier governments embargo such deliveries or abide by international arms embargoes to countries involved in war. Nevertheless, interstate conflicts even short of open war can stimulate threat perceptions which in turn may stimulate competitive arms acquisitions. Chapter 1 of this study suggests that Armenia and Azerbaijan may be at the beginning of an arms competition; and table 2.1 suggests that such a competition may also have existed in the early 1990s. It may not be reflected in a change in military expenditure data because the acquisitions did not necessitate actual new expenditure.

The current arms inventories of both countries go back to Soviet times. The Azerbaijani armed forces, including not only an army but also naval and air forces,

¹¹ Wezeman, P., *Conflicts and Transfers of Small Arms*, SIPRI final report to the Swedish Ministry for Foreign Affairs, Mar. 2003 (unpublished).

¹² Demetriou, S., *Politics from the Barrel of a Gun: Small Arms Proliferation and Conflict in the Republic of Georgia (1989–2001)*, Occasional paper no. 6 (Small Arms Survey: Geneva, Nov. 2002).

¹³ Matveeva, A. and Hiscock, D. (eds), *The Caucasus: Armed and Divided* (Saferworld: London, Apr. 2003).

¹⁴ E.g., the President of Kazakhstan stated in May 2003 that a national arms trade policy should be drawn up and implemented in the near future. Interfax, 'Nazarbayev prioritizes army development', *Presidential Bulletin*, 7 May 2003, FBIS-SOV-2003-0507, 7 May 2003.

overtook those of Armenia in the mid-1990s,¹⁵ when Azerbaijan also acquired approximately 150 former Ukrainian battle tanks. This, together with the conflict in Nagorno-Karabakh and a Russian willingness to supply weapons, may have been the principal reasons for Armenia increasing its armed forces. Between 1993 and 1996 Armenia acquired former Soviet towed artillery and other types of surface-to-surface equipment, including Scud missiles, as well as battle tanks and anti-tank missiles. It also acquired SAMs and related radars that could be used to defend against a potential air threat from Azerbaijan.

The effectiveness of international arms embargoes

Examples of arms being supplied to and exported by the countries of the two regions illustrate the problem that has long been acknowledged of implementing UN and other international arms embargoes.

There is an OSCE embargo of February 1992 on deliveries of arms to forces engaged in combat in the Nagorno-Karabakh area.¹⁶ Many deliveries of artillery to Armenia that occurred between 1994 and 1996 occurred after the embargo was imposed. In fact, a Trilateral Commission with representatives from military agencies of Armenia, Azerbaijan and Russia was established in 1997 on the initiative of Russian President Boris Yeltsin to investigate what had happened. The commission seems to have been established following pressure from Azerbaijan, which was hoping to find out how much Armenia had received and possibly to prevent further transfers. However, the parties were unwilling to reveal relevant information. The commission was unable to conclude its task and no report was produced.¹⁷ It must have been a complex problem to decide whether the arms transferred to Armenia and Azerbaijan were actually used in the Nagorno-Karabakh conflict. Since then these transfers have been explained by Russian officials as being legally independent of the embargo since they were regulated by Russia's bilateral agreements on the division of military property.¹⁸ Today, Russia does not allow arms transfers to the South Caucasus and supports the OSCE arms embargo.¹⁹

A small share of total deliveries from Kazakhstan in 1995–2001 went to the FRY in 1995, and Georgia delivered weapons to Croatia the same year. Both destinations were under international arms embargoes. Between 1991 and 1996, as part of the efforts to contain and resolve the conflicts related to the break-up of the former

¹⁵ International Institute for Strategic Studies, *The Military Balance 1996/97* (Oxford University Press: Oxford, 1996), pp. 77–80.

¹⁶ On international arms embargoes see Hagelin, B. *et al.*, 'International arms transfers', *SIPRI Yearbook 2002: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2002), pp. 387–90. For a review of international arms embargoes in force see successive editions of the *SIPRI Yearbook*.

¹⁷ Private communication from M. Pyadushkin, Centre for Analysis of Strategies and Technologies, Moscow, May 2003. See also Pyadushkin, M., 'Arming the Caucasus: Moscow's accidental legacy' in Matveeva and Hiscock (note 13), pp. 147–56; and Anthony, I., 'Illicit arms transfers', ed. I. Anthony, *SIPRI, Russia and the Arms Trade* (Oxford University Press: Oxford, 1998), pp. 224–25.

¹⁸ Pyadushkin (note 17), pp. 153–54.

¹⁹ Pyadushkin (note 17), p. 153.

Yugoslavia in 1991–92, a United Nations mandatory arms embargo was imposed on the entire territory of the former Yugoslavia. In 1998 the UN imposed another mandatory arms embargo on the FRY until 2001 as a result of Serb actions in Kosovo.²⁰

In 1999 war broke out between Eritrea and Ethiopia, and in 2000 Ethiopia received major conventional equipment from Kazakhstan. The participants in the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies had already expressed concern about the conflict in the Horn of Africa in late 1998.²¹ In February 1999 the UN Security Council established a mandatory embargo on arms transfers to both Eritrea and Ethiopia which was extended in May 2000 to a one-year embargo on arms transfers and the provision of military equipment, training or arms industry support to both countries.²²

Examples of non-UN international arms embargoes include European Union (EU) embargoes, for instance, one on new delivery contracts with Sudan from 1994.²³ Whether a country is a member of the EU or not, observance of an international embargo may be regarded as a strong political statement of ‘good behaviour’. Even so, Sudan received small volumes of weapons from Kyrgyzstan in 1995.

The cases mentioned above occurred during a period when the post-Soviet states involved had had little time to establish and implement export control policies or mechanisms. However, arms transfers are not only a matter of formulating policy or establishing national institutions and control mechanisms. Other forces can steer policy in a contrary direction in countries where arms transfers have a role in the national economy, creating a dilemma between restrictive and permissive interpretations of policy.

Major power rivalry or cooperation?

Regional organizations such as the North Atlantic Treaty Organization (NATO), through its Partnership for Peace (PFP) programme, the EU and the OSCE are involved in security-building activities in both the South Caucasus and Central Asia. Some governments in the South Caucasus have formally expressed interest in joining NATO and the EU. However, no formal regional security structures or related arrangements exist apart from (a) bilateral border agreements involving countries in Central Asia,²⁴ (b) the CST, involving countries in both regions, and (c) the Shanghai Cooperation Organization (SCO).²⁵

²⁰ UN Security Council Resolution 1160, 31 Mar. 1998. The embargo was lifted on 10 Sep. 2001.

²¹ Bonner, R., ‘Porous accord on arms’, *International Herald Tribune*, 7 Dec. 1998, p. 5. See the SIPRI Internet site, URL <<http://projects.sipri.se/expcon/Wassenaar-documents.html>>, for a presentation of the Wassenaar Arrangement.

²² UN Security Council Resolution 1298, 15 May 2001.

²³ Council of the European Union, Decision 94/165/CFSP, 15 Mar. 1994.

²⁴ See also chapter 4 of this policy paper.

²⁵ The members of the SCO (formerly the Shanghai Forum) are currently China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. See also chapter 4 of this policy paper.

In April 2003 the presidents of the CST signatory states reached a final understanding on mechanisms, including the establishment of a joint headquarters by 2004, to strengthen foreign policy interaction and military–political cooperation between them and allow them to interact with other organizations. Russia will supply arms to treaty countries on the same terms as it supplies them to the Russian armed forces.²⁶

One of the main characteristics of developments in both regions, however, is that the USA is becoming an important actor through bilateral political and military arrangements. Azerbaijan and Georgia in the South Caucasus have left the CST and are striving for closer relations with the USA. Russia, perhaps in response, appears to be making moves to step up aid to Armenia. In Central as well as other parts of Asia the USA is using the ‘war against terrorism’ to establish new bilateral relations. As mentioned above, Uzbekistan (no longer a member of the CST) has become a particular US partner. Apart from Turkmenistan, all countries in both regions receive significant amounts of US military aid, and in Georgia in 2002 this amounted to more than the domestic funding for the military (see chapter 1). In addition, the SCO brings China into a developing security architecture.

A crucial question is whether regional security building will develop in a setting of Russian–US cooperation or a tacit division of roles between them (or with one of them being the dominant power). Although security building does not have to be a ‘zero-sum’ game, Russia seems to be losing its previous position in both regions while US influence is increasing. The ratification of a Georgian–US agreement on military cooperation in March 2003 was said to have caused concern in Russia.²⁷ In both the South Caucasus and Central Asia, the plans connected with the transport of oil over national territories and the revenues expected from it have to be negotiated. In Central Asia a special dilemma may be connected with defining the terms for when the military operations in Afghanistan are over and the arrangements when the US forces are no longer needed in Central Asia.

If violent conflict proves to be a continuing problem in Central Asia and the South Caucasus over the next 10–15 years,²⁸ and if a stable cooperative arrangement is not secured between (a) Russia and the USA, (b) Russia and Europe, and (c) China and the USA, individual countries in the South Caucasus and Central Asia might become proxies for conflicting Russian and US interests.²⁹ Such a situation would have important impacts on wider security issues as well as arms transfers, especially if the conflicts of interest as a result of the war in Iraq continue

²⁶ Interfax (Moscow), ‘Collective Security Treaty countries agree on military-political interaction mechanisms’, 28 Apr. 2003, FBIS-SOV-2003-0428, 28 Apr. 2003.

²⁷ Interfax, ‘Georgia views agreement on military cooperation with US as timely’, *Presidential Bulletin Report for April 11, 2003*, FBIS-SOV-2003-0411, 11 Apr. 2003; and Interfax, ‘Shevardnadze will address Ukraine’s role in Abkhaz settlement’, *Presidential Bulletin Report for April 22, 2003*, FBIS-SOV-2003-0422, 22 Apr. 2003.

²⁸ See, e.g., Olikier, O. and Szayna, T. S. (eds), *Faultlines of Conflict in Central Asia and the South Caucasus* (RAND: Santa Monica, Calif., 2003), p. xix.

²⁹ Four Central Asian scenarios are formulated in Jonson, L., ‘Russia and threats to stability in Central Asia’, ed. I. Kiesow, *From Taiwan to Taliban: Two Danger Zones in Asia*, Report FOI-R-0393-SE (Swedish Defence Research Agency (FOI): Stockholm, Feb. 2002), p. 244.

to undermine the role of the UN and transatlantic relations, and if organizations such as the OSCE are unable to extend their influence eastwards for balancing effect. If military anti-terrorist activities multiply and become long drawn-out operations, continued military aid and arms deliveries—not least to these proxies—might be regarded as necessary in order to guarantee continued access to support facilities and to maintain control of the strategic setting generally.

Should that happen, it could become increasingly difficult to distinguish between a legitimate ambition to support anti-terrorism and commercially motivated attempts to find foreign markets for arms-producing companies. Even low-level ad hoc transfers of major weapons could make a substantial contribution to the military capability of particular recipients, thereby changing local threat and security perceptions.

3. Arms control in the Caucasus

ZDZISLAW LACHOWSKI

Introduction

Already troubled by unrest and hostilities even before the Soviet Union broke up in late 1991, the Caucasus region was immediately confronted with a plethora of challenges and problems stemming both from the complexities of the current situation and from former Soviet policies (such as artificially drawn borders and the divide-and-rule principle) aimed at keeping the peoples of the region under heavy-handed and hostile control. The three new states of the South Caucasus—Armenia, Azerbaijan and Georgia—found themselves in a particular plight characterized by inter-ethnic confrontation, nationalist ambitions, social and economic instability, refugee problems, and the absence of adequate institutions, indigenous armies and security forces. These problems were compounded by the inter- and intra-state wars and conflicts that soon broke out, as well as by the divisive nature of the policies initially adopted towards the region by Russia itself. The volatile ethnic and political situation on Russian territory in the North Caucasus also affected developments in the South Caucasus.

All this took place against a background of international military security-related agreements already in place and other action being taken towards building confidence and security. The conventional arms control agreement binding the USSR—the 1990 Conventional Armed Forces in Europe (CFE) Treaty—had situated the Soviet Caucasus republics in the so-called flank zone.¹ It was also hoped that the existing Conference on Security and Co-operation in Europe (CSCE) Vienna Document on confidence- and security-building measures (CSBMs)² would add to the self-assurance of and the sense of partnership and security among the newly independent countries, thus enabling the South Caucasus states both to consolidate their new sovereignty and to develop peaceful cooperation among themselves and with Russia. The following decade was to deliver a verdict on how well founded these expectations were and how workable arms control was in injecting stability and security into the region.

¹ The flank zone countries under the CFE Treaty, apart from Armenia, Azerbaijan and Georgia, are Bulgaria, Greece, Iceland, Moldova, Norway, Romania, Russia (North Caucasus and Leningrad military districts—MDs), Turkey (except its south-eastern part) and Ukraine (Odessa MD).

² The Vienna Document on CSBMs is a politically binding accord between the CSCE (since Jan. 1995 the Organization for Security and Co-operation in Europe, OSCE) participating states. First agreed in 1990, it was built upon the traditional (1986 Stockholm Document) CSBMs and integrated further CSBMs in the successive versions adopted in 1992, 1994 and 1999.

CFE Treaty reductions in the South Caucasus area

On 8 December 1991 the signing of the document that created the Commonwealth of Independent States (CIS) put an end to the Soviet Union and the question arose which country or countries would succeed to its obligations and entitlements as a signatory of the CFE Treaty. A month later the CIS foreign and defence ministers met with the CFE states parties at the North Atlantic Treaty Organization (NATO) headquarters in Brussels. All those present confirmed the importance of the CFE Treaty as 'the cornerstone of European security'. In spite of Russia's wish to retain a sole representation as the CFE state party, it was decided that all the new states in the CFE zone of application should ratify the treaty as successor states.³

Russia's moves, attitudes and tactics aimed at retaining politico-military control of the former constituent republics of the USSR affected the course of further negotiations.⁴ The negotiations on partitioning the former USSR's conventional armed forces proved difficult, particularly with the South Caucasus states, which witnessed almost constant inter-ethnic conflict following the collapse of the USSR. Armenia and Azerbaijan in particular, locked in a war over separatist Nagorno-Karabakh, an Armenian-populated enclave which had declared its independence from Azerbaijan, insisted on obtaining higher allocations of former Soviet treaty-limited equipment (TLE). Intensive talks conducted with the help of a US envoy in various CIS capital cities resulted in the Tashkent Agreement of 15 May 1992 on the division of the former Soviet treaty obligations and entitlements.⁵ The Oslo Final Document of the Extraordinary Conference on 5 June made legal both the entry of the new states parties and their acceptance of the relevant obligations and entitlements of the former Soviet Union.⁶ The three South Caucasus states were apportioned equal entitlements in all five heavy weapons categories (see table 3.1).

From the very beginning of the CFE reduction period, problems in the provision of *information* about weapons arose in former Soviet republics where the status of the armed forces was vague or where the existence of an army had not been declared (Azerbaijan and Georgia). Other CFE states parties have generally taken a sympathetic approach to the difficult and complex situation in those states. Also, although the former Soviet republics had agreed to TLE allocations under the terms of the 1992 Oslo Document, they were unable to agree on how to share out the former Soviet responsibility for *weapon destruction*. This was difficult for several

³ Institute for Defense and Disarmament Studies, *Arms Control Reporter* (IDSS: Brookline, Mass.), sheet 407.B.463-4, 1992. Eight newly independent countries signed the CFE Treaty as successor states: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Moldova, Russia and Ukraine.

⁴ E.g., Russia considered that an apportionment of armaments ceilings to the 3 states of the South Caucasus did not imply that they owned the TLE deployed on their territories (although it did not take a similar line in relation to Belarus and Ukraine).

⁵ The text of the Agreement on Principles and Procedures for Implementing the Treaty on Conventional Armed Forces in Europe, the Tashkent Document, is reproduced in *SIPRI Yearbook 1993: World Armaments and Disarmament* (Oxford University Press: Oxford, 1993), pp. 671-77. See also URL <<http://dosfan.lib.uic.edu/acda/factshee/conwpm/tashkent.htm>>.

⁶ The Final Document of the Extraordinary Conference of the States Parties to the CFE Treaty, Oslo, 5 June 1992, is reprinted in *SIPRI Yearbook 1993* (note 5), pp. 677-82.

Table 3.1. TLE holdings notified and limits of the South Caucasus states, 1990–2003

State	Year	Tanks	ACVs	Artillery	Aircraft	Helicopters
Armenia	1990	258	641	357	0	7
	1993	77	189	160	3	13
	1995 ^a	102	218	225	6	7
	1999 ^b	102	204	225	6	7
	2003	110	140	229	6	8
Azerbaijan	1990	391	1 285	463	124	24
	1993	278	338	294	50	6
	1995 ^c	285	835	343	58	18
	1999	262	331	303	48	15
	2003	220	210	282	54	15
Georgia	1990	850	1 054	363	245	48
	1992	77	28	0	0	0
	1995 ^d	–	–	–	–	–
	1999	79	113	106	7	3
	2003	86	108	110	7	3
CFE limit for each country		220	220	285	100	50

– = Equipment existed but was not properly notified.

ACV = Armoured combat vehicle.

^a Armenia claimed the following combat losses in the period of the armed conflict with Azerbaijan: 52 tanks, 94 ACVs and 5 artillery pieces, and the reassignment of 67 ACVs to internal security forces.

^b Armenia exceeded the ACV sub-ceiling of 135 on heavy armoured combat vehicles plus armoured infantry fighting vehicles (HACV + AIFV) by 33 items.

^c Azerbaijan claimed the following combat losses in the period of the armed conflict with Armenia: 186 tanks, 110 ACVs and 74 artillery pieces.

^d Unable to report because of the civil war.

Source: CFE Joint Consultative Group, Group on Treaty Operation and Implementation, Consolidated matrix on the basis of data available as of 1 January 2003, document JCG.TOI/22/03, 23 June 2003.

reasons: some of the former Soviet equipment turned over by Russia to the newly independent states was in large measure unusable; other equipment had been lost to (i.e., seized or stolen by) non-governmental rebel groups; and some had been destroyed in the wars and conflicts under way in the Caucasus region.

From the start neither Armenia nor Azerbaijan had acknowledged their respective reduction liabilities or reduced any equipment. Their officials suggested that the combat losses in the 1992–94 war between them be counted against their declarations of holdings—a step which would run counter to the provisions of the CFE Treaty. At the same time, their national armies had gained considerable strength in

the period 1992–95 (see table 3.1). Both countries complained that their resources and facilities for destruction were inadequate. The TLE in the self-proclaimed republic of Nagorno-Karabakh compounded the compliance problem still further. In effect, at the end of the first CFE Treaty reduction phase, some 2000 TLE items were reported to be still missing from the calculations, largely because of the failure of Armenia and Azerbaijan to report. Georgia was also declared temporarily not in compliance with the treaty because of its inability to report its holdings on time as a result of the civil war.⁷

Along with continuing tensions in their relations, both Armenia and Azerbaijan continued to exceed their maximum levels of TLE until the end of the 1990s and the beginning of the next decade.⁸

The continuing non-compliance by Armenia and Azerbaijan was primarily related to the Nagorno-Karabakh conflict. The holdings of TLE on the territory of Nagorno-Karabakh compounded the compliance problem in the South Caucasus region. Although insignificant in the treaty context, the quantities of weapons in the breakaway republic weighed heavily against the amount of major weaponry in the Caucasus. They were also difficult to assign to either party to the conflict. Towards the end of the reduction process, Armenia had surplus armoured combat vehicles (ACVs)⁹ and Azerbaijan had a surplus of some 740 items in ground categories which it could not account for because they had either perished or been lost to rebel forces in Nagorno-Karabakh.

In mid-February 1997 reports appeared of illegal (i.e., made without the authorization or knowledge of the Russian government) arms shipments by the Russian military to Armenia. The Russian State Duma reported on illegal deliveries to Armenia of some \$1 billion worth of Russian weapons in 1993–96, apparently for use against Azerbaijan.¹⁰ Armenia was also accused of having deployed large quantities of unaccounted-for weapons in the occupied territories in Azerbaijan. Consequently, Azerbaijan refused to comply with the CFE Treaty until the Nagorno-Karabakh issue was resolved. According to Azerbaijan's claims, Armenia

⁷ Russia also supplied Georgia with weapons in 1992–95, although the latter has long denied this. In mid-2002, Russia announced that it had given Georgia 12 helicopters, more than 350 armoured vehicles and other equipment. Georgia at first denied this, but later its defence minister admitted that Russia had provided it with tanks and trainloads of guns and ammunition. Radio Free Europe/Radio Liberty (RFE/RL), *RFE/RL Newslines*, 8, 9, and 10 July 2002, URL <<http://www.rferl.org/newslines/search/calendar2002.asp>>.

⁸ The data as of 1 Jan. 2000 showed that Azerbaijan had fully met the CFE limits. Armenia had eventually come into compliance with its entitlements by 1 Jan. 2001.

⁹ In Jan. 1995 Armenia possessed 285 ACVs, but at the end of the reduction process in Nov. 1995 it declared only 218. The difference was claimed to be due to combat losses in the conflict with Azerbaijan. However, upon the end of reduction time Armenia exceeded its maximum national levels for holdings in a subcategory of ACVs. See table 3.1.

¹⁰ These were said to have included equipment limited under the CFE Treaty: 84 T-72 tanks, 50 BMP-2 armoured infantry fighting vehicles (AIFVs), 36 152-mm and 36 122-mm artillery pieces, and 18 122-mm Grad multiple rocket launchers. Institute for Defense and Disarmament Studies, *Arms Control Reporter* (IDDS: Brookline, Mass.), sheets 407B.558–59, 1997.

had 253 tanks, 278 ACVs and 298 artillery pieces in Nagorno-Karabakh.¹¹ The data Armenia delivered to the Joint Consultative Group (JCG) did not indicate that any Russian deliveries of TLE had taken place since 1993.

In response to Azerbaijan's allegations, a 1997 US review of treaty compliance by states parties in the Caucasus attributed a number of cases of non-compliance to both Armenia and Azerbaijan. Apart from the accusations that over 200 TLE items had been transferred from Russia to Armenia, Armenia's declaration of its reduction liability was questioned; the 1 January 1997 data exchange also showed that Armenia had more armoured vehicles than permitted under its declared limits. Azerbaijan's January 1997 data showed it to have too many tanks, ACVs and artillery. Azerbaijan also exceeded the ceilings on armoured vehicle-launched bridges and was said to have failed to comply with other treaty obligations (notifications of deliveries of TLE, inspection quotas and reporting on units).¹²

In February 1999 Azerbaijan reiterated its claims that Armenia's military cooperation with Russia had led to the growing instability in the region and resulted in 'aggressive' supplies of modern equipment, including TLE, to Armenia, exceeding CFE Treaty limits. Claiming that the combination of Armenia's armed forces with those of Nagorno-Karabakh plus Russian military bases in Armenia upset the balance of forces in the region, Azerbaijan (unsuccessfully) demanded to be given higher TLE ceilings and maintained its refusal to declare its projected national and territorial limits for inclusion in the chart appended to the negotiated Agreement on Adaptation of the CFE Treaty.¹³ Inspections carried out at the Russian military bases in Armenia in 1999 found them to be in compliance with the information provided under the treaty's Protocol on Notification and Exchange of Information.

Another dispute arose between Armenia and Azerbaijan in 2001 about an alleged inconsistency in the Armenian data furnished to the JCG concerning the number of 'recovered' tanks.¹⁴

¹¹ Statement by Azerbaijani Deputy Defence Minister Col M. A. Beydullaev at the JCG session, 29 Apr. 1997, Joint Consultative Group document JCG.REF(AZ)/92/97, Vienna, 29 Apr. 1997. Armenia retaliated by charging Azerbaijan with preparing for a military offensive against Nagorno-Karabakh in order to retake the enclave.

¹² Statement by the US delegation to the JCG, Joint Consultative Group document JCG.DL/12/97, Vienna, 28 Oct. 1997.

¹³ Agreement on Adaptation of the Treaty on Conventional Armed Forces in Europe, Istanbul, 19 Nov. 1999, URL <<http://www.osce.org/docs/english/1990-1999/cfe/cfeagree.htm>>. A consolidated text showing the amended CFE Treaty as adapted in accordance with the 1999 Agreement on Adaptation is reproduced in Lachowski, Z., *The Adapted CFE Treaty and the Admission of the Baltic States to NATO*, SIPRI Policy Paper (SIPRI: Stockholm, 2002), available at URL <http://editors.sipri.se/pubs/CFE_Treaty_report.pdf>.

¹⁴ Armenia informed the JCG of additional T-54/55 tanks 'recovered from various parts retrieved from the scene of border clashes' in 1992-94. Azerbaijan claimed that the tanks notified by Armenia as lost were exclusively T-72s. Armenia replied that it had recovered the tanks from those lost by Azerbaijan. Joint Consultative Group documents JCG.DEL/29/01, 30 Oct. 2001; JCG.DEL/30/01, 6 Nov. 2001; and JCG.DEL/32/01, 13 Nov. 2001.

The Russian military presence in the South Caucasus

The early 1990s bore witness to the persisting influence of the big northern neighbour on the course of developments in the region. The Soviet Transcaucasus Military District (MD) was disbanded in September 1992. The withdrawal of the Russian troops proceeded in the midst of heavy fighting, which inevitably affected the withdrawal schedule. In May 1992 Russia and the three South Caucasus states agreed on the partition and transfer of military equipment from the former Transcaucasus MD to Armenia, Azerbaijan and Georgia 'on the basis of parity'. Russia began its withdrawal from Armenia (soon suspended) and from Azerbaijan (completed in May 1993).¹⁵ Russian military intervention saved Georgia from early disintegration and, under the terms of the military cooperation agreement of 9 October 1993 with Georgia, Russian garrisons were to be stationed in several strategic places.

After the initial pull-out of Russian troops the region soon witnessed their return, either on the strength of basing arrangements (chiefly to protect the borders of the new states) or as 'peace-making' (*mirotvorcheskie*) contingents. Concerned about the tensions and fighting in its own southern territory, the recent civil war in Georgia and the protracted conflict between Armenia and Azerbaijan, Russia began in 1994 to demand that its southern neighbours lower their TLE ceilings to enable it to raise its own ceilings without violating the treaty. The West was reluctant to concede this. The suggestion was rejected immediately by Azerbaijan, and Georgia later refused to allocate some of its TLE to Russia. Nevertheless, in June 1994, during a visit by Russian Defence Minister Pavel Grachev to the South Caucasus, principles for the operation of Russian bases in the Transcaucasus were agreed—four bases in Georgia¹⁶ and two in Armenia.¹⁷

Another problem was that of the Russian TLE holdings in Armenia and Georgia (as well as Moldova), held there partly to avoid reduction. Russia had approached the three governments on the problem, but with no conclusive result. Consequently, in early 1996, Russia's holdings in the three countries were said to comprise approximately 360 tanks, 750 ACVs and 430 artillery pieces.¹⁸

During the mid-1990s Azerbaijan and Georgia grew more assertive vis-à-vis their Russian partner and leaned increasingly towards the USA. The so-called Flank Document, adopted at the first CFE review conference in May 1996,

¹⁵ Fuller, E., 'Paramilitary forces dominate fighting in Transcaucasus', *RFE/RL Research Report*, vol. 2, no. 25 (18 June 1993), pp. 74–82.

¹⁶ A framework agreement had already been signed by presidents Boris Yeltsin and Eduard Shevardnadze on 3 Feb. 1994.

¹⁷ It was agreed that the early warning 'military facility' in Gabala in Azerbaijan, leased by Russia, would not qualify as an army base. In Apr. 1997 the Armenian legislature ratified a treaty which allowed Russia to maintain military bases in Armenia for a period of 25 years.

¹⁸ According to Georgian estimates, Russia stationed some 200 tanks, up to 570 ACVs and 220 artillery pieces at 4 military bases in Georgia. Aladashvili, I., 'Divided quotas and lost levers', DGHE (Tbilisi), in 'Georgia: article analyses transfer of CFE quotas to Russia, 5–15 Feb. 1996' (in Georgian), Foreign Broadcast Information Service, *Daily Report—Central Eurasia (FBIS-SOV)*, FBIS-SOV-96-039, 27 Feb. 1996, p. 59.

amended the provisions with regard to the flank issue.¹⁹ Four CIS flank states—Georgia, Ukraine, Azerbaijan and Moldova (‘GUAM’)—expressed concern that Russia might use the Flank Document to pursue its security interests at their expense.²⁰ They felt that the document might effectively override the Tashkent Agreement and enable Russia to seek bilateral solutions and possibly coerce individual countries into allowing it to use part of their TLE entitlements (and thereby put pressure on third countries, for instance, on Azerbaijan in the case of Nagorno-Karabakh). A clear definition of ‘temporary deployments’ of troops in the flank zone was called for, as well as a ceiling on permitted equipment in conflict areas such as Nagorno-Karabakh or Abkhazia in Georgia, in order to avoid potential concentrations of weapons that were not formally in violation of the CFE Treaty.²¹

The USA took an active stance. In May 1997, the US Senate approved a resolution on the ratification of the Flank Document with a set of conditions that addressed the concerns of the United States and the CIS states affected, especially with regard to the Russian troops and equipment deployed on the territory of states parties. The conditions proceeded from the finding that Russian forces were deployed in the GUAM states ‘without full and complete agreement of these states’.²² On 21 May Azerbaijan and the USA issued a joint statement supporting the Azerbaijani position that foreign troops might only be stationed temporarily on its territory under an agreement duly concluded in accordance with its constitution and in conformity with international law. The USA also supported Azerbaijan’s position on the non-use of temporary deployments and the reallocation of quotas on its territory, as expressed in the statement of the chairman of the first CFE review conference.²³

¹⁹ Final Document of the First Conference to Review the Operation of the Treaty on Conventional Armed Forces in Europe and the Concluding Act of the Negotiation on Personnel Strength of Conventional Armed Forces in Europe, Vienna, 15–31 May 1996, URL <<http://www.osce.org/docs/english/1990-1999/cfe/cfe1reve.htm>>.

²⁰ None of these countries wanted Russia to station troops permanently either on its territory or in its vicinity. Georgia was keen to secure the withdrawal of the Russian troops if they failed to quell the separatist movements in Abkhazia and South Ossetia; Ukraine sought the ending of the naval infantry dispute in the Black Sea; Azerbaijan was protesting against Russian support for Armenia in the Nagorno-Karabakh conflict; and Moldova wanted to address the question of the Russian troops stationed in the Trans-Dniester separatist region.

²¹ Goble, P. A., ‘Outflanked: how non-Russian countries view the proposed CFE flank modifications’, Testimony prepared for a hearing of the Committee on Foreign Relations, US Senate, 29 Apr. 1997.

²² Resolution of Advice and Consent to Ratification of the Document Agreed among the States Parties to the Treaty on Conventional Armed Forces in Europe of November 19, 1990 (‘the CFE Flank Document’), adopted by the Senate of the United States, 14 May 1997. For more detail see Lachowski, Z., ‘Conventional arms control’, *SIPRI Yearbook 1998: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 1998), pp. 503–504.

²³ Statements of the Chairman of the First Conference to Review the Operation of the Treaty on Conventional Armed Forces in Europe and the Concluding Act of the Negotiation on Personnel Strength, attached to the CFE Final Document, Vienna, 31 May 1996.

Withdrawal of Russian troops from Georgia

The issue of the Russian armed forces stationed in Georgia (and Moldova) came up again towards the end of the CFE Treaty adaptation talks in 1999. In the context of the ongoing conflict in Chechnya in late 1999, Russia found itself under strong political and negotiating pressure to show a measure of flexibility and goodwill with regard to this issue.

The four bases on Georgia's territory have existed by virtue of its unratified agreement of February 1994 with Russia.²⁴ Georgia insisted on closing down two—the Vaziani air base near the capital, Tbilisi, and the Gudauta base in the separatist province of Abkhazia. Russia is likely to continue to use the other two, at Akhalkalaki and Batumi, for some time but they are intended to be dismantled eventually. On 17 November 1999 Georgia and Russia signed a joint statement to the effect that Russia would reduce the levels of its heavy ground weapons on Georgian territory to the equivalent of a brigade ('basic temporary deployment' of its TLE at the Akhalkalaki and Batumi bases), thus meeting the requirements of the Agreement on Adaptation by the end of 2000. By the same time the Russian TLE located at Vaziani and Gudauta and the repair facilities in Tbilisi would be withdrawn, and the bases themselves would be disbanded and closed down by mid-2001.²⁵

Throughout the CFE adaptation negotiations a long-standing dispute concerned the problem of foreign military presence on the territory of a state party, especially with respect to Georgia and Moldova. Along with these countries' bilateral agreements with Russia on force withdrawals, the Agreement on Adaptation provides that TLE of a state party 'shall only be present on the territory of another State Party in conformity with international law, the explicit consent of the host State Party, or a relevant resolution of the United Nations Security Council'.²⁶ As a result, the adapted CFE Treaty potentially helps to enhance regional stability and the independent sovereignty of Russia's neighbours.

The USA, the UK and the Organization for Security and Co-operation in Europe (OSCE) offered Georgia and Russia financial assistance to facilitate the withdrawal of Russian forces. Russia had completed the scheduled reductions of its armaments by the end of 2000. The withdrawal of its troops from Georgia did not, however, begin until August 2000. Despite Georgia's insistence that all Russian forces should be withdrawn by the end of 2002, Russia proposed that the TLE at Batumi and Akhalkalaki remain there for 15–25 years in exchange for Russian military

²⁴ A series of agreements were signed in 1993–94, the most important being the Treaty of Friendship, Neighbourly Relations and Cooperation signed by presidents Yeltsin and Shevardnadze on 3 Feb. 1994. *Segodnya*, 10 Feb. 1994; and 'Georgia signs military accord and re-enters Russian sphere', *International Herald Tribune*, 4 Feb. 1994, pp. 1, 4.

²⁵ Organization for Security and Co-operation in Europe, Final Act of the Conference of the States Parties to the Treaty on Conventional Armed Forces in Europe, Annex 14, Joint Statement of the Russian Federation and Georgia, Istanbul, 17 Nov. 1999.

²⁶ Agreement on Adaptation (note 13), article I.3.

assistance. Progress was slowed by Georgia and Russia exchanging accusations in the JCG and by a lack of dialogue between them.

Russia handed over control of its Vaziani base to Georgia on 29 June 2001, but it failed to pull out of the Gudauta base by 1 July. The failure was alleged to be for reasons 'beyond the control of the Russian side'.²⁷ In early November 2001 Russia declared that the base had been dismantled and the troops withdrawn. However, Georgia claims that Russia has not fulfilled its commitments regarding Gudauta and has declared that the closure and disbanding of the base are incomplete until Russia takes sufficient transparency measures and formally transfers the base to Georgia. The situation has been complicated by allegations that Chechen military forces were fighting alongside Georgian partisans in the breakaway province of Abkhazia.

The terms of the Russian withdrawal from the Akhalkalaki and Batumi bases have not so far been agreed. Georgia has proposed a three-year withdrawal period, while Russia has suggested a 14-year withdrawal schedule. At the OSCE ministerial meeting in Porto, Portugal, in early December 2002, Georgia called on Russia to reach agreement on closing the two bases and other Russian facilities in Georgia. In this context, Georgia cited the CFE principle that a state must freely consent to foreign military deployments on its territory.²⁸

At the NATO summit meeting in Prague of 21–22 November 2002, the member states welcomed the 'significant results' of Russian reductions in the flank area but urged 'swift fulfilment' of the outstanding commitments with regard to Georgia and Moldova made by Russia at the OSCE Istanbul Summit Meeting in November 1999.²⁹ Russia denounced NATO's 'artificial linkage' of the ratification of the Agreement on Adaptation with Russia's commitments regarding these two states 'that have nothing to do with the CFE Treaty' and warned that NATO's position could seriously complicate Russia's efforts in Georgia and Moldova.³⁰

The exchanges of accusations between Georgia and Russia continued. In the spring of 2003 Georgia claimed that Russia had introduced TLE to South Ossetia; this Russia denied. In turn, a Russian senior official charged that the new Georgian–US military agreement potentially violated Georgia's commitments under the CFE Treaty.³¹

²⁷ Russian Foreign Minister Igor Ivanov suggested that 'with the support of Chechen and international terrorists, the Georgian side provoked hostilities in Abkhazia, which clearly made it even more difficult to reach agreement with Sukhumi'. [Letter of the Minister of Foreign Affairs of the Russian Federation, 12 Nov. 2001], OSCE document SEC.DEL/29/01, 15 Nov. 2001 (in Russian).

²⁸ Interpretative statement under paragraph 79 (chapter 6) of the Final Recommendations of the Helsinki Consultations, annex 3, attachment 2, OSCE document MC(10).JOUR/2, 7 Dec. 2002.

²⁹ Prague Summit Declaration issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Prague on 21 Nov. 2002, NATO Press Release (2002)127, 21 Nov. 2002, URL <<http://www.nato.int/docu/pr/2002/p02-127e.htm>>.

³⁰ Statement by the Delegation of the Russian Federation to the Joint Consultative Group, Joint Consultative Group document JCG.JOUR/481, 26 Nov. 2002, annex 1.

³¹ ITAR-TASS (Moscow), 4 Feb. 2003 (in English), in 'Russia's Kormiltsev refutes Georgia accusations over CFE treaty', FBIS-SOV-2003-0204, 4 Feb. 2003; and ITAR-TASS (Moscow), 10 Apr. 2003 (in English), in 'Senior Russian official says Georgian–US military agreement violates CFE Treaty', FBIS-SOV-2003-0410, 10 Apr. 2003.

The unaccounted-for equipment in the South Caucasus

The problem of unaccounted-for and uncontrolled TLE (UTLE) has dogged the CFE Treaty since its start. On the basis of Soviet data submitted in 1990, there currently remains an unresolved discrepancy of 1970 TLE items between actual levels and the aggregate amount of TLE that the eight former Soviet republics³² were committed to destroy or convert. The UTLE issue has been repeatedly raised both in the JCG and at the review conferences in 1996 and 2001. UTLE is present in several places in the area of application, particularly in the conflict-ridden South Caucasus—in Nagorno-Karabakh, and in Abkhazia and the Tskhinvali area in South Ossetia (Georgia). The three South Caucasian countries have repeatedly come in for criticism for failing to resolve the problem of their UTLE. The 1995 decision by the JCG on procedures for the reduction of irreversibly damaged conventional equipment mitigated the problem of weapons that were derelict or damaged in combat or ‘as a result of other unanticipated circumstances’.³³ In July 1997, the Joint Consultative Group agreed on general procedures for the conduct of on-site visits to assess and account for UTLE.³⁴

The states parties have acknowledged that the situation affects the CFE regime adversely. The best prospect for resolution of the UTLE issue lies in achieving a political settlement in these regions rather than in military–technical arrangements. At the second CFE review conference in 2001, special emphasis was again put on the unaccounted-for equipment.³⁵

Non-compliance in the North Caucasus

The role of the flank zone has fundamentally changed since the relevant treaty provisions were negotiated in 1989–90. Previously a peripheral area, the southern flank now includes Russia’s forward line of defence facing the volatile and conflict-ridden South Caucasus. The situation there has a politico-military impact on the North Caucasian parts of Russia’s own territory. These reasons have been cited in numerous Russian demands for the relevant treaty provisions to be modified as they were no longer adequate for Russian security requirements.

In the autumn of 1993 Russia, concerned about the instability on its southern borders, formally opened the issue of a revision of the flank zone. This question was to remain for years the main bone of contention between Russia and most of

³² See note 3.

³³ Decision of the Joint Consultative Group on an additional procedure for reduction by destruction of conventional armaments and equipment limited by the Treaty on Conventional Armed Forces in Europe, 14 July 1995.

³⁴ Decision of the JCG on modalities for UTLE on-site visits, Joint Consultative Group document JCG.DEC/9/97, Vienna, 23 July 1997.

³⁵ Formal Conclusions of the Second Conference to Review the Operation of the Treaty on Conventional Armed Forces in Europe and the Concluding Act of the Negotiation on Personnel Strength, CFE document CFE.DOC/1/01, 1 June 2001, URL <http://www.osce.org/docs/english/1990-1999/cfe/cfetr_2revconfe.htm>.

Table 3.2. Russian entitlements in the flank zone and alleged holdings in the revised flank zone under the 1999 Agreement on Adaptation

	Tanks	ACVs	Artillery
Flank zone entitlements ^a (1990 CFE Treaty)	700	580	1 280
plus those in storage	(600)	(800)	(400)
Temporary deployments (1996 Flank Document)	1 897	4 397	2 422
in original flank zone (31 May 1996–31 May 1999)			
Sub-limits in original flank zone (May 1999)	1 800	3 700	2 400
Territorial sub-limits for revised flank zone ^b	1 300	2 140	1 680
(1999 Agreement on Adaptation)			
<i>Russian holdings in the revised flank zone</i>			
Oct. 1999	1 493	3 534	1 985
Nov. 2000	1 327	2 790	1 746
Dec. 2001	1 294	2 044	1 557

^a The Leningrad and North Caucasus military districts (MDs).

^b In the Leningrad MD, excluding Pskov *oblast*; and in the North Caucasus MD, excluding Volgograd *oblast*; Astrakhan *oblast*; that part of Rostov *oblast* east of a line extending from Kushchevskaya to the Volgogradsk *oblast* border, including Volgogradsk; and Kushchevskaya and a narrow corridor in Krasnodar *krai* leading to Kushchevskaya.

Source: Treaty on Conventional Armed Forces in Europe, 1990 (the CFE Treaty), URL <<http://www.osce.org/docs/english/1990-1999/cfe/cfetreat.htm>>; Final Document of the First Conference to Review the Operation of the Treaty on Conventional Armed Forces in Europe and the Concluding Act of the Negotiation on Personnel Strength of Conventional Armed Forces in Europe, Vienna, 15–31 May 1996 (the Flank Document), URL <<http://www.osce.org/docs/english/1990-1999/cfe/cfe1reve.htm>>; and Russia's statements to the Joint Consultative Group plenaries in 1999–2001.

the other parties to the CFE Treaty. At the end of the reduction period it was obvious that Russia would not comply with its original CFE flank obligations. Even earlier it had failed to abide by another arms control-related commitment, the Vienna Document.³⁶

During the first Chechnya war in 1994–95, Russia failed to notify to other participants its transfers of armed forces to the region. The aim of military action in Chechnya, it claimed, was to defend Russia's territorial integrity. This argument was rejected by other CSCE/OSCE delegations, which stressed the applicability of CSBMs for internal crisis situations. Russia's argument that no external security

³⁶ Obstacles were also put in the way of the implementation of the Vienna Document (see note 2) by the South Caucasus states in the post-cold war period, and have tended to erode the CSBM regime. In the first half of the 1990s these nations hardly experienced the 'fair weather' necessary for CSBM implementation. Moreover, they have had rather limited experience of the complex CSBM procedures and scant resources to meet all the requirements for compliance. They have generally complied with verification measures, while the provision of various kinds of information (e.g., on military activities, defence planning and budgets) remained their 'Achilles' heel' for a long time.

threat existed was considered counter to the principle of the indivisibility of security in the area of application. Eventually, Russia accepted the relevance of CSBMs with regard to the Chechnya issue.³⁷

The compromise contained in the 1996 CFE Flank Document retained a special regime for the former flank zone while introducing a number of changes. It scaled down the size of the flank zone by reallocating several Russian (and Ukrainian) *oblasts* (with specific constraints and transparency measures attached) to the other CFE sub-zones (table 3.2).

A major issue of non-compliance arose in the autumn of 1999 during the run-up to the Agreement on Adaptation, when Russia informed NATO and other countries that it had exceeded its flank limits on TLE in the North Caucasus in the second war with the Chechen rebels. The NATO countries requested a high-level political declaration from Russia regarding the new situation. Then Russian Prime Minister Vladimir Putin gave assurances that his country would reduce its military presence in Chechnya to levels envisaged in the treaty as soon as the 'necessary conditions' could be created. Russia promised to provide more information about its forces through additional transparency measures and allowing more inspections in the North Caucasus.³⁸ This was found less than satisfactory by other states parties, but they noted Russia's pledge to comply with all the provisions and commitments of the CFE Treaty 'as soon as possible'.³⁹

Russia's non-compliance has hamstrung the process of adaptation of conventional arms control instruments in Europe. It was not until December 2001 that Russia announced that it had made the appropriate weapon reductions and was now meeting its CFE obligations.⁴⁰ The NATO states welcomed this declaration and in the following months Russia hosted numerous verification inspections to verify its data. However, the issue of non-compliance over the withdrawals from Georgia and Moldova (having to do with the spirit rather than the letter of the treaty itself) has effectively blocked ratification of the Agreement on Adaptation of the CFE Treaty by the great majority of states parties, in turn making the sensitive issue of extending the treaty to NATO's new members after 2004 more contentious than it need be.⁴¹

³⁷ 'OSZE Tätigkeitsbericht' [OSCE report of activities], *Österreichische Militärische Zeitschrift*, no. 3 (1995), p. 342.

³⁸ For excerpts from Putin's statement see ITAR-TASS (Moscow), 'Russia: Putin notes significance of OSCE summit', 1 Nov. 1999, in FBIS-SOV-1999-1101, 1 Nov. 1999.

³⁹ NATO, 'Final communiqué, Ministerial Meeting of the North Atlantic Council held at NATO headquarters, Brussels, on 15 Dec. 1999', Press Release M-NAC2(99)166, URL <<http://www.nato.int/docu/pr/1999/p99-166e.htm>>.

⁴⁰ In Jan. 2002 Russia claimed that it was meeting the allowed levels of heavy armaments in the flank zone. Interfax (Moscow), 11 Jan. 2002, in 'Russia expects NATO to ratify adapted treaty on conventional forces', FBIS-SOV-2002-0111, 11 Jan. 2002.

⁴¹ For further discussion on this see Lachowski (note 13); and Lachowski, Z., 'Conventional arms control in Europe', *SIPRI Yearbook 2003: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2003), pp. 691–95.

Conclusions

The European arms control process has certainly had a beneficial influence on the politico-military situation in the South Caucasus region. First, it helped reduce the overall excessive military arsenals there and set limits on the amounts of heavy weapons of the individual South Caucasian states and Russia. Second, it subjected the actors to a regime of compliance, verification and transparency, promoting an arms control culture among the new states, enabling a fairly effective control of weapon holdings and applying strong pressure on non-compliant states parties to the treaty. Third, it curtailed (although not always successfully) the room for manoeuvre of the main actor in the former Soviet Union—Russia—and its ability to put pressure on the other parts of the former Soviet Union, while also offering the new states more leeway and independence in pursuing their national security interests. Fourth, it enabled the international community to help to stabilize and contain the precarious regional situation. Fifth, while taking into account Russia's legitimate security concerns with regard to its flank area (especially Chechnya), the multilateral arms control agenda also addressed the concerns of its southern neighbours (such as the withdrawal or reduction of Russian troops and equipment, host country rights regarding deployments of forces, and greater transparency in Russia's military activities in the zone).

The evolving cooperative security regime proved able to exercise an influence that went beyond the formalities of the treaty. Most parties to the CFE Treaty have urged Russian compliance not only with the letter of the treaty but also with the spirit of the regime as reflected in the commitments made by Russia at the 1999 OSCE Istanbul Summit Meeting—the dismantling of its military bases and the pulling out of its troops, ammunition and non-CFE weapons.

Despite all these positive developments, however, arms control did not and could not resolve all the complex problems facing the South Caucasus in the first post-Soviet decade. While making the region part of a wider military security regime, it failed effectively to address the regional actors' conflicting interests. Many differences and sources of conflict that existed when the new Caucasian states came into being are still there, and the regional state and non-state actors are all too often willing to resort to armed responses. Russian peacekeeping has allowed for a fragile stability in the South Caucasus but has so far failed to turn it into a permanent peace. This calls for additional multilateral measures and steps which would help to provide guarantees and assurances to parties to conflicts.

On the arms control side, new intra-state, bilateral and sub-regional CSBMs or border arrangements would be helpful, inspired, for instance, by the experience of solutions arrived at in the Balkans. Further reductions of armaments are perhaps not realistic at present and could follow improvements in the political climate at a later stage. An approach similar to that of the Cooperative Threat Reduction pro-

gramme⁴² to tackle the local lack of will and lack of competence for the physical destruction of armaments, coupled with new attention to the export control dimension, are worth considering and would imply only modest costs compared to the current plans for external military assistance.⁴³

Overall, a potentially more positive scenario is emerging as the regional situation changes, with some of the regional states (Azerbaijan and Georgia) aiming to join NATO in due course, the USA establishing a foothold in the region (in Georgia), and the European Union taking a greater interest in the region's stability as it reaches out to the eastern periphery of Europe. On the other hand, President Putin's pragmatic policy (elsewhere) has not yet found a workable translation to the Chechnya conflict, and Russia's long-term policy vis-à-vis its southern neighbours remains unclear.

⁴² The US Cooperative Threat Reduction (CTR) programme, launched in 1993, is designed to help the countries of the former Soviet Union destroy nuclear, chemical and biological weapons and associated infrastructure, and establish verifiable safeguards against the proliferation of those weapons.

⁴³ On external military assistance to the South Caucasus countries see chapter 1 in this policy paper.

4. Arms control in Central Asia

DMITRI TROFIMOV

Introduction

In the 1990s dramatic changes occurred in the geopolitical landscape of Central Eurasia, where five new Central Asian republics—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan—assumed the responsibilities of statehood following the surprisingly swift demise of the Soviet Union. Autocratic by nature and sustained by clan loyalties, the leaders of these republics were unprepared to cope with the inevitable post-communist challenges. They have been unable to make adequate use of the comparative specializations which they inherited from the Soviet Union and instead have used their respective strengths to exert pressure on each other. The distribution of ethnic groups across borders has created inter-ethnic tension and led to protracted border and territorial disputes, which work against these states' quest for stability. As a result, it has been difficult to balance interests in the region. Instead, relationships between the states are based on an asymmetrical balance of power.

The sensitivity of most of the Central Asian states regarding their sovereignty is hampering cooperative efforts to address security-related regional problems such as Islamic extremism. The latter is virtually the only issue on which most of the Central Asian countries are generally in agreement, but the perception of the Islamist threat has differed significantly from country to country,¹ and some countries may be trying to occupy the niche of 'most suffering nation' in order to receive the maximum political and financial help from the international community. The reluctance and inability of these states to identify region-wide threats is further reflected in the fact that none of them has effective, well-functioning armed forces, and they have been slow to clarify the purposes and doctrines of their nascent armies. This further enhances the inferiority complex that derives from their 'unacceptable' exposure to external forces.

Overall, there seem to be more divisive political and economic factors than unifying elements—not to mention the traditionally strained personal relations between the presidents of the five republics. This has resulted in a lack of confidence and cooperation, which minimizes the probability of a complete and lasting resolution of the conflicts that exist in the region. There are numerous multilateral and bilateral cooperation pacts, but they remain pieces of paper that are cited by national leaders when it suits them to do so. In practice, they are rendered inadequate by entrenched bureaucratic processes and the new nationalism.

¹ Two special cases are Tajikistan (since its 1997 General Peace Agreement with the Islamic opposition) and Turkmenistan, which have at times demonstrated selectivity and caution as regards their perception of the Islamist threat.

In the past decade or so various models of collective security and organizations of different formats and geopolitical orientations have been tried in Central Asia. However, it has not been possible to set up an effective and comprehensive system of regional security. An explanation for this can be found in (a) the lack of sufficient external interest in Central Asia and (b) the complexity of the relationships between the Central Asian states.

Confidence-building in the Chinese–Soviet border areas

Overall, relations between China and Russia have improved dramatically since the end of the cold war with its intense Sino-Soviet disputes (dating back to the 1960s), which led to almost 20 years of bilateral tension and an arms race on both sides of the border. Correspondingly, the mutual threat perceptions set the tone of the negotiations (which resumed in 1987) on the protracted border and territorial disputes. The Chinese–Soviet (later Chinese–Russian) bilateral dialogue in the past 15 years has been characterized by the close association of border issues, security matters, confidence-building measures (CBMs) and arms control issues.

By signing agreements on border delimitation, in 1991 and 1994, China and the USSR (and then Russia) came close to settling their territorial dispute.² This led to an increased number of CBMs, which paved the way for arms control agreements in 1996 and 1997. In turn, the CBM agreements (in 1990, 1996 and 1997) contributed significantly to the settling of border disputes and eventually led to China's renunciation of its territorial claims against Russia.³

The 'Shanghai process', now the Shanghai Cooperation Organization (SCO), was largely the result of the 30-year Chinese–Soviet, later Chinese–Russian, bilateral dialogue on border and territorial issues and security. With the emergence of three newly independent states (Kazakhstan, Kyrgyzstan and Tajikistan) that had borders with China, negotiations on the former Chinese–Soviet border and the relevant arms control talks now had to be conducted on a multilateral level. In September 1992 a quadripartite intergovernmental agreement signed by Russia, Kazakhstan, Kyrgyzstan and Tajikistan on the principle of holding negotiations with China provided for a joint intergovernmental delegation of the four states to be formed in place of the former Soviet delegation.⁴ Later the 'joint delegation'

² Reproduced in *Collection of the Russian–Chinese Treaties, 1949–1999* (Terra-Sport: Moscow, 1999), pp. 117–25 and 275–77.

³ On these agreements see below in this chapter. Article 6 of the Russo-Chinese Treaty on Neighbourly Relations, Friendship and Cooperation, signed in Moscow on 16 July 2001, prohibits China and Russia from making territorial claims on each other. Nonetheless, disagreement persists over 3 small islands: Bolshoi Island in the upper reaches of the Argun River (called the Algan River in China), and the Ussuri (Hei Zia Zi) and Tarabarov (Yinlong) islands on the Amur River, near Khabarovsk. Article 6 establishes the mutual acceptance of the status quo (i.e., Russian jurisdiction over these 2 areas). *Bulletin of International Treaties 8* (Yuridicheskaya Literatura Publishing House affiliated with the Administration of the President of the Russian Federation: Moscow, 2002), pp. 56–61.

⁴ Agreement on Holding Negotiations with the Government of the People's Republic of China on Mutual Reduction of Military Forces and Confidence Building Measures in the Area of the CIS

principle was established in the preamble of the five-party arms control agreements of 1996 and 1997.⁵ These, in turn, gave impetus to the formation of a five-party permanent consultative structure, later known as the Shanghai Five. At successive summit meetings, in Almaty, Kazakhstan (June 1998), Bishkek, Kyrgyzstan (August 1999) and Dushanbe, Tajikistan (June 2000), the leaders of the five countries reached agreement on the focus of multilateral cooperation and on widening the format of the Shanghai process and institutionalizing it. At a summit meeting in Shanghai in June 2001, the SCO was established and enlarged to include Uzbekistan. The SCO was formally constituted in St Petersburg in June 2002.⁶

The Shanghai Five, and later the six members of the SCO, have focused their efforts on the fight against international terrorism, the illegal drugs trade, arms smuggling, illegal migration and other forms of cross-border criminal activity. Since December 1999 practical coordination of these efforts has been carried out by the 'Bishkek Group', comprising the heads of law enforcement agencies and special services of these states. The group meets at least once a year in the capital of Kyrgyzstan to discuss urgent issues and coordinate activities. In addition, a regional anti-terrorist 'structure' is to be established in Bishkek.⁷

The 1990 agreement on mutual reductions and confidence building on the Chinese–Soviet border

It has been questioned whether there is a substantial connection between CBMs and the political issue of strengthening mutual trust between nations,⁸ but in the

Member-States Border with China (signed on 8 Sep. 1992 in Minsk; entered into force on 8 Sep. 1992), reproduced in *Bulletin of International Treaties 5* (Yuridicheskaya Literatura Publishing House, affiliated with the Administration of the President of the Russian Federation: Moscow, 1993), pp. 70–77. See Article 1.

⁵ In 1996 and 1997 the 'Shanghai Five'—China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan—agreed on CBMs and arms reductions in the 100 km-wide areas adjacent to the borders. These were: (a) the Agreement between the Russian Federation, the Republic of Kazakhstan, the Kyrgyz Republic, the Republic of Tajikistan and China on Confidence Building in the Military Field in the Border Area, 26 Apr. 1996; and (b) the Agreement between Russia, Kazakhstan, Kyrgyzstan and Tajikistan (as a joint party) and China on the Mutual Reduction of Armed Forces in the Border Area, 24 Apr. 1997. Lachowski, Z., 'Conventional arms control', *SIPRI Yearbook 2002: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2002), p. 728.

The opening statements of the preambles of both the 1996 and the 1997 agreement state: 'Russian Federation, Republic of Kazakhstan, Kyrgyz Republic and Republic of Tajikistan, composing the Joint Side, and the People's Republic of China, hereinafter referred to as the Sides'.

⁶ Declaration by the Heads of the Member States of the Shanghai Cooperation Organization, St Petersburg, 7 June 2002 (the St Petersburg Declaration), available in an unofficial translation at URL <http://russia.shaps.hawaii.edu/fp/russia/sco_20020610_4.html>.

⁷ The establishment of this structure was initially provided for in the Shanghai Convention on the Fight Against Terrorism, Separatism and Extremism, signed on 15 June 2001. The text is available (in Russian) on the Internet site of the Russian Ministry of Foreign Affairs at URL <<http://www.In.mid.ru/>>. It was further stipulated in the St Petersburg Declaration of 7 June 2002 (note 6) and the eventual target date (not later than 1 Jan. 2004) was officially fixed in May 2003 in the preamble of the Declaration of the Heads of the SCO Member States (Moscow, 29 May 2003), available at URL <<http://www.In.mid.ru/>> (in Russian).

⁸ Borawski, J. (ed.), *Avoiding War in the Nuclear Age: Confidence-Building Measures for Crisis Stability* (Westview Press: Boulder, Colo. and London, 1986), p. 9.

past decade Chinese–Russian relations have provided evidence that there is such a connection. Initially, this was exemplified by the 1990 Agreement on the Basic Principles of Mutual Reduction of Military Forces and Confidence Building in the Military Field in the Area of the Soviet–Chinese Border.⁹ The unprecedentedly strict linkage between levels of reductions of armaments and their association with ‘normal neighbourly relations’ was notable. Another peculiarity of this first-ever Chinese–Soviet arms control agreement was the inseparable binding together of border, security, CBM and arms control issues—a principle which became enshrined in the subsequent bilateral (Chinese–Russian) and relevant multilateral pacts.

In accordance with the spirit of the European arms reduction process, the 1990 agreement stipulated that military forces deployed in the border area should be reduced to *defensive troops only*. It allowed for asymmetric reductions (Article 2). It was also the first agreement to establish special geographical zones to which all reductions should be limited (Article 4). In addition, the agreement laid the foundation for future verification mechanisms (Article 5) and for major CBMs, which were subsequently elaborated in arms control agreements in 1996 and 1997. The parties were not to conduct military exercises directed at each other in the border area; military exercises in the border area were to be limited in scale, range, frequency and geographical locations; and each side was to inform the other on the scale, range and geographical location of military exercises and of all major military activities in the border area.

The 1990 agreement was the initial step towards the Chinese–Russian bargaining process on CBMs and the eventual 1997 arms reduction agreement.

The 1996 agreement on military confidence building in the border area

On 26 April 1996, the heads of state of China, Kazakhstan, Kyrgyzstan and Tajikistan and the Russian Minister of Foreign Affairs signed the Shanghai Agreement on Confidence Building in the Military Field in the Border Area.¹⁰ Like the 1990 agreement, it stipulated that all military activities by the armies of the two sides deployed in the border area should be of a purely defensive nature. It included a list of CBMs for the border area: no military exercises were to be directed by either side at the other; the scale, range and frequency of military exercises were to be limited; both sides were to inform each other about important military activities taking place within 100 km of the border area; observers were required to be invited to military exercises; dangerous military actions were to be prevented; and friendly contacts were to be strengthened between troops on each side deployed in the border area. The agreement also stipulated an annual exchange

⁹ It was signed by the ministers of foreign affairs of the USSR and the People’s Republic of China on 24 Apr. 1990 in Moscow and entered into force on 24 Apr. 1990. *Collection of the Russian–Chinese Treaties, 1949–1999* (note 2), pp. 81–83.

¹⁰ See note 5. It consists of 16 articles and 1 supplement and entered into force on 7 May 1998. ‘Basic categories of information exchange’, *Collection of the Russian–Chinese Treaties, 1949–1999* (Terra-Sport: Moscow, 1999), pp. 365–73.

Table 4.1. Military personnel limits^a

Figures are in thousands of personnel.

Branch of service	Eastern sector	Western sector	Total
Ground forces	104.4	11.0	115.4
Air force	14.1	0	14.1
Air defence aviation	0.9	0	0.9
Ground and air forces	119.4	11.0	130.4
Border forces	38.5	16.5	55.0

^a The limits are those for each party—China and the Joint Side.

Source: Agreement on Mutual Reduction of Armed Forces in Border Areas, signed by the heads of state of China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, Moscow, 24 April 1997 (Article 5).

of information on military personnel and types of arms and armament in the border area. This information was to be strictly confidential. For the sake of convenience, the border area was divided into two sectors: the eastern, which covered the eastern part of the Chinese–Russian border (i.e., to the east of Mongolia); and the western, to the west of Mongolia, including the borders of China with Kazakhstan, Kyrgyzstan and Tajikistan.

The 1996 agreement addressed seven categories of equipment: the five stipulated in the CFE Treaty (main battle tanks, armoured combat vehicles (ACVs), artillery systems, combat aircraft and attack helicopters) plus tactical rocket launchers and electronic combat and reconnaissance (ECR) aircraft.¹¹ As initially proposed by Russia, the artillery systems covered by the CBMs should be of not less than 122-mm calibre.¹²

The 1997 Agreement on Mutual Reduction of Armed Forces in Border Areas

The Agreement on Mutual Reductions of Armed Forces in Border Areas was signed by the heads of state of China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan in Moscow on 24 April 1997.¹³ Like the 1996 agreement, it stipulated that all military activities of the armies deployed in the border area should be of a purely

¹¹ Reconnaissance or electronic warfare aircraft were included in the category of combat aircraft under the CFE Treaty.

¹² The Vienna Document (see chapter 3 in this policy paper) and the CFE Treaty limit artillery with a calibre of 100 mm and above.

¹³ See note 5. It entered into force on 6 Aug. 1999 and consists of 16 articles and 4 supplements—a ‘Statement on inspections and monitoring’, a ‘Statement on geographical zones of implementation of the agreement’, a ‘Statement on reduction mechanisms’ and a ‘Statement on information exchange’—which are regarded as an inalienable part of the agreement (Article 12). See also Lachowski, Z., ‘Conventional arms control’, *SIPRI Yearbook 1998: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 1998), pp. 526–27.

Table 4.2. Equipment limits for ground, air and air defence forces

Types of equipment	Eastern sector	Western sector	Total
Main battle tanks	3810 (incl. 850 in storage)	90	3900 (incl. 850 in storage)
ACVs	5670 (incl. 1370 in storage)	220	5890 (incl. 1370 in storage)
Artillery pieces	4510 (incl. 1550 in storage)	30	4540 (incl. 1550 in storage)
Tactical rocket launchers	96 (incl. 12 in storage)	0	96 (incl. 12 in storage)
Combat aircraft	290	0	290
Attack helicopters	434	0	434

ACV = Armoured combat vehicle.

Source: Agreement on Mutual Reduction of Military Forces in Border Areas, signed by the heads of state of China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, Moscow, 24 April 1997 (Article 6).

defensive nature. It provided for: (a) reduction of military forces deployed in the border areas of the five countries to defensive troops only; (b) an obligation not to use or threaten to use weapons or to seek military superiority; (c) reduction of the number of ground, air, air defence and border forces and the number of major weapons deployed within 100 km of a border; (d) an obligation to state the size of the forces that would remain after reduction, and the manner and timetable of the reduction; (e) the exchange of relevant information on forces deployed in the border area; and (f) an obligation to conduct regular verification of the implementation of the agreement.

The agreement defined the geographical zone of its implementation as the border area within 100 km of each side of the former Chinese–Soviet border (Article 4). China had only border defences in the 100 km zone, and the agreement therefore gave it the possibility to increase its military personnel and equipment up to the established limits (see tables 4.1 and 4.2). Theoretically, for regular Chinese military forces to be covered by reductions, the geographical zone of implementation of the agreement would have had to be increased to 300 km. That would have been unacceptable to the Russian military because of the high density of Russian personnel and military infrastructure in the immediate border area (within 25 km of the border). Russia therefore insisted on the narrowest possible strip of ‘transparency and predictability of military activity’, which meant that 100 km was chosen as the ‘least unacceptable’ compromise. In any event, the provisions of the agreement were not onerous for Russia since the agreed limits were not much different from the actual position in 1997. The reductions of armed forces in the border area cannot therefore be regarded as anything but a CBM.

A peculiarity of the 1997 agreement is its creation of so-called ‘sensitive’ zones within the geographical zone of implementation (Article 4). The areas affected are

Table 4.3. Limits of armaments for the border forces

Types of armament	Eastern sector	Western sector	Total
ACVs	680	140	820
Attack helicopters	70	10	80

ACV = Armoured combat vehicle.

Source: Agreement on Mutual Reduction of Military Forces in Border Areas, signed by the heads of state of China, Kazakhstan, Kyrgyzstan, Russia and Tajikistan, Moscow, 24 April 1997 (Article 6).

parts of the Russian ports of Khabarovsk and Vladivostok. Sensitive zones are exempt from inspections and no information on personnel or types of equipment is to be provided apart from total numbers. This provision resulted from a proposal made by the Russian delegation as early as 1992 and is directly related to the strategic communication facilities, headquarters and repair and reconstruction works located at Khabarovsk and Vladivostok.

Another characteristic feature of the agreement is the obligation not to deploy river combat vessels of the parties' naval forces within the zone of application. The total reductions stipulated by the agreement were to be completed within 24 months from the date of entry into force of the agreement (Article 7). Article 5 also stipulated the numbers of ground, air and air defence personnel allowed at the end of the reduction period (as stipulated in Article 7) and similar limits for border forces from the date of entry into force (see table 4.3). Article 6 also provided for limits on equipment (except ECR aircraft) in ground, air and air defence forces upon expiry of the reduction period, and similar limits for border forces from the date of entry into force of the agreement.

The most significant feature of the 1997 agreement is the strict confidentiality of the information exchanged (Article 9) and, consequently, the lack of public scrutiny. The information exchanged on military forces in the border area will be kept secret from countries that are not parties to the agreement. The agreement's Statement on Inspections and Monitoring provided for the establishment of a Joint Control Group (JCG) as the core element of the monitoring and verification mechanism stipulated by the agreement.

The agreement will remain in effect until 31 December 2020 and will be extended automatically for each ensuing five-year period provided that none of the parties has submitted written notification of its intention to suspend it.

Implementation of the 1997 agreement

The practical implementation of the 1997 agreement as regards reductions of excess agreement-limited armed forces and equipment began in August 1999 and was completed in less than 24 months. In accordance with the provisions of the

agreement, equipment that is limited by it must be destroyed or, in some cases, converted to non-military purposes. Article 6, paragraph 1 requires each party to take such action for each of the six categories of conventional armaments and equipment limited by the agreement—main battle tanks, ACVs, artillery systems, tactical rocket launchers (which are not covered by the CFE Treaty), combat aircraft and attack helicopters. ECR aircraft are not subject to reduction (Article 6, paragraph 1). However, under the Statement on Information Exchange requirements, the parties to the 1997 agreement must inform each other about the type, number and location of ECR aircraft.

The Joint Control Group was established in 1999 to conduct monitoring and inspections and is based on a formula of ‘China and Russia + 3’.¹⁴ It retained its original five-member composition even after the SCO was formed because of a joint decision by China and Russia that the number of participants in the 1996 and 1997 agreements should not increase and that no similar agreements should be concluded within the framework of the SCO if more members joined.¹⁵

The JCG met for the first time in November 1999 in Beijing.¹⁶ At its second meeting, in Beijing in November 2001, it was confirmed that the planned reductions of armed forces and equipment had been completed.

The implementation of the agreements, by the JCG or via other means, has advanced relatively smoothly despite a number of problems, such as disagreements within the ‘joint delegation’ (‘Russia + 3’) and varying interpretations of technical standards by the parties owing to differences in their experience, approach and understanding. These notwithstanding, the coordination mechanism has not yet encountered insuperable difficulties. Most of the problems that have occurred have been financial rather than organizational and have not been substantial. Some minor discrepancies involving purely technical misinterpretations by JCG inspectors were automatically reported to the corresponding national parts of the JCG, but no violations or major inconsistencies between the declared information and the findings of the inspectors have been discovered or reported to the JCG. Disagreements have been resolved bilaterally.

In November 2002 a quadripartite statement outlined the basic principles of the formation of the Joint Side delegation within the JCG.¹⁷ Among other things, the National Nuclear Risk Reduction Centre (NNRRC) of the Russian Federation was formally established as the main verification body to be used by the Joint Side under the 1997 agreement. In fact, the NNRRC had previously been acting in that

¹⁴ The group is made up of representatives of the foreign and defence ministries and border guard services of the 5 countries.

¹⁵ There was at one stage a view that Mongolia, given its geography and geopolitics, might join the agreements of 1996 and 1997, but neither the Russian nor the Chinese defence ministries supported the idea of getting additional 100-km. strips of ‘transparency and predictability of military activity’ along their borders with Mongolia.

¹⁶ Up to the end of 2002 the JCG met 6 more times (i.e., twice a year, in Apr. and Nov.).

¹⁷ It was signed in Moscow by the 4 ministers of foreign affairs on 23 Nov. 2002. The text has not been published and it has not entered into force.

capacity (although not formally authorized to do so), with the approval of the four other parties to the 1996 and 1997 agreements.

Major implications of the 1996–97 arms control agreements

The most immediate effect of the CBM and border delimitation negotiation process was the resumption of Chinese–Russian military–technical cooperation, which had been suspended in the late 1950s. The Chinese–Soviet agreements of 1990 (on CBMs) and 1991 (on border delimitation) contributed to the renewal and modernization of military–technical cooperation, which was initially related to the air forces of the two countries.¹⁸

In addition to the immediate benefits of enhanced access to Russian high-technology weaponry, China perceives its relationship with Russia as a strategic factor in its immensely important relationship with the United States. Russia sells weapons to China partly because arms transfers are potentially lucrative and partly to keep its own defence plants open; they would otherwise cease to exist because domestic demand is insufficient. It is also motivated to improve its relations with China by a deep and growing awareness of its own weak position east of the Urals, the knowledge that China could increasingly be able to dictate the terms of partnership and/or competition in that region, and the value of its relationship with China as an element of its policy of building ‘strategic partnerships’ vis-à-vis the USA.

There was also an increase in military and security contacts between China and the Central Asian SCO member states. The first such contacts were established in 1993, when two agreements were signed, (a) between China and Kazakhstan (a joint communiqué on the principles for bilateral military contacts) and (b) between China and Kyrgyzstan.¹⁹ In 1999–2002 these contacts increased because of several factors: (a) China’s concerns, shared by the Central Asian states, about Islamic militancy—whether of external or indigenous origin; (b) the gradual rapprochement, shaped by the SCO, between China and the four Central Asian states; and (c) China’s irritation with the Western military presence on its borders since the military action in Afghanistan in 2001. In August 2000, China signed a military cooperation agreement with Uzbekistan and offered it military equipment for anti-terrorist operations and military training,²⁰ and this was followed by a bilateral military–technical cooperation agreement in September 2001. In March 2002

¹⁸ Sherman W. Garnett identifies June 1990 as the starting point. Garnett, S. W., *Limited Partnership: Russia–China Relations in a Changing Asia, Report of the Study Group on Russian–China Relations* (Carnegie Endowment for International Peace: Moscow, 1998), p. 27.

¹⁹ This was an agreement on cooperation signed by representatives of the Ministry of Internal Affairs of Kyrgyzstan and the Chinese Ministry of Public Security. Xing, G., ‘China and Central Asia’, eds R. Allison and L. Jonson, *Central Asian Security: The New International Context* (Brookings Institution Press for the Royal Institute of International Affairs: London and Washington, DC, 2001), pp. 159–61.

²⁰ ITAR-TASS (Moscow), 29 Aug. 2000 (in English), in ‘Uzbekistan, China sign military cooperation accord’, Foreign Broadcast Information Service, *Daily Report–China (FBIS-CHI)*, FBIS-CHI-2000-0829, 29 Aug. 2000.

China signed military–technical assistance agreements with Kazakhstan and Kyrgyzstan.²¹ By the end of 2002 cooperation was upgraded to include joint military exercises: in October 2002 joint exercises between the border forces of China and Kyrgyzstan took place,²² and similar exercises are scheduled to take place between China and Kazakhstan. The three countries are extremely careful to avoid letting these activities cause concern in Russia or the USA.

Delimitation of the Chinese borders with Central Asia

Until the mid-1990s China's latent territorial claims were troublesome elements in the external affairs of Kyrgyzstan and especially Kazakhstan. In the latter, which is sparsely populated, and to some extent in Kyrgyzstan as well, the proximity of the most densely populated country in the world has always been regarded as threatening because of the spectre of possible demographic expansion. Deeply ingrained apprehensions and bias against the Chinese in Kazakhstan and Kyrgyzstan together with an inability to establish effective control over their borders with China have contributed in no small part to the special relationship Kazakhstan and Kyrgyzstan have with Russia. Nonetheless, despite past grievances, China, Kazakhstan and Kyrgyzstan have demonstrated flexibility and a desire not allow minor border disputes to jeopardize promising bilateral relations. The 1996 and 1997 arms control agreements were a watershed that demonstrated China's definitive renunciation of formerly implicit territorial claims on its Central Asian neighbours. They prepared the way for subsequent bilateral agreements on the delimitation of the borders—with Kazakhstan in 1998, with Kyrgyzstan in 1996–99 and with Tajikistan in 2001—and eased tensions between China and the Central Asian states.

Conclusions

In the past decade, arms control between neighbours—whether in Europe or in Asia—has changed from being confrontational to being cooperative, and the arms control process is becoming more political in character. Correspondingly, arms control in Central Asia cannot be viewed primarily as a military security endeavour. Rather, it is related to confidence building or the strengthening of mutual trust between nations.

Some observers believe that the 1996 and 1997 arms control agreements have 'contributed to the emergence of cooperative patterns and mechanisms of interstate relations'.²³ The two agreements laid the foundation for a multilateral CBM mechanism that involves two nuclear powers and covers the mainland of Central

²¹ 'Chinese military bearing gifts visit Central Asian neighbors', *Central Asia Report*, vol. 2, no. 11 (21 Mar. 2002), URL <<http://www.rferl.org/centralasia/2002/03/11-210302.asp>>.

²² Beijing Xinhua Domestic Service, 11 Oct. 2002 (in Chinese), in 'China, Kyrgyzstan hold joint anti-terrorist exercise 10–11 Oct.', FBIS-CHI-2002-1010, 11 Oct. 2002.

²³ Garnett, S. W., Rahr, A. and Watanabe, K., *The New Central Asia: In Search of Stability. A Report to the Trilateral Commission* (Trilateral Commission: New York, Paris and Tokyo, Oct. 2000), p. 74.

Eurasia. As a side effect, they paved the way for corresponding bilateral agreements on the delimitation of boundaries and eliminated deep-rooted tension between China and the four former Soviet republics that are its neighbours. In addition, they created a five-party negotiation mechanism that was later transformed into the Shanghai Cooperation Organization.

It was logical that the evolutionary development of the Shanghai Five would lead its members towards a new model of security and cooperation in Eurasia and would produce an effective mechanism for confidence building in the military sphere. For the most part, although not without problems, that mechanism has succeeded in resolving border questions; regular multilateral meetings and consultations have facilitated a fairly high level of coordination on security policy; and the basis for closer economic cooperation has been established. The major provisions, approaches and principles of the 1996 and 1997 arms control agreements have also been applied, and may be possible to apply, elsewhere in Asia. For example, in November 2000 Kazakhstan and Kyrgyzstan created a zone of 'transparency and trust' along their common border. In addition, the principle of 'renunciation of the unilateral military superiority in the border areas' was inserted in the 2001 SCO Declaration and the 2002 SCO Charter.²⁴ There has been some interest on the part of South Korea in the applicability of similar principles on the Korean Peninsula.

The fact that the two agreements were the first arms reduction and CBM agreements negotiated and signed by China will also be a critical precedent for its future gradual entry into a broader arms control architecture.

The most recent changes in the geopolitical landscape of Central Eurasia have made the cooperation of the major regional and external actors almost inevitable. The policies of the SCO, together with similar Western efforts, can hasten the process of the region's political and economic integration with the wider world. As a side effect, regional powers might find ways to make even better use of the cooperative patterns that are integral to the 1996 and 1997 agreements.

²⁴ Declaration on the Creation of the Shanghai Cooperation Organization, signed in Shanghai on 15 June 2001 Article 5, available in English at URL <http://russia.shaps.hawaii.edu/fp/russia/sco_1_20010620.html>; and Charter of the Shanghai Cooperation Organization (signed on 7 June 2002 in St Petersburg), Article 2, available in an unofficial English translation at URL <[http://www.In.mid.ru/ns-rasia.nsf/3a0108443c964002432569e7004199c0/900f1c8a16b9fbf643256cca0027bfe7/\\$FILE/English+\(43,5+K\)](http://www.In.mid.ru/ns-rasia.nsf/3a0108443c964002432569e7004199c0/900f1c8a16b9fbf643256cca0027bfe7/$FILE/English+(43,5+K))>.

Appendix A. Register of major conventional weapons imported by the countries of the South Caucasus and Central Asia, 1992–2002^a

Entries are alphabetical, by recipient and supplier(s).

Recipient and supplier (S)	No. ordered	Weapon designation	Weapon description	Year of order/ licence	Year(s) of deliveries	No. delivered/ produced	Comments
Armenia							
S: China	(4)	WM-80	MRL	(1999)	1999	4	
Russia	18	BM-21	MRL	(1995)	1995–96	(18)	Ex-Russian Army
	18	D-20	Towed gun	(1995)	1995–96	(18)	Ex-Russian Army
	36	D-30	Towed gun	(1995)	1995–96	(36)	Ex-Russian
	18	M-1943/D-1	Towed gun	(1995)	1995–96	(18)	Ex-Russian Army
	8	SS-1 Scud/9P117M	SSM launcher	(1995)	1996	8	Ex-Russian
	50	BMP-2	IFV	1995	1995–96	(50)	Ex-Russian Army
	4	BRDM-2 Spandrel	Tank destroyer (M)	(1993)	1995–96	(4)	Ex-Russian
	84	T-72	Main battle tank	1994	1994–96	(84)	Ex-Russian Army
	(9)	SA-4/2K11 Krug	SAM system	(1993)	1994	(9)	Ex-Russian Army
	945	AT-4 Spigot/9M111	Anti-tank missile	(1993)	1993–96	(945)	Ex-Russian; designation uncertain
	200	SA-18 Grouse/Igla	Portable SAM	(1995)	1995–96	(200)	Ex-Russian; transfer also includes 40 launchers
	349	SA-4a Ganef/3M8M1	SAM	(1993)	1994	(349)	Ex-Russian Army
	40	SA-8b Gecko/9M33M	SAM	(1993)	1993–94	(40)	Ex-Russian
	24	SS-1c Scud-B/R-17	SSM	(1995)	1996	24	Ex-Russian

Recipient and supplier (S)	No. ordered	Weapon designation	Weapon description	Year of order/licence	Year(s) of deliveries	No. delivered/produced	Comments
Azerbaijan							
S: Russia	6	Stenka Class	FAC(T)	1992	1992	6	Ex-Russian Navy
Turkey	1	AB-25 Class	Patrol craft	(2000)	2000	1	Ex-Turkish
Ukraine	(150)	T-55	Main battle tank	(1993)	1993-94	150	Ex-Ukrainian
Georgia							
S: Bulgaria	2	Vydra Class	Landing craft	2001	2001	2	Ex-Bulgarian; aid
Czech Republic	6	D-30	Towed gun	(2001)	2001	6	Ex-Czech
	120	T-55AM-2	Main battle tank	1998	2000-2001	(120)	Ex-Czech; incl some T-54 tanks
Germany	1	Lindau Class	Minesweeper	1998	1998	1	Ex-FRG; for Coast Guard; for use as patrol craft
Russia	5	T-72	Main battle tank	1993	1993	5	Ex-Russian Army; transferred by Russian forces in Georgia
Turkey	2	Bell-205/UH-1H	Helicopter	(2001)	2001	2	Ex-Turkish; aid
	1	AB-25 Class	Patrol craft	1998	1998	1	Ex-Turkish
Ukraine	(10)	L-29 Delfin	Jet trainer aircraft	(1997)	1997	10	Ex-Ukrainian
	(4)	SS-N-2c Styx/P-20M	Anti-ship missile	(1999)	1999	(4)	Ex-Ukrainian; for 1 Matka Class FAC
	1	Matka Class	FAC(M)	1999	1999	1	Ex-Ukrainian; 1 more delivered for spares only
	(1)	Stenka Class	FAC(T)	1998	1998	(1)	Ex-Ukrainian; Georgian designation Batumi Class
USA	6	Bell-205/UH-1H	Helicopter	1999	2001	6	Ex-US; aid; in exchange for help in 'war on terrorism'

Kazakhstan									
S: Russia	1 (13)	Il-76M/Candid-B L-39Z Albatros	Transport aircraft Jet trainer aircraft	1998 (1995)	2000 1996–2000	1 (13)	Ex-Russian Ex-Russian; payment for Russian debt to Kazakhstan		
	.. (21)	Mi-17/Hip-H MiG-29/Fulcrum-A	Helicopter Fighter aircraft	(2002) 1995	2002 1995–96	1 (21)	Mi-17V5 version Ex-Russian; payment for Russian debt; incl 4 MiG-29UB trainer version		
	(14)	Su-25/Frogfoot-A	Ground attack ac	1995	1997	(14)	Ex-Russian Air Force; payment for Russian debt		
	(38)	Su-27S/Flanker-B	Fighter aircraft	(1995)	1996–2002	(22)	Ex-Russian; payment for Russian debt		
	1	SA-10c/S-300PMU	SAM system	1998	2000	1	Probably ex-Russian		
	(36)	SA-10 Grumble/SV55R	SAM	(1998)	2000	(36)	For 1 SA-10c/S-300PMU SAM system		
Ukraine	(4)	AA-11 Archer/R-73	SRAAM	(1999)	1999	(4)	Possibly ex-Ukrainian		
	(4)	AA-7 Apex/R-23R/T	BVRAAM	(1999)	1999	(4)	Possibly ex-Ukrainian		
	(3)	AS-14 Kedge/Kh-29	ASM	(1999)	1999	(3)	Possibly ex-Ukrainian		
<hr/>									
Tajikistan									
S: Russia	10	Mi-8T/Hip-C	Helicopter	1993	1994	(10)	Ex-Russian Air Force		
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Uzbekistan									
S: Russia	50	BTR-80	APC	2001	2001–2002	(50)	Deal incl. other weapons		

MRL = Multiple rocket launcher; SSM = Ship-to-ship missile; IFV = Infantry fighting vehicle; SAM = Surface-to-air missile; FAC(T) = Fast attack craft (torpedo-armed); FAC (M) = Fast attack craft (missile-armed); ac = Aircraft; SRAAM = Short-range air-to-air missile; BVRAAM = Beyond visual range air-to-air missile; ASM = Anti-ship missile; APC = Armoured personnel carrier.

^a This register lists orders for major conventional weapons delivered in full or under delivery during the 11 years 1992–2002.

Source: SIPRI arms transfers database.

Appendix B. Register of major conventional weapons exported by the countries of the South Caucasus and Central Asia, 1992–2002^a

Entries are alphabetical by supplier and recipient(s).

Supplier and recipient (R)	No. ordered	Weapon designation	Weapon description	Year of order/ licence	Year(s) of deliveries	No. delivered/ produced	Comments
Georgia							
R: Congo (DRC)	(10)	Su-25/Frogfoot-A	Ground attack ac	1999	1999–2000	(10)	Possibly second-hand and modernized before delivery
Croatia	(12)	Su-25/Frogfoot-A	Ground attack ac	(1995)	1995	(12)	Ex-Georgian; status uncertain
Kazakhstan							
R: Angola	(4)	BM-21	MRL	(1998)	1998	4	Ex-Kazakh Army
	(28)	D-30	Towed gun	(1998)	1998–99	28	Ex-Kazakh
	24	M-46	Towed gun	(1998)	1999	24	Ex-Kazakh
Congo	3	BM-21	MRL	(1999)	1999–2000	3	Ex-Kazakh; recipient could be DRC
Ethiopia	100	D-30	Towed gun	(1999)	2000	100	Ex-Kazakh
	6	M-46	Towed gun	(1999)	2000	6	Ex-Kazakh
Macedonia	12	BTR-80	APC	1998	1998	12	Ex-Kazakh Army, first armoured vehicles for Macedonia
Nepal	2	Mi-17/Hip-H	Helicopter	(1999)	2001	2	Second-hand; modernized before delivery; for use against Maoist rebels; supplier could be Kyrgyzstan
North Korea	(34)	MiG-21bis/Fishbed-N	Fighter aircraft	(1998)	1999	(34)	Ex-Kazakh; 6 more confiscated in Azerbaijan while being delivered
	24	KS-19	Anti-aircraft gun	1995	1995	24	Ex-Kazakh
	4	Fire Can/SON-9	Fire control radar	1995	1995	4	Ex-Kazakh; for use with KS-19 100-mm AA guns

Sri Lanka	4	An-24/Coke	Transport aircraft	(1995)	1996	4	Second-hand; lease; flown by Kazakh crew
Yugoslavia (FRY)	226	SA-16 Gimlet/Igla-1	Portable SAM	1995	1995	226	Deal incl also 57 launchers; ex-Kazakh
Kyrgyzstan							
R: India	(15)	Mi-24V/Mi-35/Hind-E	Combat helicopter	(1994)	1995	15	Second-hand; designation uncertain
Sudan	1	Mi-24D/Mi-25/Hind-D	Combat helicopter	(1995)	1995	1	Ex-Kyrgyz
Uzbekistan							
R: India	3	Il-76M/Candid-B	Transport aircraft	2002		..	Sold via Russia; for modification to A-50Eh1 AEW&C aircraft in Israel; delivery from 2005; contract not yet signed
	6	Il-78M/Midas	Tanker aircraft	2001	2003	1	Il-78MK version; no. ordered could be 4; delivery 2003
Russia	(6)	Il-76M/Candid-B	Transport aircraft	(2001)	2002	(2)	No. ordered could be 7

DRC = Democratic Republic of the Congo; ac = Aircraft; MRL = Multiple rocket launcher; APC = Armoured personnel carrier; AA = Anti-aircraft; FRY = Federal Republic of Yugoslavia; SAM = Surface-to-air missile; AEW&C = Airborne early warning and control.

^a This register lists orders for major conventional weapons delivered in full or under delivery during the 11 years 1992–2002.

Source: SIPRI arms transfers database.

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