

Central Asian Economies in Transition

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Edited by

E. Ayşen Hiç Gencer and Cevat Gerni

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P U B L I S H I N G

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For my husband, Alp: I am everything I am because you love me...

For our kids, Aylin & Alpin: We love you...

*For my parents, Süreyya & Mükerrerem: I know you are with me every
step of the way!*

—Ayşen

*For my wife Mine and for Murat & Parla: They make my life complex
and complete.*

—Cevat

Most people acquiesce to mediocrity – not for the lack of God given potential, but primarily because they value the camaraderie of the average beyond the uniqueness of excellence.

—T.D. Jakes

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PREFACE

This book is based on the series of the International Conference on Eurasian Economies (<http://www.eecon.info>). Organized by Beykent University's Department of Economics, the first was held on 4-5 November 2010 in Istanbul, Turkey. The second was held on 12-14 October 2011 in Bishkek, Kyrgyzstan in collaboration with Turkey-Kyrgyzstan Manas University. The third will be held on 11-13 October 2012 in Almaty, Kazakhstan in collaboration with Turan University.

We have selected papers from this conference series that specifically address the six Central Asian countries (Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, Tajikistan and Azerbaijan) and their economic ties with Turkey. In addition, we feature specially invited articles by prominent academicians working on Central Asian economies. All these articles were blended together to form a complete and coherent description of Central Asian economies, their challenges, and their integration into the world economy.

The first part summarizes the current state of Central Asian economies with statistics, and details the economic and political challenges they face. The second part discusses issues related to growth and development, ranging from food security, human development, and foreign direct investments to corporate restructuring. The third part investigates international trade, as well as its relationships with economic growth, with special emphasis on their trade with Turkey. The fourth part focuses on integration of Central Asian economies with each other, whereas the fifth part discusses issues related to globalization and its effects on Central Asian economies. The sixth part details the energy sector, which is the engine of economic growth in Central Asia.

We would hereby like to convey our sincere gratitude to all contributors who have submitted their valuable work for inclusion in this book. In addition, we would like to express our genuine thanks to the co-chairs of the International Conference on Eurasian Economies, Prof. Selahattin Sari and Prof. Jusup Pirimbaev, as well as the organizing committee members at Beykent University and Kyrgyzstan-Turkey Manas University. Specifically, we would like to deliver our appreciation to Asst. Prof. Özgür Ömer Ersin and Asst. Prof. Mustafa Ercilasun for their contribution in the paper selection process. Our special thanks go to

research assistant Ainura Turdalieva for her diligent support, prompt responses, and especially for taking up the role to act as a liaison between Central Asia and Turkey. We would like to mention gratefully all the invaluable help Dominic P. Thompson provided in patiently proofreading the entire manuscript. Last but not least, we would love to gratefully mention our indebtedness to Alp H. Gencer for realizing this project on the technical sphere.

Asst. Prof. E. Ayşen HİÇ GENCER
Prof. Cevat GERNİ
Istanbul, April 2012

FOREWORD

PROF. ÖMER ÖNDER ARI¹

The shocking news of the breakdown of the USSR in 1991 led the way to new descriptions of political systems and to new roles of governments of the world. The radical change in the operational functions of the political system influenced the encouragement of citizens' participation and the importance of individual rights.

Researchers and theoreticians of political science and public administration pointed to various examples of this important change among the Eastern bloc of the old communist countries which were once integral parts of the USSR.

In fact, political analysts and all political scientists interested in research on Eurasian countries observed even more interesting samples of sovereign states in the Caucasus region and in Asia. Freedom of expression, respect for human rights, and individuals' rights to private ownership, free exercise of political and economic rights became normal privileges of citizens under the services of elected governments, as a result of free general elections in all of these Central Asian countries.

As widely accepted, Eurasia is described as a geographic location of countries that became independent when the hegemony of the USSR ended. This geographic area is considered as strategic because of its natural resources. Eurasia stretches from the coasts of the Black sea of Georgia and Turkey, including the area of the Caucasus that includes Azerbaijan, Armenia, and the northwest of Iran, up to the borders of China in the east. It covers the Caspian Sea basin where Russia reaches this precious oil reserve of the Caspian Sea on the north by the autonomous region of Abazia & Dagistan; and additionally Kazakhstan and Turkmenistan on the east coast of the same sea. In fact, Eurasia as a geographic term includes vast lands of Kazakhstan, stretching from the eastern coast of the Caspian Sea to the Tanrı Mountains of the Peoples' Republic of China neighbouring Siberia of Russia to the northeast, Kyrgyzstan to the southwest next to China (Urumchi and Xiang, Sincan Region) where Uygur Turks resided for ages. Common culture, the same

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etymological source of the Turkish language, and respect for similar traditions, in addition to mutually shared beliefs of Islam among the citizens of Turkish Republics, symbolize historical values dating back to the early ages of Asian tribes. They were located in and around the heart of Asia where original Turkistan covered the lands neighbouring the eastern frontier of historical Persia next to Buhara and Semerkand cities, up to Tashkent and further to Andijan province of Uzbekistan. These lands which were once the historical Turkistan include the Aral Sea to the north and the regions reaching Kyrgyzstan to the east and northeast of Uzbekistan. They also include the famous Amuderya and Sriderya rivers and their productive delta region.

In fact, Turkistan is known as the socio-cultural centre of Muslim religion among Turkish populations at large, because of the spiritual pioneer of Islam, Hodja Ahmet Yesevi, who had carried out the sacred mission of faith in the lands of Eurasia as a voluntary service to God. This new wave of religious freedom and Muslim ethics somehow must have reminded the masses of citizens of different nations about their traditional backgrounds of mutual beliefs in historical perspective. One can witness and observe these effects in their behaviour and personal gestures when passing by the graveyards and while they pray at religious shrines, covering their faces by their hands murmuring *amen* at the end of their prayer, each time they pray.

The social similarity in the behaviour of citizens in the Turkic nations seemed to bring people together among the groups within the same locations where they lived. The citizens of Eurasian countries were accustomed to identify themselves with the towns and provinces they lived in. When asked 'Where do you consider yourself to be a citizen of?' or 'Which country do you belong to?' they would answer this question by saying 'I am a resident of Turkistan', 'I am a person who lives in Chimkent', or 'I am a Kentaureur'.

All these values and traditions shared among the citizens of Eurasian countries increased the moral strength of the leaders and the refurbishing of warm psychological feelings in their relations among the masses of people in Caucasia, as well as in Central Asian countries. These close relations of people under the initiative of leaders of Turkic states gained momentum by their cooperation in various fields of socio-political and institutional phases of development, as exercised in their contacts as new sovereign states with Turkey since 1991. The establishment of legal institutions that were adopted, similar to European models of contemporary times, such as their new national constitutions and their judiciary systems, took place during the first decade of their independence.

New national constitutions of Central Asian countries have been organized by their own decisions. Some experienced experts from different countries, such as some leading states of the European Union, the USA, England, and Turkey, helped the Central Asian countries' bureaucracies to discuss and find alternative ways to reach the most suitable methods in writing their constitutions. Although the popular Russian language has been widely used in informal transactions, the national language of each country is the fundamental (legally preferred) formal language. Russian is still valid as the second most popular language. Even so, Turkish language became the second competing popular medium of communication for the masses in these countries. Naturally, as globalisation influenced the economic relations of their contacts at international level, the English language gained momentum as preferred by their partners. In fact, English and Turkish are widely used in teaching students at lyceums as well as at universities, next to their national languages. Turkey has widely organized modern educational institutions at each level of formal education in these countries in close cooperation with their state institutions, depending upon the legal permission of each Eurasian state.

I would like to reflect my personal experience in Astana, Almaty, Chimkent, Kentau, Tashkent, Bishkek, and Baku, and an evaluation of some of the traditional Asian societies that emerged as modern nation-states gaining sovereignty after the breakdown of the USSR in 1991. Witnessing the process of establishing their democratic institutions, which started by organizing national constitutions and modern models of legislative, executive, administrative and legal organs, gave me the valuable chance of observing the community development and democratic progress in Kazakhstan, Uzbekistan, Kyrgyzstan, and Azerbaijan, between 1995-1998.

The following brief analogy is a portrait of the socio-economic structure and the interrelationship of people whose values and living standards I shared during those years as a political scientist and academician from Turkey, and whom I considered as my ancestral relatives of the bigger (family) of the Turkic population in Asia. I sincerely believe that we still share their values, use the etymological source of the Turkish language, and that the principles of the religion of Islam are accepted by the majority of citizens, documented in history. I felt the similar warm embrace of the socially humane family ties, when the following symbolic statement was repeated by the president of Azerbaijan

on different occasions: 'We are citizens of one nation within two different states'.

As I observed closely during my service to their educational system at various universities, private ownership, application of the principle of equal opportunity for all citizens, equality and freedom of individuals, freedom of speech and association, private entrepreneurship, superiority of legal system and free elections, all guaranteed by a new constitution in each of these newly independent Central Asian countries, were achieved in the first era of their sovereignty, between 1991-2000, peacefully with some minor domestic conflicts of interest and few political crises.

Semer kand impressed me with its city planning and collection of historical ruins of the early Turkish culture of Uzbekistan reflecting the Islamic history. I was astonished with its modernized organization of its institutional complex for the Islamic religion, where hot water services had been in operation for male and female Muslims in 1996 at the biggest religious centre of Islam in Tashkent. All kinds of believers could freely visit Uzbekistan without a visa then by air when they travelled to Tashkent, which is the capital of this country. I felt the same degree of tolerance and warm welcome shown to me by the managers of state institutions during those years. We visited Tashkent, Semer kand, and Buhara many times, mostly during the weekends either as individuals or in groups in 1995-1996. I doubt now whether I can do so as freely as I could then, because of central control of visas now cautiously applied to newcomers, even from Turkey.

The organization of local bazaar in Tashkent was as modern as the quality of famous Boucherie de Paris when I visited this famous capital for the first time. The Turkish company Koç had opened the first shopping mall in 1995 in Tashkent, bringing all kinds of food and different Turkish products to this city. The Turkish state school of Tourism Lyceum had been opened in Tashkent to serve Uzbek students, for the modern way of learning how to attract tourists from abroad, especially from France and Germany.

The most attractive symbol of Islam shines on the tiles of the central mosque of Taskent five times a day during the *ezan* time of prayer in this land with Turkic background of Ottoman style architecture and attractive designs of state buildings in the centre of the town. Its national theatre building has a special memory in my mind, as the modern opera performance of Hodja Nasrettin had attracted my interest with its professional cast and symphonic music.

Following this phase of two years, I have to add my observations at Azerbaijan in its capital Baku, where I felt at home when serving the State

Institution of Public Management and the Faculty of Business Administration as the dean in 1997-1998. Known as the Paris of Asia, with its modern museum dedicated to the great commander Timur Han, opposite a well-designed park where there is a famous warrior's statue depicting him on a horse, which symbolizes his conquests of many lands, stretching from Tashkent to Ankara-Bursa and Moscow.

The Republic of Turkey had introduced a modern system of education both to Uzbekistan and Kazakhstan in the period of 1991-2000. The state institution TIKA is one of the best examples of Turkish projects as an important step of modern banking operations and strategic management methods, which were introduced to banks and banking personnel of Uzbekistan, Azerbaijan, Tajikistan, and Turkmenistan, reaching a total of 4500 graduates from its courses, organized and operated by the Union of Banks in Turkey. This project was managed and applied by a successful general director named Mr. Özince. In my opinion, the international prestige of this project and its functional success story should mostly be credited to this intellectual, enthusiastic general director. These courses were offered at the Turkish-Uzbek Banking Educational Centre next to Tashkent State University campus during 1995-1996. These courses achieved the most fruitful professional results in the education of many Uzbeks and other banking professionals. Professional ethics and modern banking principles were carefully taught during these courses under the leadership of the Turkish Union of Banks.

One can not hesitate to mention the mission of many schools established by different groups of individuals in all of the Central Asian countries to bring universal standards of globalization and Islam in those countries under its Turkish brand. Turkey has also introduced modern principles of private university education to these countries.

Later, European and American experts from various famous institutions followed the same influential way of multi-cultural impact in establishing a number of private universities with different quality and curricula in various fields in all Central Asian countries.

The Zaman newspaper was the first voluntary pioneering media symbol in local languages and in Turkish in tablet form of four pages, published, distributed, and sold in 14 Turkish states and autonomous provinces of the new sovereign states, as well as some regions of Russia, in 1995-1996. The first Turkish TV station broadcast in Kazakhstan, Uzbekistan and Azerbaijan via satellite was TRT, the state TV corporation of Turkey. The same Turkish model of media reached different autonomous provinces consisting of minorities with Turkic ancestry in different parts of Russia.

To conclude, I would like to offer a general summary of socio-political developments in the Central Asian countries gaining their sovereignty from the USSR:

- Legal progress of political institutions
- Social process of participation through formation of voluntary associations
- Adoption and organization of free exercise of Islamic faith at large
- Universal standards of education at every level from primary/secondary schools to universities and university diversity
- Transfer of private sector of public enterprises at central and regional locations through local decisions, to private sector
- Harmonization of services within the new free system of political, developmental, and social change
- Freedom of expression and freedom of travel
- Freedom of private business and freedom of individual ownership
- General free elections from the members of new parliaments and presidency
- Privatization process put into use as a form of transformation to open market operations of liberal economy to encourage international capital investment flow into these countries

INTRODUCTION: MAJOR POLITICAL AND ECONOMIC PROBLEMS FACING EURASIAN COUNTRIES

PROF. MÜKERREM HIÇ¹

I would like to begin by thanking the editors of this book not only because they have given me the opportunity to give a speech as the keynote speaker at the first International Conference on Eurasian Economies, but also because they have hit upon a wealth of political and economic problems that Eurasian countries and, in fact, the whole world is passing through today.

Let me stress at the outset that political and economic developments and problems are either directly or indirectly linked to each other. Therefore, I will be dealing here with both. But the problems are so serious, numerous, and complicated, that I can manage to present to you only a list, without deepening on any major problem.

Let me also note the obvious: that Eurasia itself, as a geographical entity, covers a very large number of countries with different historical, political and economic backgrounds. Hence, we may have to think about different regions or groups of countries. On the European side, even the EU is not homogeneous today. We have the UK, Scandinavian countries, developed continental European countries, Iberian countries, the Balkans and Eastern Europe. Even in simple developmental terms, we have at least two tiers; a first tier of democratically and economically developed countries, and a second tier with less experience in democracy and which is less economically developed. In Asia, on the other hand, we have such big countries as Russia, China, Japan, and India, as well as such regional groups as South-East Asian countries, Central Asian-origin countries, the Caucasian, Afghanistan, and Pakistan also including Bangladesh, and Middle Eastern, with Iran as a separate politico-economic entity. Similarly, Turkey, at the crossroads between Europe, Asia, and the Middle East, is yet another different, unique case.

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I should also underline here that Turkey has business relations with many of the Eurasian countries. Between the years 1991-2001, Turkey has established Business Councils with the following: Afghanistan, Azerbaijan, Belarus, Georgia, Kyrgyzstan, Kazakhstan, Mongolia, Moldova, Uzbekistan, Russia, Tajikistan, Turkmenistan, and Ukraine, plus a “Business Forum” with Pakistan. The Turkish International Economic Relations Institution (DEİK) organizes, at frequent time intervals, a General Meeting of Turkish-Eurasian Business Councils.

Major Political Problems of Eurasian Countries

Eurasian countries, and the world as a whole, recently passed through the following major political developments, changes, and upheavals:

Following Perestroika and Glasnost (1985), the demolition of the Berlin Wall (1989), reunification of Germany (1990), and the collapse of Soviet Socialist Union (1991), by which latter event member countries in Eastern Europe and the Balkans gained their independence, they have all adopted democracy and market economy.

But due to a lack of previous experience with democracy and, in some cases, due to a lack of sufficient mass education, democracy as well as economic management is far from satisfactory in many of these countries. This evaluation applies to Russia as well, particularly in terms of democracy.

On the surface, the collapse of the Soviet Union turned the bi-polar world to mono-polar. But the USA, as the remaining superpower soon learned that she is not over-powerful; there are strong limits and restraints to her use of military power and diplomatic persuasion. In fact, there is now talk of a multi-polar world in process, with the USA still the most dominant.

Another concomitant political and economic development was the enlargement and the deepening of the EU. By taking in most of the Balkan and Eastern European countries, the number of EU members now reached 27. A serious effort at economic deepening was first the “Single Market”, and more recently the “Euro”. The EU is, however, still far from becoming a United States of Europe, politically and militarily.

Still another Eurasian and world development is the strengthening of the religious factor in the EU and Europe. This is compounded by Islamic terror, Islamic fundamentalism, as well as difficulties of adaptation of Moslem immigrants to their host EU countries, and a confusion between real Islamic faith and “Islamism” by which I mean fanatical interpretations of Islam and its use (exploitation) for political and commercial purposes.

Communism as a political and economic regime, on the other hand, seems to be withering away, irrevocably. At present we have only 5 countries that are a “people’s republic”, that is, communist. Of the five, China seems to retain only the dictatorship, while it implements a mixed economic regime that is open to the world and encourages the private sector and foreign private capital flow, that is, however, with interventionism and excessive protectionism. The four remaining communist countries, of which three are in South-East Asia, are too small to flare up any major political upheaval, even the erratic North Korea. And all are set to go the way of China in the future.

The recent years also found Eurasia with persistent specific political problems pertaining directly to two countries or to a limited group of countries. These include the Israeli-Palestinian problem in the Middle East; Iraqi occupation by the USA and present withdrawal efforts; Kashmir problem between India and Pakistan; Nagorno-Karabakh issue between Armenia and Azerbaijan; the Chechen problem in Russia; and the Russian-Georgian-Abkhazian problem; not mentioning the internal problems of China.

Major Economic Problems of Eurasian Countries

In the global economic area, on the other hand, again we have very important developments and serious problems, many still in transition.

Since the ‘70s most of the Less Developed Countries (LDCs) had turned away from a closed economy model, import-substitution industrialization, interventionism, and protectionism, towards outward-orientation, market economy, and encouragement of private sector and foreign private capital flow. Following this change in mentality, and hence economic policies, the world entered, since the ‘90s, what is called a globalization process. Globalization involves vast movements of foreign private capital (that is, Direct Private Investments), short and long-term financial funds, as well as legal and illegal movement of workers, the first two not only within Developed Countries (DCs) and from DCs to LDCs, but also within LDCs and from LDCs to DCs.

It must be stressed at this point that globalization was aided by the recent technological breakthrough of the computer, the internet, and related technologies. Indeed, one may safely foresee that this technological innovation is destined to shape our future in all aspects. The magnitude of its effects will be comparable to the industrial revolution of the 18th century, the invention of the steam engine and the discovery of electricity.

As a result of globalization, growth rates of all countries rose; those of LDCs more than those of DCs. This signified that globalization is a “*win-win*” situation and not a “*zero-sum-game*”.

As a result of differentiated growth, while we had only two groups of countries after World War II, the DCs and the LDCs, today we have several tiers of countries with respect to *per capita* income, as well as total income level.

Using the latter criterion we now have the BRICs (Brazil, Russia-India and China) with very high total GNP. That of China has become second only to the USA, surpassing Japan and others.

Next we have the “emerging markets” that attract large amounts of financial funds and DPIs. Turkey today is rated as an “emerging market”.

But globalization also gave rise to serious, in fact, grave, economic problems. Firstly, some countries, such as Russia, Turkey, and Argentina, faced serious economic crises on a single-country basis because of wrong economic policies pursued. But then, in 1997-98, the South-East Asian countries, again because of economic mismanagement, gave rise to a global financial crisis. It was quickly prevented by IMF aid, *stand-by* agreements, and a strong US economy at the time. Following this, the globalization process started to pick up speed again.

But a much more serious global economic crisis erupted in September 2008. It emanated first in the USA in the financial sector (mortgage or financial crisis), creating a deep recession, then went on to spread to Europe and the DCs, and thence to LDCs and the entire world. The ensuing global financial crisis and global recession, which was one of the worst the world had faced, second only to the 1929 Great Depression, was alleviated by means of drastic financial aid to the financial sector, plus aid to the automotive sector, as well as macro monetary policies, tax policies, and extensive government expenditure programs. The latter-mentioned macroeconomic policies were all Keynesian in essence. The entire world and major countries acted in cooperation when taking these measures. And it is noteworthy that the medium of cooperation resorted to was not G8 but G20, that is, 20 countries with the largest GNP. Hence, the group included the BRICs, as well as Turkey.

The negative effects of drastic measures taken to prevent the global economic crisis will continue for some more time in the future. Some individual countries may falter. But a second global dip, initially feared, will likely not come to pass.

It is interesting that the 2008 global crisis will not likely cause the world to revert back away from globalization. Definitely there had been precipitous declines in the level of global flows initially, but they are

picking up again. Similarly, as the base for globalization, the market economy will also remain in essence despite the contrary remarks made by the French president. The world as a whole will not move towards a French-type *dirigiste*, that is, excessively interventionist and protectionist economic model.

On the global scene again, energy supply will still continue to present problems. Petroleum and natural gas are unevenly distributed between countries, while petroleum exploration and production (extraction) is, and has been for a long time, monopolistic. Increased economic growth worldwide raises the world demand for energy, but progress in alternative energy sources is unsatisfactory. Energy-saving, on the other hand, is insufficient. Nuclear energy is one way out, but it is rightly considered prohibitive because it can easily be turned into a powerful military weapon.

PART I:
CENTRAL ASIAN ECONOMIES:
FACTS AND CHALLENGES

PROBLEMS OF POST-SOVIET CENTRAL ASIAN COUNTRIES

PROF. TURAR KOICHUEV¹

Post-Soviet Central Asia is 1.1% of the whole territory of planet Earth. The Central Asian population is 1% of the total world population. The gross domestic product of Central Asian countries is 189 billion USD, or (according to the World Bank, 2008) 0.3% of the world GDP.

As a single geo-economic space, by geographical scope (the territory is 4 million square kilometres), economic production (189 billion USD), and population (68 million people), Central Asia takes a modest place in the world. But in the modern world, regions, modest by scale and potential, take their place in politics and economics of the world community, and they have their voice in the world development process. It is true that this place should be decent, the place which is not on the sidelines of the world development, the place which actively and dynamically goes up the most upper stairs.

The collapse of the Soviet Union and acquisition of independence gave Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan a historic chance for political, economic, and social climbing. Having overcome the difficult years of the economic crisis in 1992-1995 and the transit of the Soviet authoritarian economy to a social market economy, the Central Asian countries gradually acquire new features. Although not yet stable and steady, still the socio-economic development is preferred, dynamic, and is positively recognized by the society.

The Central Asian countries differ in size of territory, population, and scale of economy: Kazakhstan has a territory of 2.7 million square kilometres, its population is 16 million people, the GDP in 2008 was 132 billion USD; Kyrgyzstan respectively 199.9 thousand square kilometres, 5.4 million people, 4.4 billion USD; Tajikistan 143.1 thousand square kilometres, 7.2 million people, 5.1 billion USD; Turkmenistan 491.5 thousand square kilometres, 5.4 million people, 18.3 billion USD; Uzbekistan 448.9 thousand square kilometres, 20.6 million people, 27.9 billion USD.

¹ National Academy of Sciences, Bishkek, Kyrgyzstan.

In terms of GDP per capita, Kazakhstan (8,264 USD), Turkmenistan (3,654 USD), and Uzbekistan (1,034 USD), are middle-income countries, but Kazakhstan is on the top step of the middle level, Turkmenistan and Uzbekistan are on the bottom step, while Kyrgyzstan (880 USD) and Tajikistan (729 USD) are in the group of low-income countries. As can be seen, the Central Asian countries differ from each other in potential scale, level, structure, and dynamics of the economy. Each country makes efforts to ensure sustainability, stability, and efficiency of its own economy.

However, since the Central Asian countries represent a single geo-economic space, there are economic, social, and ecological problems, which can be solved fully and in a high-quality manner only on the basis of joint decisions.

Food security and water supply

The countries of post-Soviet Central Asia face extremely vital common problems, which concern all of them and are successfully solved only through their joint efforts. The ensuring of food self-sufficiency and security is the most important common problem. The region has a relatively high birth rate and a low mortality rate of the population. Although there is an outflow of the population from the region, its number increases. In the first half of the sovereign years (after 1991) there occurred a mass exodus of the population at the expense of non-indigenous ethnic groups, which resulted in a sharp increase in ethnic homogeneity with indigenous immigrants. Later, the outflow, to a relatively greater degree, was at the expense of indigenous residents, but not on a massive scale. Moreover, the outflow was not forever, and took the shape of temporary labour migration.

Temporarily residing in other countries, the labour migrants do not just earn and help the families, who stayed at home, but they actively participate in the expanded reproduction of the population, that is in childbirth and population growth in the republic. The increasing population should be provided with food.

Land resources of the agricultural use are limited; the same is true for the possibility of their extension. The countries do not expand geographically. There have been cases observed of removing land resources from agricultural use and construction of industrial and civil objects. Changes in agricultural specialization in favour of increased food orientation are not always possible due to climatic conditions, and they do not seem to be always economically justified. Crop yields and reproducibility, as well as productivity in cattle-breeding, are relatively

low, and they have their own natural growth limits. The population is growing and it should be ensured with food stuffs.

The supply of water is essential for a solution to the food objective. The agriculture in the countries of post-Soviet Central Asia is, to a great degree, irrigated. If we exclude the North-West, North and North-East of Kazakhstan, the agricultural production of all five countries, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, depends on the river basin of the Syr-Darya River (originating in the mountains of Kyrgyzstan) and the Amu-Darya River (originating in the mountains of Tajikistan). All crops need water. But the priority is given to the cultures from which food can be produced. Food security is in the hands of the rivers of Kyrgyzstan and Tajikistan. Due to the warming of the climate on the planet and speeded melting of the snow and glaciers, in future there will be a process of noticeable decrease in the mass of water. This certainly complicates the production of food.

The question arises: how to solve the problem of food self-sufficiency and security? In the region the natural and climatic conditions and interrelated resources are common (they are natural and they cannot be isolated by state and legal feature), and their rational use, giving the chance to ensure safe food security, is possible only with a concerted and joint effort of all five states.

Of course, food self-sufficiency and security of each country depends on economic opportunities and the efficient functioning of national economies, but the decisive natural factor for post-Soviet countries of Central Asia is water and the construction, upgrading, and maintenance of soil-reclamation and irrigation systems for proper operating and construction of reservoirs at the sources upstream in the mountains. In the mountains there is less evaporation, and salinization is impossible, whereas in hot steppes, deserts, and semi-desert areas of Kazakhstan, Turkmenistan and Uzbekistan, water is more evaporated and salted, and useful biochemical properties of water for irrigation are reduced. Also, search, drilling, and use of groundwater, improving water irrigation technologies, rationalization of structure of sowing areas for crops, and achievement of water-saving and more productive specialization of agriculture are the most important and indisputable objectives: national, joint inter-state, and region-wide.

In the future, in terms of global warming, the hot climate in post-Soviet Central Asia, and population growth, drinking water will become a problem as well. And mainly fresh and mineral waters of Kyrgyzstan and Tajikistan may be the source of addressing the needs of the population of

post-Soviet Central Asia, and providing opportunities to export drinking water.

Caring for water resources of Kyrgyzstan and Tajikistan is caring for the life of the population of the whole post-Soviet Central Asia and its food security! Water is the central chain in the problem of food self-sufficiency and security.

Water is the most important hydropower resource. In post-Soviet Central Asia, Tajikistan and Kyrgyzstan have enormous hydropower resources in regard to its scale. In the Soviet Union they took second and third places respectively after the Russian Federation. The projects in Tajikistan and Kyrgyzstan planned to construct cascades of hydropower stations. In Kyrgyzstan 18 hydropower stations were to be built on the Naryn River. Only 6 stations were built and now function (Toktogul, Atbashi, Uch-Kurgan, Shamaldy-Say, Kurpsay, Taahkumyr), one more station (Kambarata-2) is being built, the construction of another (Kambarata-1) is expected. The construction of 6 hydropower stations was expected on the other river, Sary-Djaz. As was already mentioned, the cascade of hydropower stations was designed in Tajikistan as well.

If all these goals were performed, the electric power produced would fully satisfy not only the needs of the two countries, to the greatest degree, the needs of the whole post-Soviet Central Asia, and it would be exported. In Uzbekistan, Kazakhstan and Turkmenistan the number of Heat Electric Power Plants and State District Power Plants, based on coal, oil and gas, could be reduced, and it would be possible to use hydroelectric power. This is much cheaper and more environmentally friendly. It would be more pragmatic to use coal, oil and gas as fuel (fuel heaters and engine fuel) and raw material for chemical processing, etc.

Coordinating the complex pricing policies for electric power, oil, products of its processing, and gas, as well as the interrelating interests and cancelling needs by in-Central Asian interaction reduced prices, could provide a rational structure of a fuel and energy complex of post-Soviet Central Asia. If necessary, rather than confining it to national boundaries, this could go to the level of setting up interstate industrial complexes. Capabilities of each country should work not on generation of pressures and contradictions, but their removal and the harmonization of interests; their joint satisfaction.

A fuel and energy security (in terms of use of oil and gas) is a serious problem for Kyrgyzstan and Tajikistan. Not having such rich resources as in Kazakhstan, Turkmenistan and Uzbekistan; Kyrgyzstan and Tajikistan are extremely dependent on them. If the problems of food security, water for irrigation, achievement of a more economical and environmentally

friendly power consumption and fuel consumption were solved in a complex and coordinated way, the dependence of the 5 countries upon each other would be interaction amortizable, and there would not be selfish manifestations, generated solely by narrow, selfish market desires.

National security

There is one more basis for coordination and creation of joint projects. It is connected with the fact that certain territorial zones of the countries are attached to each other, and there is the possibility of forming joint regional socio-economic communities, which consist of regions of two, and sometimes three or four countries. In the Fergana Valley, for example, Osh and Djalal-Abad oblasts of Kyrgyzstan, and Andijan oblast of Uzbekistan, represent one regional socio-economic formation, while Batken oblast of Kyrgyzstan, the Namangan and Fergana oblasts of Uzbekistan, as well as Khodjent oblast of Tajikistan represent another. There exist versatile daily economic and cultural-domestic communications of the population. Moreover, the population in these parts is ethnically mixed. For sustenance of the population it is important to keep the borders with each other open, not closed. Let the movement of the people not be blocked. It is a joint way to a better destiny.

Similar international regional communities can be formed in other places of the state borders: Kyrgyz-Kazakh, Kazakh-Uzbek, Uzbek-Tajik, Tajik-Turkmen-Uzbek, Kazakh-Turkmen-Uzbek. The internal borders between the countries of post-Soviet Central Asia should be open for people, and relevant border posts should be used to monitor observance of the rules and order of movement, and for protection against penetration of terrorist forces, but they should not be a ban for civil communication. In these regional formations the problem of providing the work force with jobs can be efficiently solved.

To ensure national security of each country of post-Soviet Central Asia from external threats it is extremely important to coordinate national efforts in this direction and to jointly pursue a policy of collective security of the whole post-Soviet Central Asia. In this regard the participation of most countries of post-Soviet Central Asia in the Collective Security Treaty Organization, which includes Armenia, Russia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, and Uzbekistan, is quite justified.