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Economic Involvement of Russia and China in Central Asia

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Key Points

* The history of relations of Russia and China with Central Asia goes back many centuries, to the days of the Great Silk Road. The rise in the level of economic activity of Russia in the region, however, was not always in step with that of China

* While the Soviet Union existed there were no direct economic links between China and Soviet Central Asia, but the collapse of the Soviet Union was the impetus for them to be formed. In the 1990s this was still a slow process: economic activity with China was an order of magnitude lower than that with Russia.

* Trade between Central Asia and China increased greatly from 2000 onwards. The gap between the Russian and Chinese levels of trade with Central Asia has narrowed slowly but inexorably, so that they are now comparable. If the so-called "shuttle" trade is taken into account, China is now a more significant economic partner than Russia for some countries of the region.

* The development of economic links with both Russia and China has caused the economies of Central Asia to suffer economic exhaustion, as they have had to satisfy a growing demand for raw materials, at the expense of their own processing industries. This trend could lead to a social and economic crisis in a large part of the Central Asian region (as currently exists in Kyrgyzstan), with a threat to the security also of Russia and China.

* The scenario of sharper competition between Moscow and Beijing for influence in the region is also potentially a threat to security. This scenario is by no means far-fetched, in view of the sometimes difficult history of Russian-Chinese relations, and the facts that the Chinese economy is booming and the Russian economy, recovering after a period of serious difficulty, will have an urgent need for Central Asian raw materials.

* If the process of simultaneous growth of Russian and Chinese economic involvement in Central Asia is to lead to fruitful cooperation close cooperation within institutions such as the Eurasian Economic Community (EurAsEC) and the Shanghai Cooperation Organisation (SCO) will be vital. The activities of these organisations should be focussed on intensive cooperation, industrial manufacturing and innovation within the region under a "EurAsEC + China" heading.

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Economic Involvement of Russia and China in Central Asia

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Introduction

The relations of both Russia and China with Central Asia[1] are rich in history, with economic and political factors closely intertwined. The Central Asian region has traditionally been an area of special interest in the foreign policies of both countries. This is natural, considering geographical location of the region at the heart of Eurasia and its strategic importance to both great powers. A feature of this history has been that the economic interests of Russia and China in Central Asia have not reached their peaks at the same time.

In the days of the Great Silk Road, which flourished until about 1500 AD, state staging-posts, located on the territory of modern Central Asia, served as a transport bridge between China and Europe. It was China that drove the economic development of the region, being the principal source of scientific knowledge and technology.

The development of shipping in the Age of Discovery (the 16th century) meant that sea transport routes became more important for world trade than land routes such as the Great Silk Road, and the relatively low cost of transporting goods by sea led to the geographical and economic isolation of Central Asia, which continued right up to the middle of the 19th century.

In the latter part of the 19th century, when Central Asia became part of the Russian Empire it became less isolated and developed stronger economic links, mainly with Russia. The fall of the Russian Empire in 1917 saw the beginning of a radically different relationship between Russia and Central Asia, as the Soviet period was a time of great economic progress for this region. Until the disintegration of the Soviet Union, Russia remained the main locomotive of economic progress in Central Asia and played the major role in developing the modern economic character of the region.

The disintegration of the USSR in 1991 led to the virtual collapse of economic relations between the Russian Federation (RF) and the countries of Central Asia (CA), giving a boost to the development of economic relations between these countries and the People's Republic of China (PRC).

During the 1990s, while Yeltsin's Russia[2] paid little attention to the development of economic links with the Central Asian region, China and many other countries started moving in to fill the void. After 2000, under President Putin,[3] the Russians recognised the importance of the post-Soviet space for the maintenance of their international status and began to press forward with political rapprochement with the Central Asian countries. This enabled the economic relations between the RF and CA to recover to some extent.

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For the first time in history, Russia and China have both been increasing their economic influence in Central Asia at the same time. What have been and what will be the effects of this? In the attempt to answer this complex question, one of the keys appears to be a survey of the trade links between the RF, the PRC and the CA countries.[4]

1. Volume and trends of trade between Russia, China and Central Asia[5]

Russia	China
Following the collapse of the USSR the volume of trade between Russia and the countries of Central Asia fell to about a tenth of its previous level.	Trade between China and the countries of Central Asia began to develop immediately after the fall of the Soviet Union.
Between 1992 and 1998 the annual volume of trade remained at a low, but stable level, at about \$6-7 billion.	Between 1992 and 1998 the annual trade turnover was low, between \$350 million and \$700 million.
In 1999, following the 1998 economic crisis in Russia, the trade turnover fell to between 50 and 65% of the 1992-1998 average level.	The starting point for intensification of trade relations was the economic crisis in Russia. The 1999 figures show an approximately 25% growth in this trade.
Between 2000 and 2003 the trade links were on the whole stagnant. The volume of trade was comparable with that in 1992 - 1998, at an average annual level of \$6-7 billion.	From 2000 onwards an even more dynamic growth in the volume of trade can be observed. Between 2000 and 2003 the turnover increased by more than 200%, from \$1 billion to \$3.3 billion.
From 2004 onwards, a trend to growth in trade can be detected. Between 2004 and 2006 the turnover increased by 42%, from \$10.5 to \$14.9 billion.	In the period 2004 - 2006 there is steady growth in trade turnover, with an overall increase of 150%, from \$4.3 billion to \$10.8 billion.

In general, the trade between China and Central Asia is growing more dynamically than the trade between Russia and Central Asia. From 1992 to 2006, the trade turnover between Russia and Central Asia grew by a factor of 2.3 while that between China and Central Asia grew by a factor of 25.6.

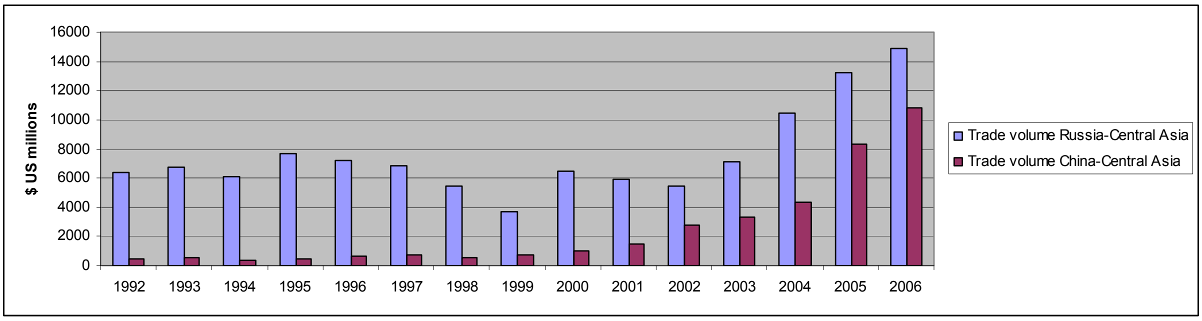
It is particularly noteworthy that China had a virtually negligible volume of trade with Central Asia in 1991, but now has a level of trade comparable with that of Russia. According to the 2006 figures, the volume of trade between Russia and Central Asia was of the order of \$14.9 billion, while that between China and Central Asia was \$10.8 billion (see table 1).

Table 1 Volume of trade between Russia, China and Central Asia (1991-2006)[6]

Year	Volume of trade between Russia and Central Asia, $ US millions	Volume of trade between China and Central Asia, $ US millions
1991	59226	-
1992	6360	422
1993	6750	512
1994	6143	360
1995	7679	486
1996	7244	674
1997	6833	699
1998	5411	588
1999	3695	733
2000	6469	1041
2001	5924	1478
2002	5464	2798
2003	7088	3305
2004	10463	4337
2005	13227	8297
2006	14869	10796

In summary, the gap between the economic effects of Russia and China in Central Asia is slowly but surely disappearing, with the growth in China's influence clearly linked to the earlier weakening of Russia's position and the low rate of its recovery. The closing of this gap was most dramatic since 2002 (see diagram 1).

Diagram 1 Trends in the volume of trade between Russia, China and Central Asia (1992-2006)[7]

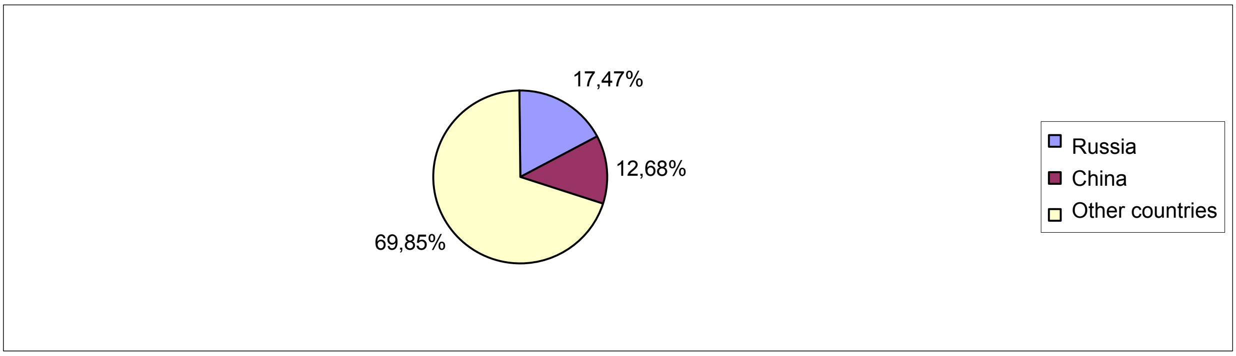


2. Significance of Russia and China in foreign trade of Central Asia

Trade relations with the countries of Central Asia do not play a significant role in the economy of Russia, and even less in the economy of China. In 2006, the combined total of trade with all the Central Asian countries was about 3% of Russia's foreign trade and 0.6% of China's.

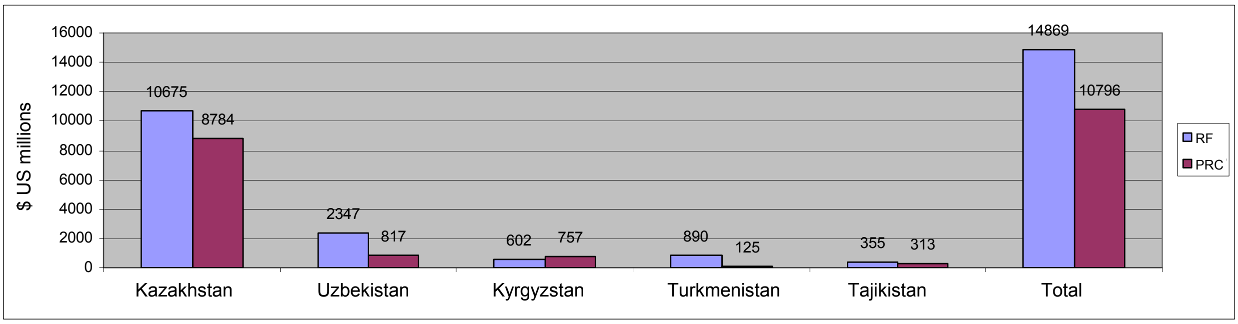
On the other hand, Russia and China are highly significant trading partners for the Central Asian countries themselves. The figures for 2006 show Russia having about a 17% share of the foreign trade of the Central Asian countries and China about a 12% share (see diagram 2).

Diagram 2 Proportions of Chinese and Russian trade in overall foreign trade figures of Central Asian countries (2006)[8]



The scale of Russian and Chinese trade activity in the Central Asian region varies considerably between individual countries. This variation occurs not only in the total trade volume of individual countries but also in the relative importance of Russia and China in each case (see diagram 3).

Diagram 3 Comparison of trade volumes for Russia and China with individual Central Asian countries (2006)



Examination of the proportions of foreign trade of the Central Asian countries with Russia and China reveals significant differences between countries (see table 2).

Table 2 Proportions of Central Asian trade occupied by Russia and China and proportions of Russian and Chinese foreign trade occupied by Central Asian countries (2006)[9]

Country	Russian share of country's foreign trade, %	Chinese share of country's foreign trade, %	Country's share of Russia's foreign trade, %	Country's share of China's foreign trade, %
Kazakhstan	18.87	15.5	2.28	0.49
Kyrgyzstan	27.24	34.25	0.13	0.04
Tajikistan	12.22	10.77	0.08	0.02
Uzbekistan	16.39	5.71	0.51	0.05
Turkmenistan	9.76	1.37	0.19	0.007
Total	17.47	12.68	3.19	0.607

It can be seen that for those countries having a border with China (Kazakhstan, Kyrgyzstan and Tajikistan) the scale of trade activity with China is comparable with that of Russia. The most notable example here is Tajikistan, whose trade relationship with China only began to develop intensively in 2005. Until 2004 the level of trade between Tajikistan and China was insignificant compared with that between Russia and Tajikistan. In 2004, China's share of Tajikistan's foreign trade was 1.3%, compared with Russia's share which was 10.9%.

This is related to the fact that until 2005 Tajikistan did not have well-developed transport communications with China (in contrast to Kazakhstan and Kyrgyzstan), as the frontier between the two countries was mountainous and relatively inaccessible. In 2004, however, after the opening of the road across the Kul'ma pass, China suddenly became a much more significant trading partner for Tajikistan, with the result that the gap between the trade figures for China and Russia with this country reduced sharply.

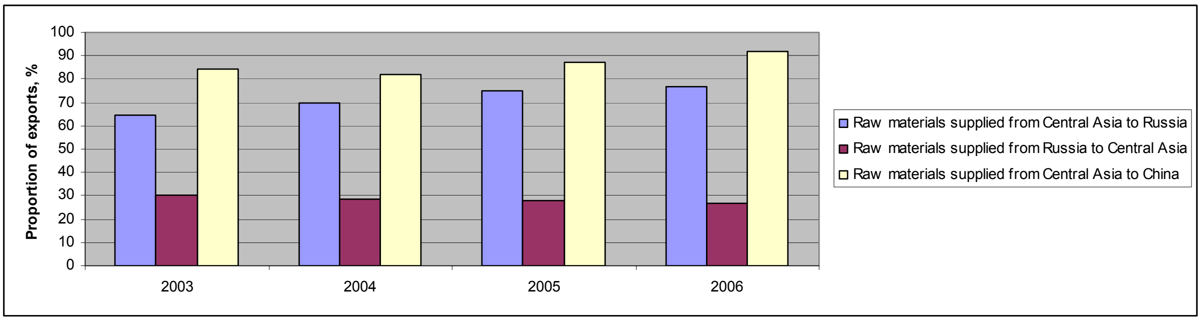
In those countries of Central Asia which do not border on China (Uzbekistan and Turkmenistan), the volume of trade with China is still much less than that with Russia.

3. Structure of Russian and Chinese trade with Central Asia

In the period 2003-2006 there was a gradual increase in the proportion of raw materials (energy, ferrous and non-ferrous metals, chemicals,[10] textiles, minerals) making up the exports from Central Asia to Russia and China. At the same time, the exports from Russia and China to the Central Asian countries have included increasing proportions of finished products (machinery, equipment, foodstuffs and other consumer goods, processed chemical products).

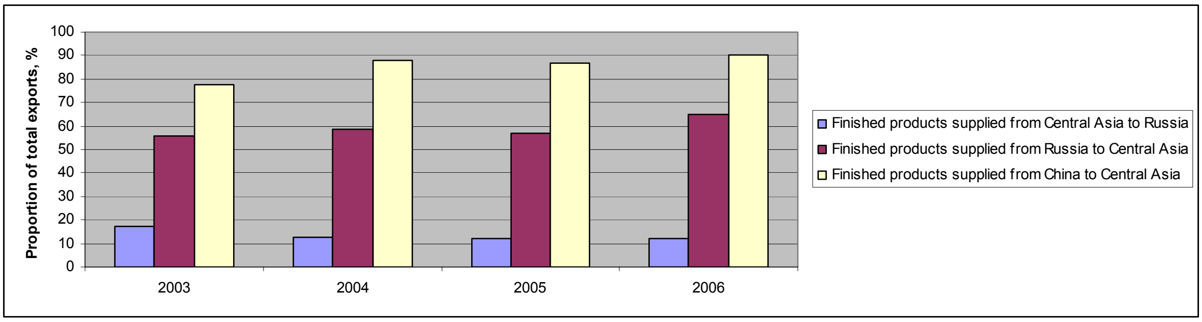
Exports of raw materials
In the period 2003-2006 the proportion of raw materials in the exports from the Central Asian countries to Russia grew from 64.8% to 77% and to China from 84.4% to 90.2% (diagram 4).

Diagram 4 Comparison of dynamics of change in share of raw materials in trade between Central Asia and Russia and China (2003-2006)



Exports of finished products
In the same period, the proportion of finished products in the exports from Russia to the Central Asian states grew from 55.5% to 64.9%, and in the exports from China from 77.5% to 92% (see diagram 5).

Diagram 5 Comparison of dynamics of change in share of finished products in trade between Central Asia and Russia and China (2003-2006)



Analysis of the trade structure between Russia and Central Asia reveals the high proportion occupied by raw materials:[11]

- in the period 2003-2006 the average proportion of raw materials in the total trade turnover was more than 50%;
- the proportion of finished products was about 36%;
- the remaining 14% or so was made up of services.

A similar analysis for China shows the strong orientation towards raw materials in the trade of the Central Asian countries:

- in the period 2003-2006 the proportion of raw materials in the exports from the countries of the region to China was just under 86% (while services accounted for just over 14% and there were no exports of finished products);
- more than 86% of the exports from China to the countries of the region comprised finished products (with services accounting for just under 14% and there were no exports of raw materials).

In summary, the exports from Russia to Central Asia contain a larger proportion of finished products than the imports. This does not alter the overall pattern of a strong orientation to raw materials in the economic systems of Russia and the Central Asian states. At the same time, the significant proportion of raw materials exchanges between Russian and the countries of Central Asia reflects the structural and technological interdependence of various sectors of the economies of these countries.[12]

The pattern of trade and economic relations between China and the countries of Central Asia, on the other hand, is more one of raw materials in exchange for finished products. This is evidence of the steady, gradual transformation of Central Asia into being purely a raw materials supplier for China. In the era of globalisation, which for this region has a Chinese look to it, the countries of Central Asia, which have never succeeded in establishing an effective economic union, fit naturally into this role.

4. Shuttle trade

Data from the statistics organisations of Russia and the countries of Central Asia on the volume of trade between them are generally the same. Data on the so-called shuttle trade between China and the Central Asian countries, however, differ in the statistics from China and Central Asia.

Information from the statistics organisations of the countries of the region takes very little account of shuttle trade. The official figures therefore do not reflect the true extent of Chinese economic activity in Central Asia, and hence do not accurately reflect their relationship with Russian activities either.

Shuttle trade is taken into account to a much greater extent in China, although not fully even there. It is of interest to compare the data from various statistics organisations and some assessments of the volume of shuttle trade by experts.

Discrepancies in statistical data
According to official Chinese figures for 2006, the volume of trade between China and the countries of Central Asia amounted to $13.35 billion, which is $2.55 billion dollars (23.6%) higher than the comparable figure from the Central Asian countries.

The biggest contributors to this discrepancy are Kazakhstan and Kyrgyzstan, the main countries involved in shuttle trade. According to information from the Chinese Ministry of Commerce, the volume of trade between China and Kazakhstan in 2006 was about $10.8 billion and the volume of trade between China and Kyrgyzstan was about $1.17 billion. These figures are higher than the figures from the Central Asian countries by about $2 billion (23%) and $410 million (55%) respectively.

The discrepancy in statistical data is not so great between China and Tajikistan and Uzbekistan as it is for Kazakhstan and Kyrgyzstan. It is apparent that this is due to the smaller effect of shuttle trade in these countries. According to data from the Chinese Ministry of Commerce, the volume of trade between China and Uzbekistan in 2006 was about $900 million and the volume of trade between China and Tajikistan was about $350 million. These figures are higher than those from the Central Asian countries by about $83 million (10%) and $37 million (11%) respectively.

Shuttle trade between Uzbekistan and China is known to pass through Kazakhstan and Kyrgyzstan. A significant proportion of the goods imported into Kazakhstan and Kyrgyzstan by shuttle merchants from those countries (and from Uzbekistan) is subsequently re-exported to Uzbekistan. It is extremely difficult to put an accurate figure on these re-exports.

In the case of Turkmenistan the discrepancy with Chinese figures is relatively small. According to data from the Chinese Ministry of Commerce, the volume of trade between China and Turkmenistan in 2006 was about $133 million, $8 million (6%) higher than the corresponding figures from Turkmenistan. This appears to be related to the fact that most of Turkmenistan's shuttle trade is with neighbouring Iran rather than with the more distant China.

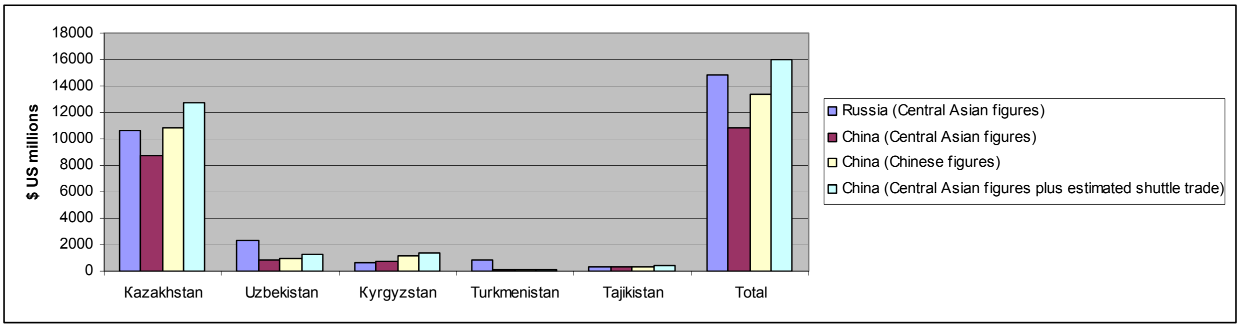
Expert opinion
Expert opinion is that the true volume of shuttle trade between China and the Central Asian states (apart from Turkmenistan) is probably not the $2 billion suggested by the discrepancies in the official figures, but something between $4.5 billion and $6.5 billion, made up as follows:

- Kazakhstan - $3.5-$4.5 billion;[13]
- Kyrgyzstan - $500-$800 million;[14]
- Uzbekistan - $400-$500 million;[15]
- Tajikistan - $100-$200 million.[16]

If these expert opinions are valid, the volume of trade between China and the Central Asian countries is at least 40% (about $4.5 billion) and possibly as much as 60% (about $6.5 billion) higher than the figures quoted by the official statistics of the countries of the region.

This could all mean that the real scale of trade involvement by China in Central Asia is already greater than that of Russia (see diagram 6).

Diagram 6 Comparison of volume of Russian and Chinese trade with Central Asian countries (2006)



If these expert assessments are accepted, China's share of the overall foreign trade of the Central Asian countries is not the officially-quoted 12%, but about 21-22%, whereas the true figure for Russia's share is not the officially-quoted 17% but 16%.

Conclusions

Analysis
Comparison of the levels of economic activity of Russia and China in the Central Asian region leads to the following conclusions:

Firstly, the structure of trade between the Central Asian countries and Russia and China provides clear evidence of the raw materials orientation in the economies of the Central Asian countries. This is particularly true of the trade between China and Central Asia, in that there is virtually no export of finished products from Central Asia to China.

Furthermore, the trends in the structure of trade between Russia and the Central Asian countries and between China and the Central Asian countries indicate that in the last few years, with a significant intensification of trading activity, the reliance of the Central Asia countries on raw materials exports has been increasing. The proportion of raw materials in the exports from the Central Asian countries to China, and even in the exports to Russia, has increased steadily, at the expense of the proportion of finished goods.

It is thought that if this bias in the economies of the countries of the region in favour of raw materials exporting continues, their processing industries will decline and collapse. This would make it even more difficult for the Central Asia countries to prevent the fragmentation of the regional economic area. It is well known that countries mainly depending on the export of raw materials lose the incentive to press ahead with regional integration processes.

Secondly, China's economic activity in the Central Asian region is increasing slowly but surely, in parallel with the intensification of Russian economic links with these countries.

Chinese economic activity in the Central Asian region is growing at a faster rate than Russia's. Even ignoring shuttle trade between China and Central Asia, the volume of trade between China and the Central Asian countries is now comparable to that between Russia and the Central Asian countries. If the level of shuttle trade is taken into consideration, it is clear that for Central Asia trade with China is already more important than its trade with Russia.

Thirdly, another important trend to note is that the increasing level of export of goods from China into Central Asia is based on finished goods (particularly consumer goods). Chinese manufacturers can offer goods at more competitive prices than Russian and Central Asian manufacturers, who will therefore undoubtedly be squeezed out.

The development of economic links between Russia and the countries of this region is mainly due to the intensification of trade in raw materials, particularly in hydrocarbons. The proportion of hydrocarbons in the total volume of exports from the Central Asian region to Russia grew from 34% in 2003 to 56% in 2006.

It would be logical to assume that if a system of gas and oil pipelines to provide energy to China from Central Asia is constructed,[17] bringing to an end Russia's monopoly over the transit of Central Asia energy, the balance in Central Asian trade will shift sharply in China's favour.

Scenarios

It is extremely difficult at the moment to see where the simultaneous growth of Russian and Chinese economic activity in Central Asia will lead: i.e. whether it will lead to cooperation or to rivalry between two powers.

Although there has been a distinct political rapprochement between Russia and China, the chances of a conflict of interests between them in Central Asia in future cannot be discounted.[18] The expanding Chinese economy and the recovering Russian economy will have increasing requirements for Central Asian resources in the future, especially for energy and for the non-ferrous metals with which Central Asia is particularly well endowed.[19]

One possible scenario for the future is thus one in which narrow nationalist interests gain the upper hand in either Russia or China (or both), so that one or both tries to absorb the region into its own economic sphere of influence. If there is an increase in rivalry between Russia and China for influence in Central Asia, the stability of the region could be jeopardised, adversely affecting the security of both Russia and China.

Another dangerous scenario is one in which China tries to force the pace of economic integration within the framework of the Shanghai Cooperation Organisation (SCO), which is at present the only institution for cooperation between Russia, China and the Central Asian countries (apart from Turkmenistan), while retaining the present format of trade links. This would continue the economic exhaustion of the region, leading to widespread social and economic problems and threatening stability.

Recommendations

The only obvious alternative to the grim scenarios described above is the formation of a multilateral and mutually-advantageous cooperation plan focussing on the "Russia - China - Central Asia" triangle.

It is clear that if the process of simultaneous expansion of Russian and Chinese economic activities in Central Asia is to lead to fruitful international collaboration, the closest cooperation will be required between institutions such as EurAsES (Russia, Belarus, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan) and the SCO (China, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan).[20]

In principle, the SCO has the potential in the longer term to become a powerful economic entity comparable to the European Union. But if it is to do so, it must solve its main problems, putting a stop to the fragmentation of the "Russia - Central Asia" economic space and overcoming the raw materials bias in the economies of the countries of this region and Russia.

After all, the longer-term prospects for the SCO are closely connected to international cooperation in industrial production and innovation within the framework of the SCO (on the basis of "EurAsES + China). This cooperation should be a main aim of both the EurAsES and SCO organisations.

* * *

In summary, to develop mutually-profitable international economic cooperation between Russia, China and the countries of Central Asia, the political will of these countries should be consolidated to maximise the potential of the SCO for joint development and implementation of strategic initiatives for multilateral economic cooperation within the SCO framework.

In view of the size of its economy and the growth rate of virtually all sectors of its industry, the main locomotive for the economic development of the "China - Russia - Central Asia" area is undoubtedly China. Much therefore depends on China. It remains to be seen whether China's joint presence with Russia in Central Asia will assume the character of cooperation, with the SCO consequently developing into a powerful organisation, one of the world's centres of economic strength, or rivalry causing it to collapse like the USSR, leaving behind a disintegrated and destabilised area.

Endnotes

[1] "Central Asia" is taken to mean the region in the centre of Eurasia, comprising the following five states: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.
[2] President Boris Yeltsin was in power in Russia from 1991 to 1999.
[3] President Vladimir Putin has been in power since 2000. The next presidential elections are due to take place in 2008.
[4] The question of economic cooperation overall is extremely complex, but an analysis of the state of trading relationships gives the best picture of it.
[5] The estimates in parts 1, 2 and 3 of the report are based on sources from the national statistics organisations of the states of Central Asia. Data from these organisations generally match data from the Russian statistics organisations. Data from the Chinese statistics organisations, however, differ considerably from the data from the Central Asian countries. Part 4 of the report focuses on this aspect.
[6] Source: data from the national statistics offices of the countries of Central Asia. Total volume of trade between Russia and the Central Asian republics has been calculated by summing the figures for bilateral trade. Figures for 1991 were expressed in the primary sources in Soviet roubles, as the Central Asian states were still part of the Soviet Union at that time. In this table they have been converted into US dollars using the exchange rate 1 US dollar = 0.78 roubles (based on equivalence of purchasing power).
[7] Source: data from the national statistics offices of the countries of Central Asia.
[8] Calculated from data from the national statistics offices of the countries of Central Asia.
[9] Source: data from the national statistics offices of the countries of Central Asia.
[10] Mineral fertilisers, primary petroleum products, gas condensate, etc.
[11] Source: data from the national statistics offices of the countries of Central Asia.
[12] This applies particularly to the energy sector, which was constructed as an integrated system in the former Soviet Union. In particular, there is a great deal of energy exchanged between Russia and Kazakhstan. But Russia and the countries of Central Asia also purchase other raw materials from each other which may be in short supply in their own countries.
[13] *China proposes to open a free trade zone on the border between China and Kazakhstan* ("Kazinform" information agency website http://www.inform.kz/showarticle.php?id=76501); O.G.Mirutina, *Prospects for cooperation between China and Kazakhstan and the implications for Russia* (Russian Federation Ministry of Education, Humanities and Political Science Department website http://www.humanities.edu.ru/db/msg/19819).
[14] *Ministry of Industry on the development of economic relations between Kyrgyzstan and China* (website of private Kyrgyzstan information agency "AKIpress" (http://www.akipress.org/news/29316); *China on the march in Central Asia* (website of "Moskovskiye novosti" (http://www.mn.ru/issue.php?2007-8-24).
[15] *Environment and resources* (website of non-governmental organisation "Network for Ethnic Monitoring and Early Warning" (independent specialist organisation formed in 1993 based on the Institute of Ethnology and Anthropology of the Russian Academy of Sciences (http://www.eawarn.ru/pub/AnnualReportWebHome2002/2002anrep32.htm).
[16] Material from Tajikistan site "Avesta" (news agency "Tajikistan-online" (http://www.avesta.tj/articles/4/78502.html).
[17] The 962 km Atasu-Alashankou oil pipeline linking Kazakhstan and China, which was commissioned on 15 December 2005, is expected to pump about 10 million tonnes of oil to China annually in the early years, rising to 20 million tonnes annually. In April 2006 an intergovernmental agreement was signed in Beijing by representatives of the governments of China and Turkmenistan: the "Agreement between China and Turkmenistan on construction of a gas pipeline between Turkmenistan and China". Under this agreement, following completion of the pipeline in 2009, Turkmenistan undertakes to supply China with not less than 30 billion cubic metres of natural gas annually. The construction of the pipeline will be financed by China. This project was ratified by the Chinese Ministry of Economic Planning in September 2006.
[18] Particularly in view of the historical legacy of difficult and ambiguous relations between Russia and China, which have fluctuated between periods of rapprochement and periods of cool, if not tense, relations. V Paramonov, A Strokov. *Russian-Chinese Relations: Past, Present and Future.* Conflict Studies Research Centre, Defence Academy of the United

Kingdom, 2006 (http://www.defac.ac.uk/colleges/csrc/document-listings/caucasus-publications).

[19] In addition to petroleum, gas, water, coal and ferrous metals, ores of the following non-ferrous metals are of great industrial and strategic significance: chromium, molybdenum, tungsten, copper, lead, zinc, vanadium, aluminium, manganese, cobalt, cadmium, mercury, antimony, bismuth, tin and uranium. It has been estimated that deposits of these ores account for about 62% of those of the former Soviet Union and exceed those of contemporary Russia by 120-150%: Vladimir Paramonov and Alexey Strokov. *New Russia's Strategic Choices: Regionalisation versus Globalisation.* Conflict Studies Research Centre, Defence Academy of the United Kingdom, 2004. (http://www.defac.ac.uk/colleges/csrc/document-listings/caucasus-publications).

[20] Although Turkmenistan is not legally a member of EurAsEC or SCO, it is so closely linked to Russia and the countries of Central Asia from the economic, geographical and geopolitical points of view that it can be considered part of the same system of foreign economic linkages. It is therefore reasonable, in our view, to include Turkmenistan in the context of economic links within the framework of EurAsEC and SCO.

Vladimir V. Paramonov and Aleksey V. Strokov are non-affiliated researchers from Uzbekistan.

Translated by Mervyn Brown.

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Dr Vladimir Paramonov & Dr Aleksey Strokov, "Russia & Central Asia: Current and Future Economic Relations", *Conflict Studies Research Centre,* Central Asian Series, 06/31(E), July 2006.

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