

Curse or Cure – Natural Resources and the Great Game in Central Asia

Central Asia has historically seen fierce geopolitical competition over control of its territory, due to its geostrategic location. During the 19th Century Imperial Russia and the British Empire clashed in the Caucasus and Central Asia. Today, competition in the region is primarily attributed to external actors seeking to gain an economic and strategic advantage from the development of the hydrocarbon reserves around the Caspian Sea. However, the development of oil and gas resources is a double-edged sword. It may strengthen independence, economic prosperity and political stability but there is also potential for conflict and inequality. This article examines whether resource wealth in Central Asia has ameliorated or exacerbated the instability the region has faced since independence.

The new great game

A number of scholars have likened the present power struggle in Central Asia to the emergence of a [New Great Game](#). China's effort to secure its growing need for oil and natural gas has been central to its presence in the region. Russia's main influential lever in the region is its near monopoly of the pipeline system for oil and gas exportation, which generates valuable transit fees and represents a powerful tool of political control over the oil and gas exporting states of Central Asia. The United States aims to diversify its energy sources and ensure that the Caspian hydrocarbon reserves pass neither through Russia nor Iran.

The war on terror served to further increase Central Asia's geopolitical and economic significance. Although Russia has expressed concern over the growing US military presence in Central Asia, Russia and the US share an obvious interest in supporting regional stability. Migration and the spread of terrorism, drug trade and organized crime are all issues that Russia and other external actors need to collaborate on. Although there is potential for minor conflicts, no single external actor can exclusively dominate the region.

The great game theory, which anticipates a security threat emanating from [competition](#) over the mineral resources around the Caspian basin, has been overestimated. Rather, the competition between Russia, the US, China and Iran could be beneficial for the Central Asian states and regional stability. Stephen Blank [suggests](#) that the influence of external actors has a positive influence on Central Asian stability, arguing that local governments have "mitigated potential external security dilemmas by exploiting great power rivalries to secure tangible security assistance that they could not otherwise produce on their own." (Blank, 2007)

Regional collaboration

The Central Asian countries inherited from the Soviet Union a fragmented network of energy production and transit routes. Upon independence, energy production and transit were controlled by multiple states, resulting in [disagreements](#) over access to international markets and transit fees. Today, the independent Central Asian states still have divergent conflicting interests and priorities.

However, despite of the unquestionable tension that surrounds its delimitation, the Caspian has yet to be a source of interstate conflict and there are no immediate expectations that this will change. Because the landlocked Central Asia states will remain dependent on their neighbors' transportation channels to bring resources to the market, they must cooperate to reap the economic benefits of energy exportation, thereby increasing military security between the states. This critical geopolitical relationship is exemplified by the Central Asian Centre [CAC] pipeline, which transports Uzbek and Turkmen gas to Russia and Ukraine through Kazakhstan. Moreover, an armed conflict would be a strong deterrent for much-needed international investment in the region.

Although the Central Asian states remain largely dependent on Russia to deliver their energy resources, other potential transit routes (through China, Iran and Turkey) have emerged. Both Kazakhstan and Turkmenistan have sought to attract investors for pipelines that would [diminish](#) dependence on Russia and increase the commercial attractiveness of their resources. The construction of a Kazakhstan-China oil pipeline provides a significant new outlet for Kazakh oil. Turkmenistan exports some of its oil through swap deals with Iran and plans to link into the BTC, which transports gas to Europe via Turkey. The first of two gas pipelines linking Turkmenistan, Uzbekistan and Kazakhstan to China was completed in 2009; the second is scheduled to be completed by late 2010.

Resource curse and political stability

The resource wealth of the Central Asian countries has facilitated the consolidation of their independence and, to a certain extent, allowed them to diversify interstate relations. However, oil revenues have done little to enhance internal stability in the Central Asian republics. Although some liberalization has occurred in the economic sphere, political [reform](#) has been absent or reversed. Although oil revenues have increased Kazakhstan's economic security, both Turkmenistan and Uzbekistan have developed symptoms of the resource curse. Dependence on resource exports has dominated the economies of Central Asia, and they are plagued with patronage networks, corruption and inequality. The lack of incentive to create a viable tax system has had negative effects on governmental representation, while democratic reform has been stalled or reversed.

Economic gains from resource wealth have been used to ensure survival of the authoritarian and repressive regimes, threatening political security in the long term. Presidential wealth may be the leading factor in competition for political succession. Hydrocarbon revenues have made possible the authoritarian regimes in Turkmenistan and Uzbekistan. Turkmenistan in particular has proven itself a classic example of the rentier state paradigm. Turkmenistan's political legitimacy, and thereby the stability of the regime, is bound to the state's ability to continue welfare functions such as the free provision of gas, electricity and water to the Turkmen population. The increasingly contested distribution of wealth and power in Central Asia is likely to amplify social tensions.

Ultimately, neither the strategic position in the centre of Eurasia nor resource-abundance have had a stabilizing influence on Central Asia per se. Rather, the respective governments' policies for international cooperation and the management of their resources will be decisive for the future development of the region.

Sincerely,

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Resources

Research and Academia

[The Russian and Eurasian Security Network \(RES\)](#)

The RES brings together leading academic institutes, think tanks and media organizations from around the globe to examine security-related developments in Russia and the Eurasian region.

[Central Asia-Caucasus Institut](#)

The Central Asia-Caucasus Institute is an independent research and policy institution, affiliated with the Paul H. Nitze School of Advanced International Studies at Johns Hopkins University.

[The China and Eurasia Forum Quarterly](#)

The China and Eurasia Forum Quarterly is an English language web-based journal devoted to the analysis of current issues facing China and Eurasia, as well as the growing relationship between the two.

Media

[Radio Free Europe/Radio Liberty \(RFE/RL\)](#)

RFE/RL is an independent, international news and broadcast organization.

[EurasiaNet](#)

EurasiaNet provides information and analysis about political, economic, environmental and social developments in the countries of Central Asia and the Caucasus, as well as in Russia, the Middle East and Southwest Asia.

[Registan.net](#)

Registan.net covers Eurasian politics and news, and seeks to draw more attention to issues and news not covered in depth by the western media.

Ferghana.ru

The Ferghana Information Agency is a certified Russian media outlet, serving the Central Asian republics of the former Soviet Union.

[Oasis on-line journal](#) (in Russian)

Oasis is a bi-monthly online journal that covers the five Central Asian countries.

Non-governmental Organizations

[Institute for War & Peace Reporting Central Asia](#)

The Institute for War & Peace Reporting strengthens local journalism in areas of conflict. By training reporters, facilitating dialogue and providing reliable information, it supports peace, democracy and development in societies undergoing crisis and change.

[Transition Online \(TOL\)](#)

TOL is a non-profit organization established to strengthen the professionalism, independence and impact of the news media in the post-communist countries of Europe and the former Soviet Union.

[International Crisis Group \(ICG\)](#)

The ICG is an independent, non-profit, multinational organization working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict. The ICG features comprehensive coverage of the Eurasian region.

Please see also the ISN special keyword on [Eurasia](#).