

JUNE 2015

# Central Asia in a Reconnecting Eurasia

*Tajikistan's Evolving Foreign Economic  
and Security Interests*

AUTHORS

**Andrew C. Kuchins**

**Jeffrey Mankoff**

**Oliver Backes**

*A Report of the CSIS Russia  
and Eurasia Program*



CSIS

CENTER FOR STRATEGIC &  
INTERNATIONAL STUDIES







# Central Asia in a Reconnecting Eurasia

*Tajikistan's Evolving Foreign  
Economic and Security Interests*

AUTHORS

Andrew C. Kuchins

Jeffrey Mankoff

Oliver Backes

*A Report of the CSIS Russia and Eurasia Program*

*June 2015*

CSIS | CENTER FOR STRATEGIC &  
INTERNATIONAL STUDIES

ROWMAN &  
LITTLEFIELD

Lanham • Boulder • New York • London



## About CSIS

For over 50 years, the Center for Strategic and International Studies (CSIS) has worked to develop solutions to the world's greatest policy challenges. Today, CSIS scholars are providing strategic insights and bipartisan policy solutions to help decisionmakers chart a course toward a better world.

CSIS is a nonprofit organization headquartered in Washington, D.C. The Center's 220 full-time staff and large network of affiliated scholars conduct research and analysis and develop policy initiatives that look into the future and anticipate change.

Founded at the height of the Cold War by David M. Abshire and Admiral Arleigh Burke, CSIS was dedicated to finding ways to sustain American prominence and prosperity as a force for good in the world. Since 1962, CSIS has become one of the world's preeminent international institutions focused on defense and security; regional stability; and transnational challenges ranging from energy and climate to global health and economic integration.

Former U.S. senator Sam Nunn has chaired the CSIS Board of Trustees since 1999. Former deputy secretary of defense John J. Hamre became the Center's president and chief executive officer in 2000.

CSIS does not take specific policy positions; accordingly, all views expressed herein should be understood to be solely those of the author(s).

© 2015 by the Center for Strategic and International Studies. All rights reserved.

ISBN: 978-1-4422-4102-2 (pb); 978-1-4422-4103-9 (eBook)

Center for Strategic & International Studies  
1616 Rhode Island Avenue, NW  
Washington, DC 20036  
202-887-0200 | [www.csis.org](http://www.csis.org)

Rowman & Littlefield  
4501 Forbes Boulevard  
Lanham, MD 20706  
301-459-3366 | [www.rowman.com](http://www.rowman.com)



# Contents

Preface	iv
Acknowledgments	vi
1. The View from Dushanbe	1
2. Tajikistan's Foreign Economic and Security Policy	4
3. Tajikistan in a Reconnecting Eurasia	21
4. Conclusion	34
About the Authors	35



# Preface

In January 2014 the CSIS Russia and Eurasia Program launched its new *Eurasia Initiative*. The vast Eurasian landmass, stretching from China in the East to Europe in the West and from the Arctic in the North to the Indian Ocean in the South, includes some of the world's most powerful and dynamic states, as well as some of the world's most intractable challenges. Scholars and analysts are accustomed to focusing on Eurasia's various regions—Europe, the former Soviet Union, East Asia, South Asia, and Southeast Asia—rather than on the interactions between them. The goal of the *Eurasia Initiative* is to focus on these interactions, while analyzing and understanding Eurasia in a comprehensive way.

More than any time since the collapse of the Silk Road five centuries ago, today we have to focus on Eurasia as a whole. Over the past two decades, Eurasia has begun to slowly reconnect, with the emergence of new trade relationships and transit infrastructures, as well as the integration of Russia, China, and India into the global economy. Even as this reconnection is underway, the center of economic dynamism in Eurasia, and in the world as a whole, has increasingly shifted to the East. The impact of these shifts is potentially enormous, but they remain poorly understood because of our tendency to limit analysis to a single country or region within the broader Eurasian space.

The first fruits of the *Eurasia Initiative* include the report you are holding in your hands, one of the five country studies making up our report series *Central Asia in a Reconnecting Eurasia*. Our decision to start with Central Asia stems from a concern that the drawdown of U.S. and allied troops from Afghanistan will augur declining international interest in the region, which has played a critical role over the course of the conflict. For U.S. policymakers, turning away from Central Asia now would be a serious miscalculation. The five states of Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) are located at the heart of the Eurasian landmass, in close proximity to four of Washington's biggest foreign policy challenges: Afghanistan/Pakistan, Iran, Russia, and China. For that reason alone, the United States has a strong interest in developing economic and security ties with the states of Central Asia, and doing so in a way that is no longer driven by the exigencies of the war in Afghanistan, but is responsive to the needs and interests of the region itself, as well as enduring U.S. interests.

So in the spring, summer, and fall of 2014 we embarked on a “listening tour” to Central Asia that included extended visits to each country, where we interviewed government officials, experts, private-sector actors, and representatives of international organizations



to understand how Central Asian elites perceive the economic and security environment changing around them. We sought to discover how they are coming to define their national interests in the post-Afghanistan conflict world, including what they would like to see from the United States.

This report and the others in the series reflect what we gleaned from these interviews, along with analysis of published data and secondary literature, to provide a broad overview of how Central Asia sees the world. We should emphasize that the focus of these reports is on the foreign economic and security policies of the five Central Asian states. These reports do not seek to address domestic political issues, human rights, and many other issues, not because we think they are unimportant, but rather because we are interested in the strategic implications of a reconnecting Eurasia, which means concentrating on how these countries interact with the outside world. Of course, internal issues often do impact foreign ties. For instance, one of the main impediments to foreign investment in Central Asia is corruption, coupled with inefficient regulatory frameworks and bureaucratic institutions. The reports analyze these phenomena, but only insofar as they affect the Central Asian states' engagement with the outside world.

Central Asia lies at the heart of the Eurasian landmass, and in many ways has the most to gain from the process of transcontinental reconnection. That process can only reach its full potential however, if the interests of the Central Asian states themselves are given proper consideration. The goal of the *Central Asia in a Reconnecting Eurasia* series is to analyze the perspectives of these countries, and bring them to the attention of policy makers in the United States.

# Acknowledgments

There are many institutions and individuals to which we would like to express our gratitude for their crucial roles in the production of this report and others in the series. We would first like to thank the Smith Richardson Foundation, the Ministry of Foreign Affairs of the Republic of Kazakhstan, and Carlos Bulgheroni for their generous financial support for this project. We would also like to thank the Carnegie Corporation of New York for their support of the CSIS Russia and Eurasia program. We would like to thank all of the government officials, experts, private-sector actors, and representatives of international organizations that graciously shared their thoughts with us during our “listening tour.” We would also like to express particular gratitude to the Embassies of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan in the United States for their assistance in the facilitation of our research trips to their respective countries. Ambassadors Kairat Umarov of Kazakhstan; Kadyr Toktogulov and Muktar Djumaliev of Kyrgyzstan; Farhod Salim of Tajikistan; Meret Orazov of Turkmenistan; and Bakhtiyar Gulyamov of Uzbekistan deserve special thanks. Dana Kurmasheva with the Foreign Ministry of Kazakhstan, Dana Masalimova with the Embassy of Kazakhstan, Mukhamed Lou with the Embassy of Kyrgyzstan, Abat Fayzullaev with the Embassy of Uzbekistan, and Mirlan Isamidinov with the Diplomatic Academy of the Ministry of Foreign Affairs of the Kyrgyz Republic named after K. Dikambaev also deserve special thanks.

We would further like to express our gratitude to the members of our *Eurasia Initiative* advisory council, all of whom have provided critical guidance throughout the project. The advisory council includes: Najia Badykova; Stephen Benson; Edward Chow; Ambassador William Courtney; Rosemarie Forsythe; Roger Kangas; Ambassador Batu Kutelia; Johannes Linn; Michael Matera; Martha Brill Olcott; David Sedney; Craig Steffensen; and Ambassador Kairat Umarov. Aitolkyn Kourmanova, Marlène Laruelle, and Timur Shaimergenov also deserve thanks for their insights. Finally, we would like to thank the many present and former members of the CSIS Russia and Eurasia Program staff who contributed to this project, including: Yulia Danilina; Eric Griffith; Kendra Harkins; Peter Krivicich; Allen Maggard; Sung In Marshall; Kirill Prudnikov; Dylan Royce; Narek Sevacheryan; Jason Siler; and Nic Wondra.

A very special thanks goes out to Aizhan Kul-Mukhammed for her tireless assistance in the organization and management of this project, without which it truly would not have been possible.



# 1 | The View from Dushanbe

Tajikistan, one of the smallest and poorest countries in Eurasia, aims to seize the opportunity presented by new transit, trade, and energy linkages. Despite areas of potential competitive advantage, including hydropower and mineral resources, Dushanbe faces many barriers to further development and integration in a wider Eurasia.

Tajikistan's difficult geography contributes to its concerns over instability and its fears of being left out of Eurasia's ongoing reconnection. Landlocked along the southern periphery of Central Asia, Tajikistan is bordered by Afghanistan to the south, Uzbekistan to the north and west, Kyrgyzstan to the north, and China to the east. Tajikistan is heavily mountainous, with much of the east of the country dotted by soaring peaks. Due in part to this remote, mountainous geography, Dushanbe's writ does not always extend across the whole of the country, while opportunities to benefit from the emergence of new Eurasian transit corridors are limited.

In some ways, Tajikistan is also still in the midst of a lengthy recovery from the devastation of its 1992–1997 civil war, which pitted the central government against the United Tajik Opposition—a collection of Islamist, nationalist, and liberal reformist groups.<sup>1</sup> Led by President Emomali Rahmon, who became head of government in 1992, president in 1994, and was later reelected following the end of the conflict in 1999, Tajikistan sees the maintenance of internal stability as of paramount importance, even as threats to this stability, both internal and external, proliferate.

Tajikistan's foreign policy—described by President Rahmon as maintaining an “open door”—follows the principles of multivectorism and balance common to many of the Central Asian states. This policy focuses on maintaining positive relationships with all neighbors and international partners to ensure stability and expanding economic ties. Nonetheless, deeply rooted conflicts over resources and territory, especially with Uzbekistan, remain a major obstacle to Tajikistan's aspirations for development and integration. Given its physical isolation, insecurity, and economic weakness, Tajikistan remains heavily dependent on Russia. Dushanbe has pushed back against some of Russia's initiatives for Eurasian integration and in general aims to diversify its economic and political relationships to balance Russia's influence. To that end, Tajikistan benefits from the larger

---

1. The cost of the civil war is estimated in Tajikistan's National Development Strategy at more than \$7 billion, a massive figure for a country with a 2013 GDP of only \$8.5 billion.

## Tajikistan



Source: Based on a United Nations map, <https://commons.wikimedia.org/wiki/File:Un-tajikistan.png>.

economic role China has played in recent years, as well as the close cultural and historical ties it enjoys with Iran—though relations with Beijing and Tehran bring their own complications.

Despite these challenges, Dushanbe sees opportunities in the expansion of its hydro-power sector and the development of regional energy and trade markets linking Tajikistan to South Asia, China, the rest of Central Asia, and global markets. For Tajikistan, exploiting areas of competitive advantage, hydropower and mining among them, will be critical to the country's economic success. Dushanbe, however, will need outside assistance, and realizing its full potential will also require breaking the “transport deadlock” stemming from Tajikistan's geographic isolation and political instability.

## Radical Islamism—A Threat to Tajikistan?

The government of Tajikistan is deeply concerned about the threat posed by terrorism and extremist ideology. While the government in Dushanbe views Afghanistan as both a safe haven for extremist groups that target Tajikistan (such as the Islamic Movement of Uzbekistan and Hizb ut-Tahrir), domestic radicalization remains a concern as well. Dushanbe takes great pains to restrict religious activity that is not officially sanctioned by the government, including through the criminalization of some religious activity and intrusive state oversight of religious affairs.<sup>1</sup> According to foreign officials in Dushanbe, policies such as the banning of Salafist groups most often serve just to drive banned practices underground. Pervasive poverty and lack of economic opportunity also contribute to radicalization in Tajikistan. As one foreign official we spoke with put it, the domestic “threat of extremism is very real.”

One of our interlocutors indicated that approximately 500 Tajiks were actively fighting in Syria, though estimates vary considerably.<sup>2</sup> A video posted in March 2015 by Tajik militants fighting with the self-proclaimed Islamic State shows a fighter claiming that their next video could emanate from “the mountains of Tavildara in central Tajikistan, or the Tajik capital, Dushanbe.”<sup>3</sup> Another IS video that surfaced in January 2015 called for jihad against the government of Tajikistan.<sup>4</sup> President Rahmon, in a speech days before the video came to light, was unequivocal in his condemnation, stating that “hell awaits everyone who kills the faithful without reason.” Only a month earlier, 13 men, purportedly members of the banned Islamist group Jamaat Ansarullah, were convicted of recruiting young Tajiks to fight in Syria and sentenced to lengthy jail terms.<sup>5</sup>

---

1. “Annual Report 2014: Tajikistan,” United States Commission on International Religious Freedom, 2014, 91–93, <http://www.uscirf.gov/sites/default/files/Tajikistan%202014.pdf>.

2. Joanna Paraszczuk, “Interview: Most Tajiks in Syria, Iraq Appear to Be Fighting Alongside IS,” Radio Free Europe/Radio Liberty, March 27, 2015, <http://www.rferl.org/content/isis-central-asia-iraq/26923679.html>.

3. Joanna Paraszczuk, “Tajik IS Militants Threaten ‘Jihad’ at Home (or Even in the Kremlin),” Radio Free Europe/Radio Liberty, March 23, 2015, <http://www.rferl.org/content/tajikistan-isis-islamic-extremism-threats/26915731.html>.

4. Shawn Snow, “ISIS Looks for Foothold in Central Asia,” *The Diplomat*, January 18, 2015, <http://thediplomat.com/2015/01/isis-looks-for-foothold-in-central-asia/>.

5. “Tajikistan Sentences 13 Members of Banned Islamic Group,” Radio Free Europe/Radio Liberty, February 17, 2015, <http://www.rferl.org/content/tajikistan-sentences-13-members-of-jamaat-ansarullah/26853762.html>.



## 2 | Tajikistan's Foreign Economic and Security Policy

Tajikistan's foreign policy is, above all else, informed by its vulnerabilities. Heavily dependent on Russia while facing instability from Afghanistan to its south and a series of conflicts with its neighbors in Central Asia, Tajikistan's freedom of action is inherently circumscribed. Tajik officials understand the need to operate within these strictures, even while seeking to transcend them. Russia, which has continued to play a massive role in Tajikistan's development since independence, remains Dushanbe's key economic and security partner largely as a result of dependence on remittances from migrant workers in Russia. Within Central Asia, Tajikistan remains closely tied to and dependent on neighboring Uzbekistan, despite often-tense bilateral relations. China is an increasingly important economic partner and source of investment as well. Dushanbe recognizes its vulnerability to its larger neighbors and asserts itself against them only selectively, when it believes core interests are jeopardized. Like the other states of Central Asia, Tajikistan also aims to avoid falling wholly under the economic or political umbrella of a single foreign power.

The foundation of Tajikistan's foreign economic and security policy is what President Rahmon has termed the "open door." Similar to its neighbors in the region, Tajikistan seeks, above all, stability in its immediate neighborhood, which it hopes to achieve by maintaining friendly, positive relationships across the wider region. Tajikistan would like to encourage regional cooperation in order to break the transportation bottleneck that contributes to the country's underdevelopment. For this reason, Tajikistan prioritizes its relationships with the other Central Asian states. Strengthening relations with China is a priority for the same reason. Similarly, Dushanbe hopes to enhance commercial connections with Iran, Pakistan, and Afghanistan, despite concerns about the potential spillover of instability from the latter in the coming years.

### Central Asia

In his 2013 annual foreign policy address, President Rahmon emphasized that Tajikistan's top foreign policy priority is the development of equal, mutually beneficial, and stable relations with its neighbors in Central Asia. Foremost is the fraught relationship with Uzbekistan. Major disputes tied to historical grievances, borders, and water sharing have brought the relationship to a standstill. Given the importance of Uzbekistan as a transit

## Central Asia



Source: Based on a United Nations map, <http://www.un.org/Depts/Cartographic/map/profile/centrasia.pdf>.

corridor for Tajikistan, poor relations and closed borders act as a break on Tajikistan's economic development and broader foreign policy ambitions.

Perhaps the most important issue in Tajik-Uzbek relations, if not the international politics of Central Asia as a whole, is water. Tajikistan and Kyrgyzstan lie upstream along, respectively, the Amu Darya and Syr Darya rivers, which flow downstream into Kazakhstan (Syr Darya) and Uzbekistan and Turkmenistan (Amu Darya). These two rivers supply a large portion of Central Asia's water, creating tensions over the division of this limited (and shrinking) resource, largely pitting upstream Kyrgyzstan and Tajikistan against their downstream neighbors. During the Soviet period, water was provided to the downstream republics in exchange for gas and other energy supplies, an arrangement that collapsed along with the USSR. Unable to afford imported energy, Tajikistan now gets 98.8 percent of its electricity from hydropower, but faces periodic shortages due to limited capacity and inefficiency.<sup>1</sup>

1. For an overview, see "Water Pressures in Central Asia," International Crisis Group Europe and Central Asia Report, September 11, 2014, <http://www.crisisgroup.org/~media/Files/europe/central-asia/233-water-pressures-in-central-asia.pdf>.





Source: Background layer attributed to DEMIS Mapserver, maps created by Shannon1 via Wikimedia Commons, [http://en.wikipedia.org/wiki/Syr\\_Darya#/media/File:Syr\\_daryamap.png](http://en.wikipedia.org/wiki/Syr_Darya#/media/File:Syr_daryamap.png) and [http://en.wikipedia.org/wiki/Amu\\_Darya#/media/File:Amudaryamap.jpg](http://en.wikipedia.org/wiki/Amu_Darya#/media/File:Amudaryamap.jpg).

Tajikistan, like Kyrgyzstan, wants to expand its hydroelectricity generation capacity to meet its own needs and to turn its water into a resource it can sell. Uzbekistan and, to a lesser degree, the other downstream states fear that the resulting dams will reduce the rivers' flow, negatively impacting agriculture. With snowpack and glaciers in Tajikistan's mountains shrinking as the climate warms, less runoff is flowing into the Amu Darya, reducing the amount of water available even as downstream populations and demand continue to grow. Central Asia's upstream and downstream states are thus fighting over an ever-shrinking supply of water, with implications for regional security as well as economic cooperation. According to our interlocutors throughout Central Asia, approximately 50 percent of inter-governmental correspondence in the region is focused on this single, divisive issue.

The Rogun dam project is the centerpiece of Tajikistan's hydropower development strategy (and economic strategy more broadly) and the key point of contention between



## Amu Darya Watersheds



Dushanbe and its neighbors. Uzbekistan, which relies on water from the Amu Darya to feed its critical agricultural industry, views the impact of Rogun as potentially catastrophic and has opposed Rogun at every step, even threatening the use of force to prevent construction.<sup>2</sup> Dushanbe argues that Rogun is critically important to Tajikistan's development and that it can be constructed and managed in a way that addresses Uzbekistan's concerns. A 2014 World Bank feasibility study broadly blessed the project, but has not changed minds in Tashkent. According to our interlocutors in Dushanbe, a deal that would prove acceptable to both Tajikistan and Uzbekistan is difficult to imagine at this time.

2. Сабина Сексембаева, "Каримов: Из-за проблем с водными ресурсами могут возникнуть войны," BNews.kz, September 7, 2012, <http://bnews.kz/ru/news/post/100327/>.

While Rogun is a key flashpoint in Tajikistan's relations with its neighbors, it is by no means the only one. Localized cross-border conflicts tied to water are commonplace, while other disagreements are often tied to historical and territorial disputes. The 2002 seizure of the disputed Farkhad reservoir in the Fergana Valley by Tajikistan is one example. This reservoir, which supplies water to cotton fields in Tajikistan that produce more than half of the country's annual yield (but also supplies an Uzbek hydropower station), had been in Uzbek hands under the terms of a 40-year lease signed back in 1933. Uzbekistan maintains that a land swap agreement in the mid-1940s permanently transferred control to Tashkent; Dushanbe, however, argues that Tashkent never returned the reservoir at the termination of the lease, justifying a military seizure.<sup>3</sup>

With water viewed as a zero-sum issue in both Dushanbe and Tashkent, these disagreements have poisoned the proverbial well. Over the years, Tashkent has shut off supplies of oil and gas, and closed the border (whose demarcation remains unfinished, another point of contention), blocking Tajikistan's exports, especially of its key products, cotton and aluminum.<sup>4</sup> Uzbekistan has also, in the name of combating extremism and narcotics trafficking, mined portions of the border with Tajikistan. At one point, Uzbekistan closed, and subsequently dismantled, rail lines running into Tajikistan.<sup>5</sup>

According to our interlocutors in Dushanbe, these measures, especially those depriving Tajikistan of energy, may only intensify Dushanbe's resolve to construct Rogun, as the project is seen as one of Dushanbe's few sources of leverage. Some of our interlocutors in Tajikistan questioned whether relations with Uzbekistan could possibly get any worse, though one individual pointed out that a single railway line remains open, and could presumably be closed. As one foreign diplomat with whom we spoke said, this state of the bilateral relationship is ultimately an issue that only the two presidents, whose relationship was long reported to be quite poor, can resolve.

Nonetheless, the relationship has improved over the past year, following Uzbek president Islam Karimov's visit to Dushanbe for a Shanghai Cooperation Organization summit in late 2014. Direct flights between Tashkent and Dushanbe resumed in March 2015. Perceiving a mounting, mutual threat from cross-border extremism, the two countries' border services agreed to cooperate on securing their common frontier, and have discussed visa liberalization.<sup>6</sup>

---

3. Акмал Маннонов, "Как Таджикистан вернул "Плотину" и Фарходское водохранилище," *Asia-Plus*, August 19, 2011, <http://news.tj/ru/news/kak-tadzhikistan-vernul-plotinu-i-farkhodskoe-vodokhranilishche>; "Water Pressures in Central Asia," 11–12.

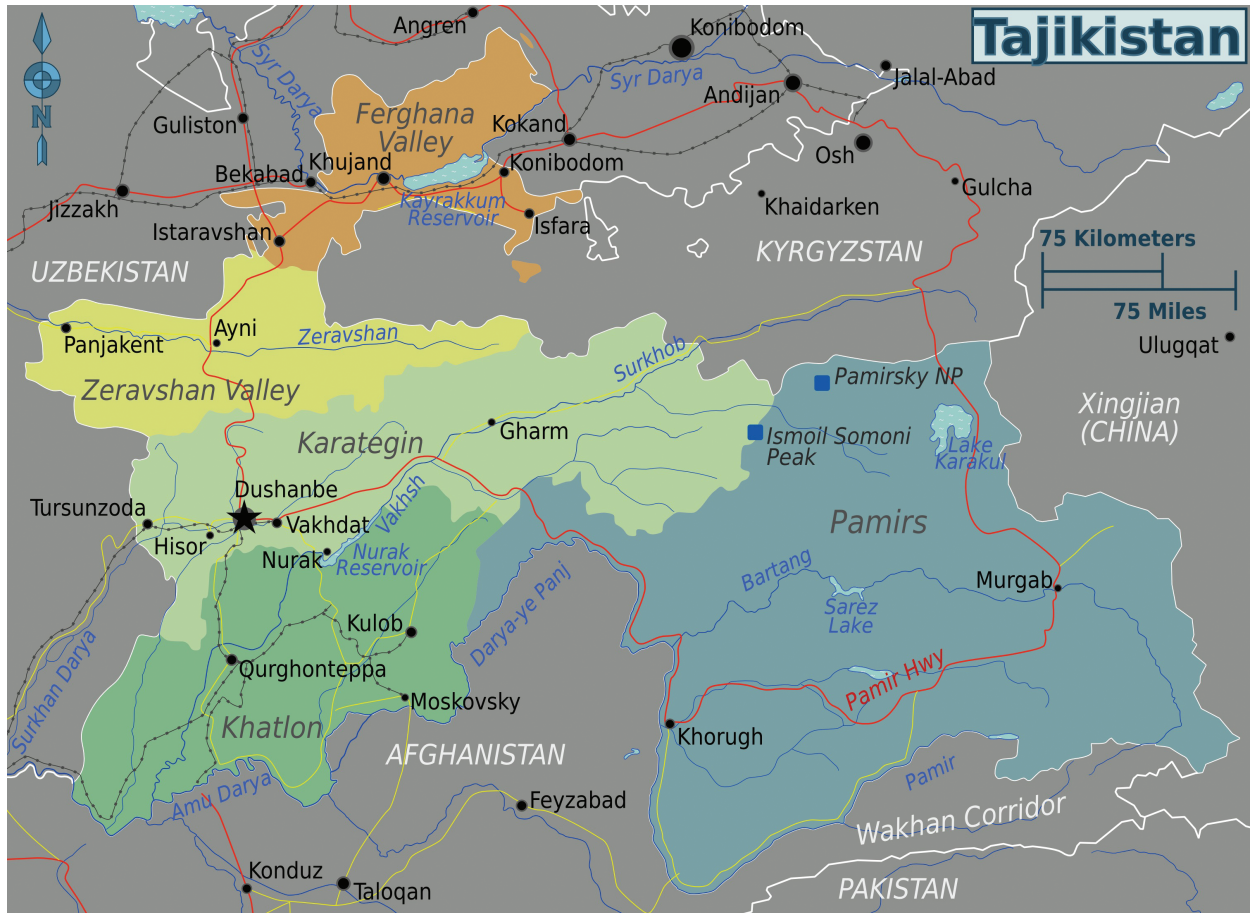
4. Oleg Salimov, "The Turkmenistan-Afghanistan-Tajikistan Railroad Project: The Prospects of the New Silk Road," *CACI [Central Asia-Caucasus Institute] Analyst*, November 27, 2013, <http://www.cacianalyst.org/publications/analytical-articles/item/12866-the-turkmenistan-afghanistan-tajikistan-railroad-project-the-prospects-of-the-new-silk-road.html>.

5. Shairbek Juraev, "Central Asia's Cold War? Water and Politics in Uzbek-Tajik Relations," PONARS Eurasia Policy Memo No. 217, September 2012, [http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/pepm\\_217\\_Juraev\\_Sept2012\\_0.pdf](http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/pepm_217_Juraev_Sept2012_0.pdf).

6. Виктория Панфилова, "Ташкент и Душанбе сближаются перед общей угрозой," *Независимая газета*, April 28, 2015, [http://www.ng.ru/cis/2015-04-28/6\\_uzbekistan.html](http://www.ng.ru/cis/2015-04-28/6_uzbekistan.html).



## Tajikistan's Regions



Source: Based on a United Nations map, [https://commons.wikimedia.org/wiki/File:Tajikistan\\_regions\\_map.png](https://commons.wikimedia.org/wiki/File:Tajikistan_regions_map.png).

The fractious relationship with Uzbekistan limits Tajikistan's connectivity with markets beyond its direct neighborhood. To a lesser degree, tensions with northern neighbor Kyrgyzstan have a similar effect. As upstream states, Tajikistan and Kyrgyzstan largely align on the issue of water, but their broader relationship remains difficult. The two countries have only demarcated about half of their shared border, and large portions remain actively disputed. In particular, a set of small Tajik enclaves in the Fergana Valley, in the far northeast of the country and wholly surrounded by Kyrgyzstan, have been a point of contention. In January 2014, the first firefight in history between the countries' regular forces broke out in the vicinity of the Tajik exclave of Vorukh.<sup>7</sup> Negotiations to resolve the dispute resumed in October 2014 after a six-month pause,<sup>8</sup> but despite a measure of reported progress,<sup>9</sup>

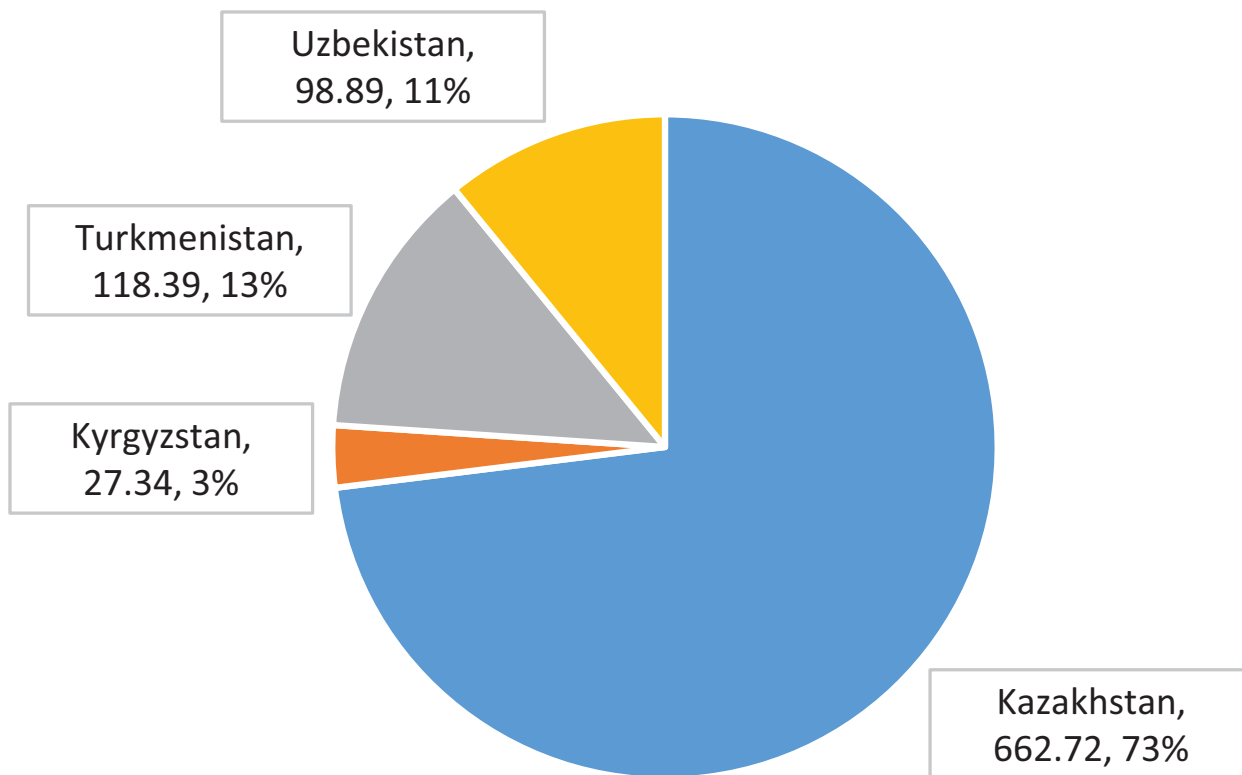
7. David Trilling, "Kyrgyzstan-Tajikistan: What's Next after Border Shootout?," *Eurasianet*, January 13, 2014, <http://www.eurasianet.org/node/67934>.

8. Darya Podolskaya, "Kyrgyzstan and Tajikistan resume negotiations on border delimitation," 24.kg, October 27, 2014, <http://www.eng.24.kg/news-stall/172882-news24.html>.

9. Oleg Salimov, "Border Dispute at the Center of Tajik-Kyrgyz Meeting," *CACI Analyst*, September 3, 2014, <http://www.cacianalyst.org/publications/field-reports/item/13039-border-dispute-at-the-center-of-tajik-kyrgyz-meeting.html>.



## Tajikistan's Trade with Central Asia in 2013, USD Millions



Source: International Monetary Fund Direction of Trade Statistics and author calculations.

a real breakthrough is unlikely anytime soon.<sup>10</sup> In fact, both sides now appear to be escalating their military presence in the disputed regions.<sup>11</sup>

In contrast, Dushanbe sees Turkmenistan as a key source of energy and an outlet to international markets. Tajikistan relied on Turkmenistan for electricity until that supply was cut off by Uzbekistan on the grounds of repairs to transmission lines.<sup>12</sup> Turkmenistan has offered to again supply electricity to Tajikistan through power lines across Afghanistan,<sup>13</sup> although Afghanistan's stability remains a wildcard.<sup>14</sup> Furthermore, Tajikistan views the Turkmenistan-Afghanistan-Tajikistan (TAT) railway project, set tentatively for completion in 2015, as critical because it circumvents Uzbekistan, granting direct access to the Turkmen rail system. Kazakhstan too is a major economic partner, accounting for over

10. David Trilling, "Kyrgyzstan & Tajikistan: Memo from a Fergana Flashpoint," *Eurasianet*, March 12, 2014, <http://www.eurasianet.org/node/68132>.

11. "Enclaves in Central Asia: The post-imperial chessboard," *The Economist*, April 1, 2014, <http://www.economist.com/blogs/banyan/2014/04/enclaves-central-asia>.

12. Michael J. G. Cain, "Tajikistan's Energy Woes: Resource Barriers in Fragile States," *Washington Review of Turkish & Eurasian Affairs*, January 2011, <http://www.thewashingtonreview.org/articles/tajikistans-energy-woes-resource-barriers-in-fragile-states.html>.

13. Bruce Pannier, "Central Asia's New Best Friends Cement Relations," Radio Free Europe/Radio Liberty, May 7, 2014, <http://www.rferl.org/content/turkmenistan-tajikistan-best-friends/25376832.html>.

14. Oleg Salimov, "Turkmenistan's President Visits Tajikistan," *CACI Analyst*, May 21, 2014, <http://www.cacianalyst.org/publications/field-reports/item/12975-turkmenistans-president-visits-tajikistan.html>.

10 percent of Tajikistan's total world trade.<sup>15</sup> The newly formed Kazakhstan Agency for International Development (KazAID) is largely aimed at Central Asia, especially Kyrgyzstan and Tajikistan.<sup>16</sup>

## Afghanistan and South Asia

Afghanistan is a major source of concern for Dushanbe. According to foreign diplomats and experts we interviewed, the government of President Rahmon sees Afghanistan, with which Tajikistan shares a porous, mountainous 1,300-km border, as the primary source of threats to its security, which mostly stem from instability and poor governance in Afghanistan itself. Independent analysts with whom we spoke, however, argued that the threat posed by Afghan instability is significantly overstated. Tajik officials assess the threat of instability and spillover, especially from the Badakhshan province, which borders central and eastern Tajikistan, as considerable. Tajikistan perceives Afghanistan as an incubator of terrorism and radical ideology, and in response has sought to bolster its control over its borders (with international assistance), though with little success.<sup>17</sup> Tajikistan nonetheless views Afghanistan and the rest of South Asia as key markets, especially for the export of its surplus electricity during the summer months.

A related concern is the trafficking of narcotics. Key trafficking routes flow directly from Afghanistan through Tajikistan to Kyrgyzstan and beyond: the UN Office on Drugs and Crime (UNODC) estimates that more than a quarter of Afghan narcotics bound for Europe and Russia pass through Tajikistan,<sup>18</sup> which according to one of our interlocutors in Dushanbe amounts to around 80 tons of heroin each year. Pervasive corruption and the proliferation of smuggling operations, some of them officially sanctioned, exacerbate the trafficking issue in areas of Tajikistan where governance is weakest. One foreign official with whom we spoke described the situation as a problem “more of political corruption than leaky borders,” whereby the government (and the Russians who, until 2005, guarded the Tajik-Afghan border) facilitate drug trafficking. However, the UNODC notes that there have been improvements and a genuine willingness on the part of Dushanbe to cooperate with the international community to improve border protection and fight against drug trafficking.<sup>19</sup>

Tajikistan also maintains strong cultural ties with Afghanistan, especially with the 20 percent to 25 percent of the Afghan population that is ethnically Tajik. Afghanistan's Tajiks are concentrated in the north of the country, where they formed the backbone for

---

15. Unless otherwise specified, all trade data come from the International Monetary Fund (IMF) Direction of Trade Statistics (DOTS) database and author calculations based on that data.

16. “Start of KazAID marks significant transition in Kazakhstan from aid-recipient to donor,” United Nations Development Program in Kazakhstan, November 3, 2014, <http://www.eurasia.undp.org/content/rbec/en/home/presscenter/articles/2014/11/3/start-kazaid-significant-transition-kazakhstan.html>.

17. Joshua Kucera, “Eyeing Taliban, Tajikistan Sets Up New Military Base on Afghan Border,” *Eurasianet*, January 8, 2015, <http://www.eurasianet.org/node/71561>.

18. “Ongoing Projects,” United Nations Office on Drugs and Crime, accessed March 17, 2015, <https://www.unodc.org/centralasia/en/ongoing-projects/drug-trafficking-and-border-control.html>.

19. Ibid.

the anti-Taliban Northern Alliance. Afghanistan provided a haven for refugees from Tajikistan's civil war in the 1990s, as well as a training ground for antigovernment rebels. Like its post-Soviet neighbors, Dushanbe maintained close ties with the mainly Tajik Northern Alliance, helping funnel arms and assistance during the conflict with the Taliban. Today, Tajiks are heavily represented in the Afghan security services and military, where they comprise 32 percent of the force and constitute an important part of Afghanistan's economic and political elite. Our interlocutors agree that Tajikistan remains concerned about the treatment of ethnic Tajiks in Afghanistan.

Tajikistan also views Afghanistan and Pakistan (as well as possibly India over the long term) as growth markets. The expansion of economic ties with South Asia, in particular in the field of energy, is key to Tajikistan's development strategy. With its hydropower potential and electricity surpluses in the summer months, Tajikistan envisions itself as a potential energy exporter—a major impetus behind Dushanbe's plans to dramatically expand its generation capacity.

Tajikistan's ambitions dovetail with a set of parallel projects backed by Western governments as well as a host of international development organizations to create an integrated regional energy market spanning Central and South Asia. Both projects, the Central Asia and South Asia Power Transmission Project (CASA-1000) and the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) interconnection concept, envision Tajikistan as one source of electricity that, through the development of new transmission infrastructure, will supply electricity to Afghanistan and Pakistan. Tajikistan has embraced these projects and points to them to justify its plans for the Rogun dam. In addition to the potential commercial benefits, Dushanbe views these projects as one aspect of its support for Afghanistan's peaceful development and stability, which in turn will help bolster Tajikistan's own security. Some analysts doubt the viability of these projects, in large part due to concerns about the development and maintenance of adequate infrastructure, the reliability of supply from Kyrgyzstan and Tajikistan, the politicization of energy issues between the two upstream countries, and the security of power lines traversing unstable states.<sup>20</sup>

## Iran

Historical, cultural, and linguistic ties between Tajikistan and Iran underpin a generally cooperative and growing relationship.<sup>21</sup> The expansion of trade and economic cooperation with Iran, not to mention engagement on cultural issues, was listed third by President

---

20. See Eugene Imas, "The New Silk Road to Nowhere," *The Diplomat*, December 18, 2013, <http://thediplomat.com/2013/12/the-new-silk-road-to-nowhere/>; Erica Marat, "Kyrgyzstan, Tajikistan Disagree on CASA-1000," *Eurasia Daily Monitor*, Volume 9, Issue 119, June 22, 2012, [http://www.jamestown.org/programs/edm/single?tx\\_ttnews%5Btt\\_news%5D=39528&#.VL8X1GTUuvM](http://www.jamestown.org/programs/edm/single?tx_ttnews%5Btt_news%5D=39528&#.VL8X1GTUuvM); and "Central Asia: South Asia Energy Project a Pipe Dream?" *Eurasianet*, June 20, 2013, <http://www.eurasianet.org/node/67151>.

21. Much of modern-day Tajikistan was part of the Persian Empire in the Middle Ages, and the Tajik language is a variant of Persian that is at least partially intelligible to Iranians.

Rahmon in his address outlining the priorities of Tajikistan's foreign policy, well before other priorities such as the relationships with Russia and China.<sup>22</sup>

For the past decade, Iran has accounted for 3 percent to 5 percent of Tajikistan's total world trade, well behind Russia, China, and Kazakhstan. Iran has however played an instrumental role as an investor in a handful of infrastructure and transit projects. These include the Sangtuda-2 Hydroelectric Power Plant, in which Iran invested approximately \$180 million (compared to Tajikistan's \$40 million),<sup>23</sup> and the Anzob (Istiklol) Tunnel, which connects Dushanbe with the northern Fergana Valley and the city of Khujand. In return for its investment in Sangtuda-2, which came on line in 2011, Iran will collect revenues for the first fourteen-and-a-half years, at which point ownership will be transferred to Tajikistan.

Despite these ties, Tajikistan is officially a secular state, and its population is 85 percent Sunni Muslim. Our interlocutors noted that Iran does not attempt to spread Islamism or support extremist groups in Tajikistan (in contrast to its actions in the Middle East). Given Tajikistan's concerns about extremism and domestic radicalization, Dushanbe is nevertheless concerned about the potential export of radical ideas from Iran. In 2011, Tajikistan recalled approximately 1,400 students who were studying Islam abroad, 200 of whom were in Iran.<sup>24</sup>

## Russia

Of all of Tajikistan's foreign partners, Russia maintains the deepest economic, political, and security ties. Elites in Tajikistan view Russia as a key partner, but also worry that ties with Moscow can serve to limit Dushanbe's freedom of action. These concerns center in particular on labor migration and defense ties, both of which leave Tajikistan heavily dependent on Russian goodwill. Russia has not been shy about employing its leverage to retain influence in Tajikistan and to push the country toward greater integration with Russian-led organizations, most notably the Eurasian Economic Union (EEU). Our interlocutors in Dushanbe suggested, however, that Tajikistan does not want to fall solely under the economic and security umbrella of Russia—and has resisted these integration efforts where possible. In his 2013 foreign policy address, President Rahmon extolled the virtues of engagement with Russia, albeit only “on the basis of equality, mutual benefit, and strategic partnership.”<sup>25</sup>

---

22. Emomali Rahmon, “Policy Statement by the President of Tajikistan on the occasion of opening of the MFA [Ministry of Foreign Affairs] new building,” 2013, <http://mfa.tj/en/statement-by-the-president/statement-by-the-president-of-the-republic-of-tajikistan.html>.

23. Mehrangez Tursunzoda, “Tajikistan reportedly extends the period of operation of Sangtuda-2 HPP [hydroelectric power plant] for Iran by 2 years,” *Asia-Plus*, October 31, 2014, <http://news.tj/en/news/tajikistan-reportedly-extends-period-operation-sangtuda-2-hpp-iran-2-years>.

24. “Tajikistan and Iran: Is Dushanbe Distancing Itself from Cultural Cousin?,” *Eurasianet*, March 7, 2011, <http://www.eurasianet.org/node/63021>.

25. Rahmon, “Policy Statement by the President of Tajikistan on the occasion of opening of the MFA new building.”



While Russia is no longer Tajikistan's largest trading partner (it was recently overtaken by China), it remains undoubtedly Tajikistan's most critical economic partner more broadly. Russia's importance derives from its status as a magnet for Tajik migrant workers with few employment prospects at home. Today, approximately half of working-age Tajik men live and work abroad, almost entirely in Russia, and the remittances sent home to their families are equivalent to between 40 percent and 50 percent of Tajikistan's GDP, according to recent estimates—the highest percentage of any country in the world.<sup>26, 27</sup>

These massive flows of both people and their money make Tajikistan's economy largely dependent on—and inextricable from—Russia's. With the economic slowdown in Russia leading to a sharp decline in remittances flows—up to 20 percent by some estimates<sup>28</sup>—our interlocutors in Dushanbe suggested the economic ramifications for Tajikistan could be immense. The more than one million Tajik migrant workers in Russia also give Moscow a powerful political tool. Fearing in particular the instability that a massive influx of returning migrant workers could engender, Dushanbe “understands the leverage that the migrant issue gives Moscow,” in the words of a foreign diplomat with whom we spoke. Russia has deployed the migrant issue to pressure the Tajik government to accede to the Eurasian Economic Union, most notably through the imposition of new restrictions on migrants from non-EEU states that went into effect on January 1, 2015.<sup>29</sup>

Moscow's economic influence in Tajikistan extends beyond remittances. Russia still accounts for nearly one-fifth of Tajikistan's foreign trade and remains a major source of foreign investment, though it has recently been overtaken by China. According to Tajikistan's Ministry of Foreign Affairs, Russia has invested in recent years more than \$700 million in industries such as energy and mining, manufacturing and construction, transport infrastructure, and agriculture.<sup>30</sup> Gazprom alone has invested more than \$40 million in Tajikistan, supplies 60 percent of the country's total hydrocarbons, and is currently conducting exploration of new oil and gas fields. In 2013, the Tajik government agreed to import one million tons of fuel and oil products from Russia annually, at reduced prices.<sup>31</sup>

Since the collapse of the Soviet Union, Russia has also maintained a strong security and defense presence in Tajikistan, ostensibly out of concern about the spread of radicalism,

---

26. “Migration and Remittance Flows in Europe and Central Asia: Recent Trends and Outlook, 2013–2016,” World Bank, October 2, 2013, <http://www.worldbank.org/en/news/feature/2013/10/02/migration-and-remittance-flows-in-europe-and-central-asia-recent-trends-and-outlook-2013-2016>.

27. “Remittances to Developing Countries to Grow by 5 Percent This Year, While Conflict-Related Forced Migration Is at All-Time High, Says WB Report,” World Bank, October 6, 2014, <http://www.worldbank.org/en/news/press-release/2014/10/06/remittances-developing-countries-five-percent-conflict-related-migration-all-time-high-wb-report>.

28. Jack Farchy, “Tajikistan looks to China as Russian remittances dry up,” *The Financial Times*, October 22, 2014, <http://www.ft.com/intl/cms/s/0/2c87ee20-58f9-11e4-9546-00144feab7de.html#slide0>.

29. Konstantin Parshin, “Eyeing Tajikistan's Weak Spot, Russia Presses for Integration,” *Eurasianet*, January 15, 2015, <http://www.eurasianet.org/node/71631>.

30. “Relations of Tajikistan with Russia,” Ministry of Foreign Affairs of the Republic of Tajikistan, accessed March 12, 2015, <http://mfa.tj/en/relations-with-cis-countries/relations-tajikistan-russia.html>.

31. George Voloshin, “Russia and Tajikistan Settle Differences before Crucial Deadlines,” *Eurasia Daily Monitor*, Volume 10, Issue 151, August 14, 2013, [http://www.jamestown.org/programs/edm/single/?tx\\_ttnews%5Btt\\_news%5D=41272&cHash=b445c40698fe4c56eebd8ca66d2491c0#.VRxALfnF-So](http://www.jamestown.org/programs/edm/single/?tx_ttnews%5Btt_news%5D=41272&cHash=b445c40698fe4c56eebd8ca66d2491c0#.VRxALfnF-So).

instability, and narcotics from Afghanistan. Russia continues to maintain a force of approximately 5,000 to 7,000 troops in Tajikistan as part of its 201st Military Base, a legacy of the Tajik Civil War and still Russia's largest foreign deployment, stationed at bases near Dushanbe, Qurghonteppa, and Kulob in southwestern Tajikistan. Unconfirmed reports suggest that several thousand of the troops from the 201st have been deployed to the Russo-Ukrainian border and potentially involved in the fighting in Ukraine.<sup>32, 33, 34</sup>

Our interlocutors in Dushanbe conveyed that Tajikistan remains uncomfortable with a Russian military presence. Tensions came to a head during negotiations over the terms of an extension for the lease on the Russian base (which was set to expire in 2014). Dushanbe fought to extract higher rent payments and to limit the time scope of any extension. In exchange for an extension of the lease through 2042, Russia agreed to provide duty-free oil, take "responsibility for the modernization and technical renovation of Tajikistan's Armed Forces"<sup>35</sup> in the form of \$200 million in military assistance, and further invest in Tajikistan's hydropower sector, while also promising better treatment for Tajik migrant workers.<sup>36</sup>

Additionally, more than 1,000 Russian border troops guarded the Tajikistan-Afghanistan frontier until 2005, when control of and responsibility for the border was fully returned to Tajikistan, which had long argued that the presence of these troops undermined its sovereignty. Moscow has, in recent years, reemphasized the need for a Russian presence on that border, citing concerns about spillover following the withdrawal of International Security Assistance Force (ISAF) troops from Afghanistan.<sup>37</sup> In 2013 the Russian-led Collective Security Treaty Organization (CSTO) announced a program of "additional collective assistance"<sup>38</sup> to Tajikistan, including the provision of troops to bolster the southern border (although, at Dushanbe's insistence, none of the troops will be Russian).<sup>39</sup> Additionally, the CSTO has made clear that its forces could intervene quickly and decisively to repel any cross-border threats.<sup>40</sup>

---

32. Igor Sutyagin, "Russian Forces in Ukraine," Royal United Services Institute, Briefing Paper, March 2015, [https://www.rusi.org/downloads/assets/201503\\_BP\\_Russian\\_Forces\\_in\\_Ukraine\\_FINAL.pdf](https://www.rusi.org/downloads/assets/201503_BP_Russian_Forces_in_Ukraine_FINAL.pdf).

33. "Russian Army Attracts Tajikistan's Unemployed," *Eurasianet*, March 10, 2015, <http://www.eurasianet.org/node/72451>.

34. Alexander Golts, "Russian Army Facing Big Problems in Ukraine," *The Moscow Times*, February 9, 2015, <http://www.themoscowtimes.com/opinion/article/russian-army-facing-big-problems-in-ukraine/515636.html>.

35. "Russia Signs Deal to Prolong Troop Presence at Tajik Military Base," Radio Free Europe/Radio Liberty, October 5, 2012, <http://www.rferl.org/content/russia-signs-deal-troop-presence-tajikistan-military-base/24730251.html>.

36. Jim Nichol, *Tajikistan: Recent Development and U.S. Interests*, Congressional Research Service, September 23, 2013, <https://fas.org/sgp/crs/row/98-594.pdf>.

37. Amie Ferris-Rotman, "Fearing Afghan instability, Russia mulls border troops," Reuters, May 17, 2013, <http://www.reuters.com/article/2013/05/17/us-afghanistan-russia-idUSBRE94G06F20130517>.

38. "Совет коллективной безопасности ОДКБ принял решение оказать военно-техническую помощь Пограничным войскам Таджикистана для укрепления таджикско-афганской границы и выступил с заявлением о ситуации в Сирии и вокруг нее," Collective Security Treaty Organization, September 23, 2013, [http://odkb-csto.org/news/detail.php?ELEMENT\\_ID=2701](http://odkb-csto.org/news/detail.php?ELEMENT_ID=2701).

39. Joshua Kucera, "CSTO Promises Support, but No Russian Troops, for Tajikistan's Border," *Eurasianet*, September 24, 2013, <http://www.eurasianet.org/node/67540>.

40. "CSTO Says Troops 'Could Be in Tajikistan in Three Days,'" Radio Free Europe/Radio Liberty, March 14, 2015, <http://www.rferl.org/content/tajikistan-csto-troops/26901152.html>.

# China

As part of its Silk Road Economic Belt (SREB) strategy, China has emphasized the expansion of ties with Central Asia. For the most part, Dushanbe has welcomed the establishment of a strategic partnership and the growing presence of Beijing in the Tajik economy, whether through increased trade, investment flows, or assistance in the development of infrastructure, with open arms. According to a foreign diplomat stationed in Dushanbe, the Tajik government has not sought to limit China's economic presence in the manner of some other Central Asian states, viewing Chinese trade and investment as wholly positive and without uncomfortable strings attached—political or otherwise.

President Xi Jinping's September 2014 state visit to Tajikistan saw the signing of a Program of Economic Cooperation between Tajikistan and China to 2020, which lays out the future of the China-Tajikistan strategic partnership (itself inaugurated a year earlier in Beijing). This document emphasizes the economic aspects of the relationship, including commitments to increase trade to \$3 billion by 2020 (up from \$2.1 billion in 2013), increase investment, and complete a wide range of Chinese-financed infrastructure projects. These infrastructure projects run the gamut from Line D of the Central Asia-China gas pipeline, which establishes Tajikistan as a transit state for gas from its energy-rich neighbors,<sup>41</sup> to the expansion of the Tajik electric grid and the development of road and rail linkages.<sup>42</sup> During the visit, the two leaders also signed an agreement that promises \$5 billion in direct investment, where China is already the second-largest source of foreign direct investment.<sup>43</sup>

Policymakers in Dushanbe view China's promotion of investment, trade, and transport infrastructure under the rubric of the SREB as directly aligned with Tajikistan's core strategic goal of alleviating the country's transport bottlenecks and, secondarily, accessing additional sources of energy. During a November 2014 meeting in Beijing, Xi stated, "China supports Tajikistan's plan to become an economic and trade passageway between China and countries in Central Asia and the Gulf region."<sup>44</sup> Tajikistan will annually receive millions of dollars in much-needed transit fees upon the completion of the Line D pipeline,<sup>45</sup> though it will not receive gas directly.<sup>46</sup> China is also at the forefront of attempts

---

41. "Xi Jinping and President Emomali Rahmon of Tajikistan Jointly Attend the Groundbreaking Ceremony of China-Tajikistan Electricity and China-Central Asia Natural Gas Pipeline Cooperative Projects Stressing to Carry Forward the Spirit of the Silk Road, Construct the Monument of Friendship, and Build the Bond of Cooperation," Embassy of the People's Republic of China in Australia, September 14, 2014, <http://au.china-embassy.org/eng/xw/t1191503.htm>.

42. "Xi Jinping Meets with President Emomali Rakhmon of Tajikistan," Ministry of Foreign Affairs of the People's Republic of China, May 19, 2014, [http://www.fmprc.gov.cn/mfa\\_eng/topics\\_665678/yzxhzyxrcshydscfh/t1159584.shtml](http://www.fmprc.gov.cn/mfa_eng/topics_665678/yzxhzyxrcshydscfh/t1159584.shtml).

43. Yu Lintao, "Getting Tight with Tajikistan," *Beijing Review*, September 22, 2014, [http://www.bjreview.com.cn/world/txt/2014-09/22/content\\_640966.htm](http://www.bjreview.com.cn/world/txt/2014-09/22/content_640966.htm).

44. "Chinese, Tajik presidents pledge cooperation in connectivity, anti-terrorism," Xinhua, November 7, 2014, [http://news.xinhuanet.com/english/china/2014-11/07/c\\_133773307.htm](http://news.xinhuanet.com/english/china/2014-11/07/c_133773307.htm).

45. Joanna Lillis, "Tajikistan, China Break Ground for Landmark Gas Pipeline," *Eurasianet*, September 14, 2014, <http://www.eurasianet.org/node/69976>.

46. Zarina Ergasheva, "Tajikistan will not receive gas from the Central Asia-China gas pipeline, says Tajik official," Asia-Plus, March 11, 2014, <http://news.tj/en/news/tajikistan-will-not-receive-gas-central-asia-china-gas-pipeline-says-tajik-official>.

to develop Tajikistan's hydrocarbon reserves, with the China National Petroleum Corporation (CNPC) part of a consortium developing the potentially massive Bokhtar field in southwestern Tajikistan.<sup>47, 48</sup>

While economic ties are the core of the Tajikistan-China relationship, cooperation on security issues is poised to increase as well. Tajikistan borders China's restive Xinjiang Uyghur Autonomous Region. Tajikistan's security and stability are thus of critical concern to Beijing, since an unstable Tajikistan could serve as a refuge for groups hostile to Chinese rule in Xinjiang.<sup>49</sup> To mitigate the risk of instability pouring across the border, Beijing has pledged, according to China's defense minister, "hundreds of millions of dollars" in military assistance to Dushanbe, including through training programs and the provision of nonlethal matériel.<sup>50</sup>

Tajikistan is also an active participant in the Shanghai Cooperation Organization (SCO) and held the group's rotating presidency in 2014.<sup>51</sup> In his 2013 foreign policy address, however, President Rahmon emphasized that the "capabilities of [the SCO] in terms of development of mutually beneficial economic cooperation are still not properly used," proposing that the expansion of economic relations and new infrastructure projects should be the SCO's primary focus.<sup>52</sup>

## The United States and the European Union

Much of the West's engagement with Tajikistan has been as an assistance donor. The United States has been a major donor since the early days of Tajikistan's independence, providing nearly \$1 billion in aid between 1992 and 2010.<sup>53</sup> Budgeted assistance, however, has declined steadily in recent years, from approximately \$40 million in 2013 to an administration request to Congress for less than \$30 million for fiscal year 2015.<sup>54</sup> This assistance has primarily focused on economic development and humanitarian issues, including food security (through the Feed the Future<sup>55</sup> and Food for Peace programs) along with poverty

---

47. Yvonne Lee, "CNPC, Partners Sign Tajikistan Oil and Gas Deal," *Wall Street Journal*, June 18, 2013, <http://www.wsj.com/articles/SB10001424127887324520904578552454252003518>.

48. "The Asset: Bokhtar PSC [Production Sharing Contract] Area," Tethys Petroleum, accessed March 28, 2015, <http://www.tethyspetroleum.com/operations/tajikistan/the-asset-bokhtar-psc-area/default.aspx>.

49. "China's Central Asia Problem," International Crisis Group Asia Report No. 244, February 27, 2013, 17–19, [http://www.crisisgroup.org/~media/Files/asia/north-east-asia/244-chinas-central-asia-problem.pdf](http://www.crisisgroup.org/~/media/Files/asia/north-east-asia/244-chinas-central-asia-problem.pdf).

50. Joshua Kucera, "China Promises Tajikistan 'Hundreds of Millions of Dollars' in Military Aid," *Eurasianet*, April 1, 2014, <http://www.eurasianet.org/node/68216>.

51. John C. K. Daly, "Shanghai Cooperation Organization Set to Expand," *CACI Analyst*, August 14, 2014, <http://www.cacianalyst.org/publications/analytical-articles/item/13022-shanghai-cooperation-organization-set-to-expand.html>.

52. Rahmon, "Policy Statement by the President of Tajikistan on the occasion of opening of the MFA new building."

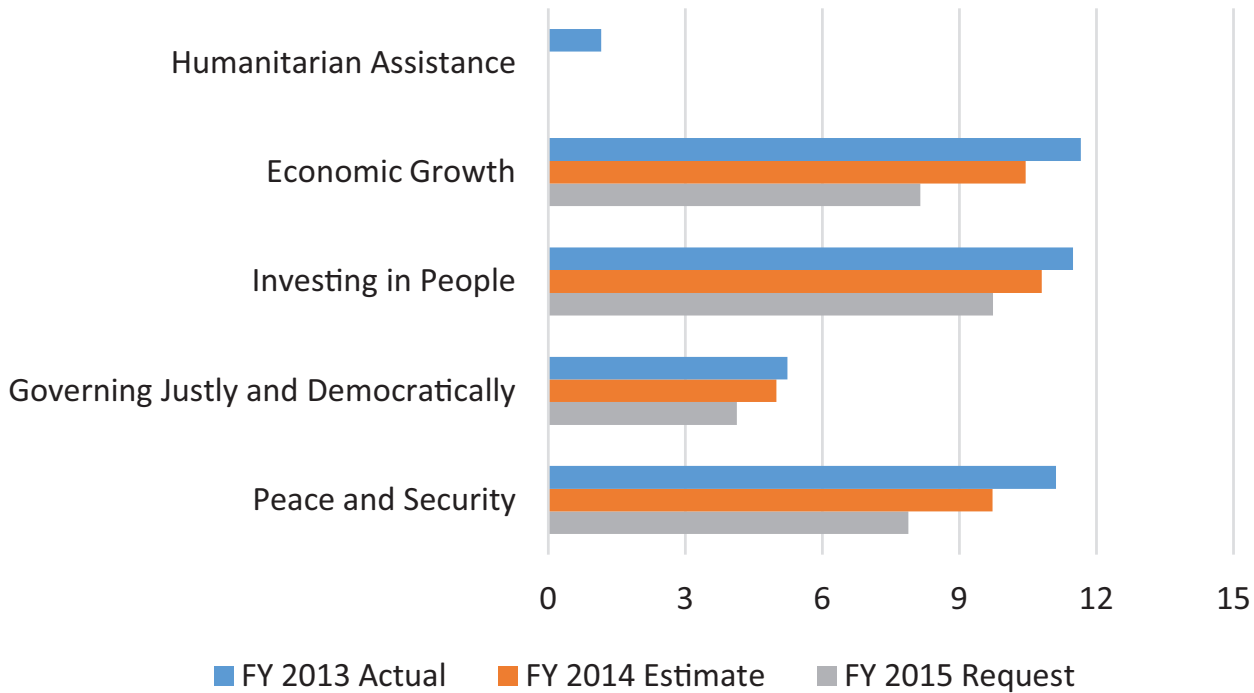
53. Nichol, *Tajikistan: Recent Development and U.S. Interests*, 17.

54. "Tajikistan Foreign Operations Assistance Fact Sheet," U.S. Department of State, Office of the Coordinator of U.S. Assistance to Europe and Eurasia, June 2014, <http://www.state.gov/documents/organization/231117.pdf>.

55. "Feed the Future Country Fact Sheet: Tajikistan," Feed the Future, accessed March 27, 2015, <http://www.feedthefuture.gov/country/tajikistan-0>.



## U.S. Foreign Assistance to Tajikistan, USD Millions



Source: U.S. Department of State.

reduction and public health measures, as well as promotion of human rights and democracy. According to one foreign diplomat with whom we spoke, U.S. aid has been disbursed in too diffuse a manner to translate into policy influence, with the U.S. struggling to make sense of the transactional nature of politics in Tajikistan, and with the focus on human rights distracting from the pursuit of Washington's hard security interests and creating friction with the Tajik government.

The European Union, too, is a major assistance donor, as well as a major trading partner (though bilateral trade declined precipitously during the global economic crisis and has yet to fully recover to precrisis levels). Financial assistance has similarly focused nearly exclusively on nonmilitary areas,<sup>56</sup> with some funds allocated for border management and counternarcotics and counterterrorism through programs operating on the regional level.<sup>57, 58</sup> The EU also funds a multiyear project on nuclear security issues, providing training, equipment, and laboratories to enhance border-monitoring capabilities.<sup>59</sup>

56. "EU relations with Tajikistan," European External Action Service, accessed March 27, 2015, [http://eeas.europa.eu/tajikistan/index\\_en.htm](http://eeas.europa.eu/tajikistan/index_en.htm).

57. "European Community Regional Strategy Paper for Assistance to Central Asia for the period 2007–2013," [http://www.eeas.europa.eu/central\\_asia/rsp/07\\_13\\_en.pdf](http://www.eeas.europa.eu/central_asia/rsp/07_13_en.pdf).

58. "Council Conclusions on Central Asia," Council of the European Union, June 25, 2012, [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/EN/foraff/131149.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/131149.pdf).

59. "European Union Supports Nuclear Security in Republic of Tajikistan," Delegation of the European Union to Tajikistan, December 4, 2014, [http://www.eeas.europa.eu/delegations/tajikistan/press\\_corner/all\\_news/news/2014/20141204\\_en.htm](http://www.eeas.europa.eu/delegations/tajikistan/press_corner/all_news/news/2014/20141204_en.htm).

The U.S. government and the European Union have long supported Tajikistan's aspirations for greater, more inclusive economic development through such projects as CASA-1000 and TUTAP. These regional electricity projects (discussed in greater detail below) fall under the rubric of the United States' New Silk Road initiative, which parallels Tajikistan's goals of enhancing its export potential and breaking out of its transportation bottleneck. Our foreign interlocutors in Dushanbe argued that existing and planned infrastructure projects demonstrate that Western support for the New Silk Road initiative is having an impact, though U.S. and European officials have been clear in their public policy statements that the project of regional integration is a long-term one.

U.S. and EU security assistance, primarily in the form of funding for border security measures and related training, became an additional area of focus during the war in Afghanistan and particularly in the lead-up to the drawdown of ISAF troops in 2014. Immediately after the September 11, 2001, terrorist attacks in the United States, Tajikistan offered the United States the use of its airspace. Tajikistan later played a role in supporting ISAF forces in Afghanistan through its participation in the Northern Distribution Network (NDN), bringing nonlethal supplies across Europe and Eurasia to coalition forces in Afghanistan. While the majority of cargo shipped along the NDN transited Uzbekistan's rail system, a small portion was carried by truck over the Kazakhstan-Kyrgyzstan-Tajikistan (KKT) route.<sup>60</sup> In the past few years, ISAF has mostly been shipping equipment out of Afghanistan, though one foreign official with whom we spoke indicated that traffic had largely dried up and that efforts to turn the NDN into a commercially viable transport network remain unfulfilled.

As Tajikistan views the possibility of instability in Afghanistan as a key security threat, Dushanbe has sought limited security assistance from the United States and others in securing its border. Tajikistan's relationship with and dependence on Russia has limited U.S. influence on the ground. According to a foreign diplomat, Tajikistan appreciates U.S. assistance for providing a retort to Russian pressure to redeploy Russian or CSTO forces along the Tajikistan-Afghanistan border. The United States acts as an alternative that, according to the same diplomat, keeps it "in the game" in Dushanbe. While appreciating the availability of such assistance, Dushanbe appears frustrated with the bureaucratic hoops and red tape that accompany it. U.S. procedures for foreign military financing or the transfer of excess defense articles are viewed as too bureaucratic and time consuming, taking years to actually make an on-the-ground impact. The requirements for these programs appear poorly understood in Dushanbe. Our interlocutors suggested that China and Russia have a comparative advantage in security cooperation insofar as they can mobilize support more quickly and skirt bureaucratic obstacles if sufficient political will exists.

The Organization for Security and Cooperation in Europe (OSCE) also placed its Border Management Staff College, which provides professional education to the border services of

---

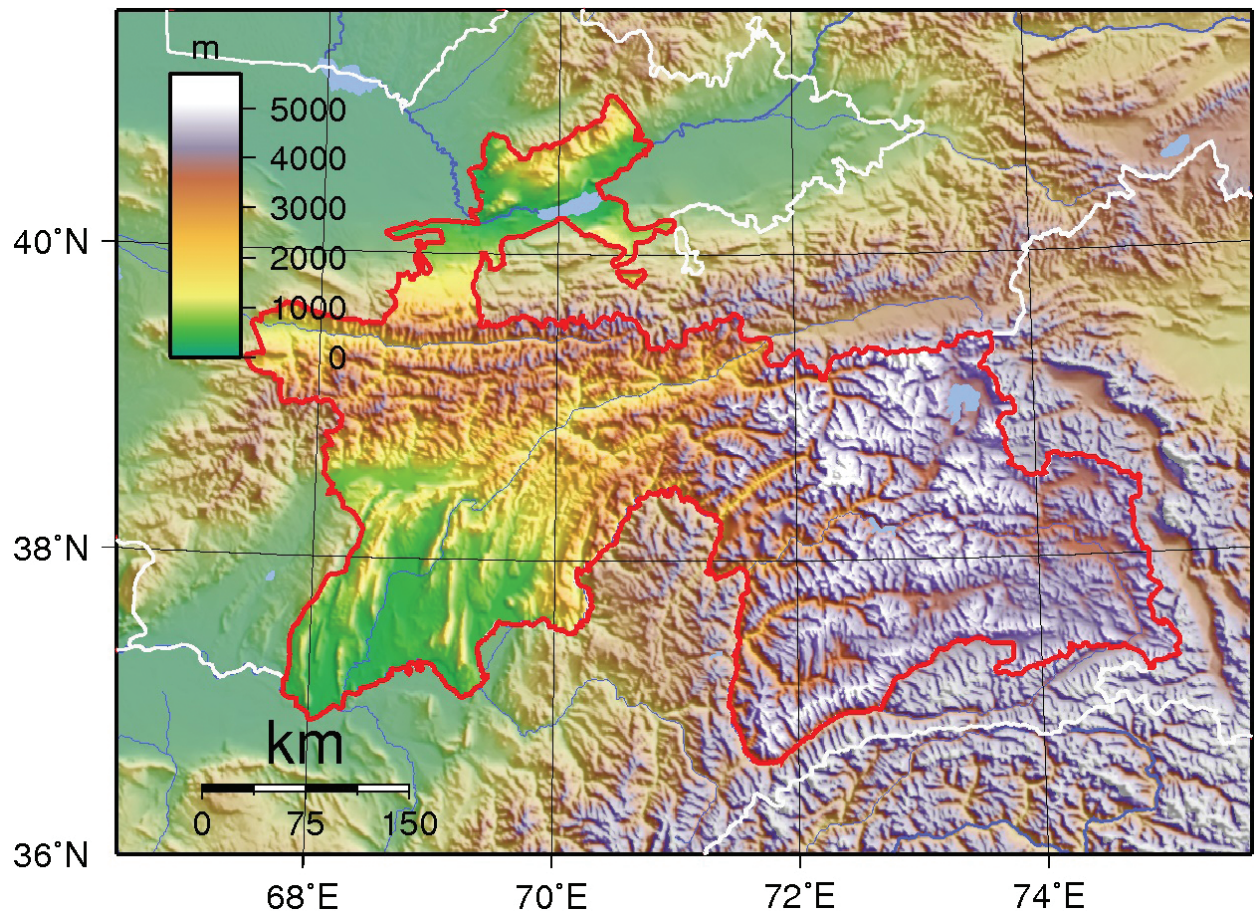
60. Andrew C. Kuchins, Thomas M. Sanderson, and David A. Gordon, *The Northern Distribution Network and the Modern Silk Road: Planning for Afghanistan's Future* (Washington, DC: CSIS, December 2009), 8–10, [http://csis.org/files/publication/091217\\_Kuchins\\_NorthernDistNet\\_Web.pdf](http://csis.org/files/publication/091217_Kuchins_NorthernDistNet_Web.pdf).

all five Central Asian countries, in Dushanbe. Kazakhstan had sought to host the college, but the OSCE chose Tajikistan because of the importance of the Tajik-Afghan border for the security of the entire region. According to one official we spoke with, the college's existence is imperiled by Russian obstruction within the OSCE. While Russia is concerned about ensuring security along the Tajik-Afghan border, it has larger concerns with the OSCE, and prefers in any case to delegate securing Tajikistan's southern border to its own troops or forces under the umbrella of the CSTO.

# 3 | Tajikistan in a Reconnecting Eurasia

As Eurasia reconnects, the primary consideration for landlocked, mountainous Tajikistan is to ensure that the process of regional integration does not pass it by. Possessing few competitive exports and lacking the hydrocarbon endowments that have buoyed some of the other states in Central Asia, Tajikistan's economy remains heavily dependent on remittance flows, primarily from Russia.

## Topography of Tajikistan



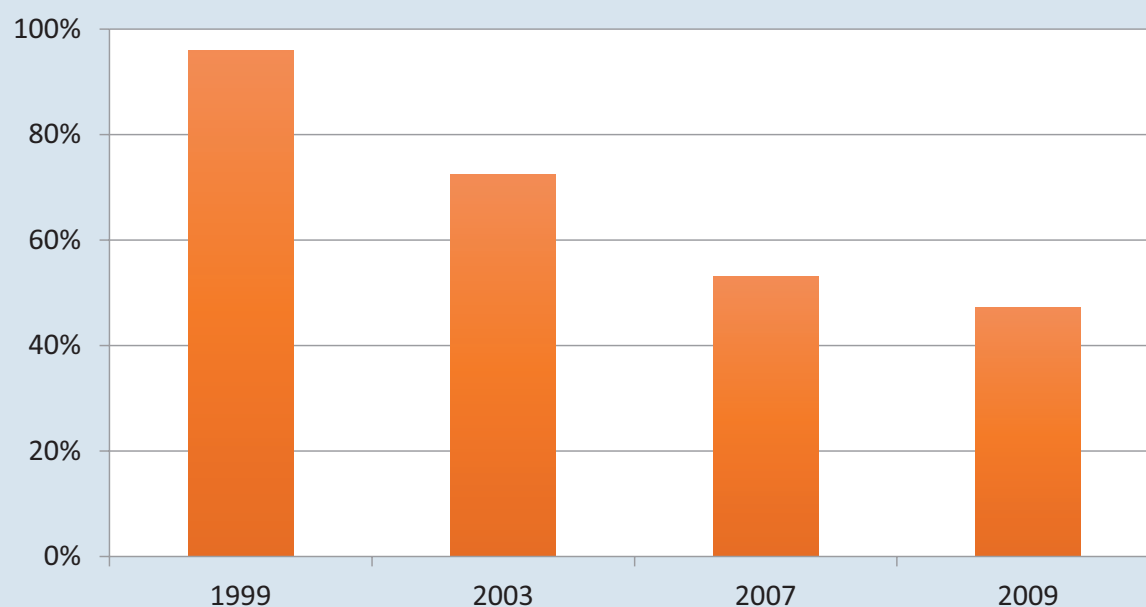
Source: Wikimedia Commons, [http://commons.wikimedia.org/wiki/File:Tajikistan\\_Topography.png](http://commons.wikimedia.org/wiki/File:Tajikistan_Topography.png).



## Remittances—The Driver of Tajikistan's Economy

Tajikistan's economy has yet to fully recover from its post-Soviet collapse during the 1990s, though since 2005 the country has seen GDP growth between 6.5 percent and 8 percent per year.<sup>1</sup> Poverty remains a major challenge, despite some success in reducing poverty over the last two decades. Tajikistan also has a massive shadow economy (relative to the size of its reported economy), estimated at 82 percent of GDP in 2003 and 61 percent in 2005, according to two separate studies.<sup>2</sup> Opportunities for economic advancement at home are limited, especially for the approximately 55 percent of Tajikistan's population that is under the age of 25.<sup>3</sup>

### Poverty Rate in Tajikistan



Source: World Bank.

These factors have left Tajikistan heavily dependent on remittances, especially from Russia. The World Bank estimated total remittances at \$4.1 billion in 2013.<sup>4, 5</sup> According to one foreign official stationed in Tajikistan with whom we spoke, these remittances are equivalent to between 40 percent and 50 percent of Tajikistan's GDP, a figure also cited in other independent studies, making Tajikistan the most remittance-dependent country in the world.<sup>6, 7</sup> Around half of working-age Tajik men are believed to live and work abroad, again mostly in Russia.<sup>8</sup> As the recent crisis in the Russian economy has shown, Tajikistan's dependence also exacerbates its vulnerability to external shocks. According to one of our interlocutors, overall

remittances were expected to fall by 15 percent in 2014. Other estimates put the figure as high as 20 percent,<sup>9</sup> though the National Bank of Tajikistan registered only an 8.3 percent decline.<sup>10</sup>

1. These relatively high growth rates, while accurate, overstate at least in part the health of Tajikistan's economy due to the low base effect. As recently as 2000, Tajikistan's GDP lay below \$1 billion; thus, even with relatively fast growth since that time, the country's GDP in 2013 amounted to only \$8.5 billion, for a GDP per capita figure slightly above \$1,000.

2. Jamshed Kuddusov, "Labour Market Review: Tajikistan," European Training Foundation, 2010, 64–66, [http://www.etf.europa.eu/webatt.nsf/0/17405B3004DC50AAC12578DA003C0EE1/\\$file/Labour%20market%20review\\_Tajikistan.pdf](http://www.etf.europa.eu/webatt.nsf/0/17405B3004DC50AAC12578DA003C0EE1/$file/Labour%20market%20review_Tajikistan.pdf).

3. "Tajikistan Overview," World Bank, accessed February 17, 2015, <http://www.worldbank.org/en/country/tajikistan/overview>.

4. "Migration and Remittance Flows in Europe and Central Asia: Recent Trends and Outlook, 2013–2016," World Bank, October 2, 2013, <http://www.worldbank.org/en/news/feature/2013/10/02/migration-and-remittance-flows-in-europe-and-central-asia-recent-trends-and-outlook-2013-2016>.

5. "Remittances to Developing Countries to Grow by 5 Percent This Year, While Conflict-Related Forced Migration Is at All-Time High, Says WB Report," World Bank, October 6, 2014, <http://www.worldbank.org/en/news/press-release/2014/10/06/remittances-developing-countries-five-percent-conflict-related-migration-all-time-high-wb-report>.

6. "Migration and Remittance Flows in Europe and Central Asia: Recent Trends and Outlook, 2013–2016," World Bank.

7. "Remittances to Developing Countries to Grow by 5 Percent This Year, While Conflict-Related Forced Migration is at All-Time High, Says WB Report," World Bank.

8. Ibid.

9. Farchy, "Tajikistan looks to China as Russian remittances dry up."

10. "Tajikistan registers decline in remittances from Russia," Xinhua, February 25, 2015, [http://news.xinhuanet.com/english/world/2015-02/25/c\\_134017875.htm](http://news.xinhuanet.com/english/world/2015-02/25/c_134017875.htm).

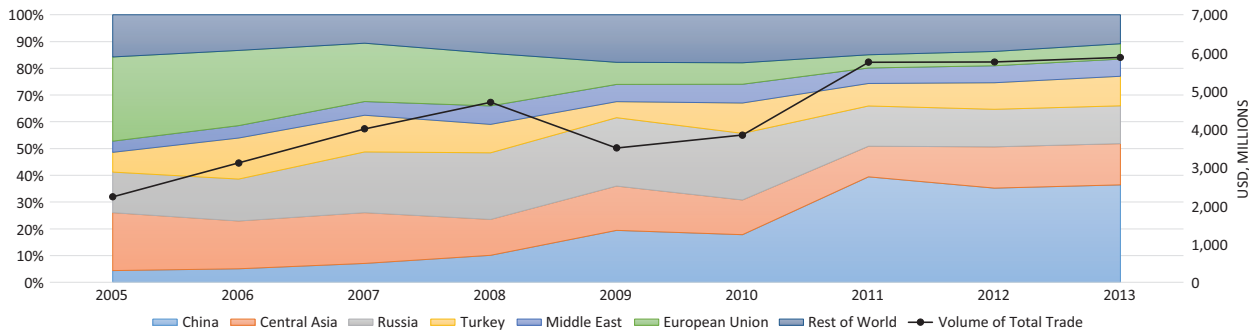
As Dushanbe itself acknowledges in its National Development Strategy, the impediments to economic development are considerable. They extend from structural problems with the economy—including inadequate competition, a poor investment climate exacerbated by corruption and other governance concerns, and limited human capital—to obstacles of geography, including the state's physical fragmentation and mountainous topography, underdeveloped infrastructure, and physical distance from the centers of the global economy.<sup>1</sup> Possible areas of competitive advantage exist as well, though their exploitation will require large investment and in many cases deep structural reform. Foremost among these is Tajikistan's freshwater resources and attendant hydroelectric power potential. Other possible areas of competitive advantage cited by the authorities in Dushanbe include mineral resources, agriculture, and Tajikistan's potential as a transit country.<sup>2</sup>

Tajikistan's foreign trade has expanded in the past decade, albeit at a more modest rate than its Central Asian neighbors. This expansion (a 160 percent increase in absolute terms) has been driven in large part by the rapid expansion of trade ties with China. In 2005, China accounted for less than 5 percent of Tajikistan's total world trade and, in 2013, more

1. "National Development Strategy of the Republic of Tajikistan for the Period to 2015," 2007, 5–7, <http://www.carecprogram.org/uploads/docs/TAJ-National-Development-Strategy-en.pdf>.

2. Ibid., 5.

## Breakdown of Tajikistan's Trade by Partner Country/Group



Source: International Monetary Fund Direction of Trade Statistics and author calculations.

than one-third (remittances not included). China has surpassed other traditional partners, such as Russia and the states of Central Asia, whose overall share of Tajikistan's trade has remained broadly stable over time. Trade with the European Union, once Tajikistan's largest trading partner, has declined precipitously over the past decade.

According to our interlocutors, Dushanbe wants to diversify and expand its overall trade profile. In 2005, trade with Russia, Central Asia, and the European Union amounted to nearly 70 percent of Tajikistan's total. By 2013, the EU fell almost entirely out of the picture, a function of a severe decline in Tajik exports, chiefly of aluminum, agricultural products, and textiles,<sup>3</sup> tied to the global economic crisis that began in 2008. In 2013, seven states (China, Russia, Turkey, and the other four Central Asian states) together accounted for more than 75 percent of Tajikistan's total trade turnover. Economic ties with the United States have been and remain negligible. The push to diversify also extends to the composition of trade: for the time being, aluminum accounts for over 60 percent of Tajikistan's exports, with textiles, mineral products, and food accounting for the rest.<sup>4</sup> Given the volatility of global commodity prices, Dushanbe would like to reduce the centrality of aluminum in particular to its overall exports.

Dushanbe views its March 2013 accession to the World Trade Organization (WTO) as a boon to these efforts, and the Ministry of Economic Development and Trade has launched a post-accession plan to bring Tajikistan more fully into compliance with its WTO obligations. Our interlocutors noted, however, that Tajikistan's primary focus was merely to "cross the finish line" during the WTO negotiations, and that fulfilling the post-accession plan will require large-scale reform.

Tajikistan's membership in the Russian-led Eurasian Economic Union remains an open question, as does the likely economic impact of membership. A 2013 study from the

3. "Bilateral Trade," Delegation of the European Union to the Republic of Tajikistan, [http://www.eeas.europa.eu/delegations/tajikistan/eu\\_tajikistan/trade\\_relation/bilateral\\_trade/index\\_en.htm](http://www.eeas.europa.eu/delegations/tajikistan/eu_tajikistan/trade_relation/bilateral_trade/index_en.htm).

4. "Products exported by Tajikistan (2012)," compiled by the Observatory of Economic Complexity, accessed on March 11, 2015, [http://atlas.media.mit.edu/en/explore/tree\\_map/hs/export/tjk/all/show/2012/](http://atlas.media.mit.edu/en/explore/tree_map/hs/export/tjk/all/show/2012/).

## Annualized Growth in Tajikistan's Global Trade Ties, 2005–2013

<i>Partner Country/ Group</i>	<i>Growth Rate</i>	<i>Value in 2005 (USD millions)</i>	<i>Value in 2013 (USD millions)</i>
World	12.84%	2,239	5,885
China	46.97%	99	2,144
Central Asia	8.14%	485	907
Russia	11.85%	339	831
Turkey	18.66%	165	650
Middle East	19.11%	93	378
European Union	–8.79%	705	338
Iran	19.62%	68	283
South Asia	33.34%	19	190
United States	21.81%	12	58

Source: International Monetary Fund Direction of Trade Statistics and author calculations.

Eurasian Development Bank (EDB) assessed membership as beneficial to Tajikistan's economy over the long term, but only if Tajikistan takes advantage of the economic opportunities that membership affords it.<sup>5</sup> The EDB asserted that Tajikistan could benefit from its workers' improved access to EEU labor markets, the stimulation of both domestic and foreign investment, and increased productivity, while the impact of trade diversion would be limited.<sup>6</sup> The study makes clear, however, that EEU accession would not in and of itself constitute a panacea, and that Dushanbe would still have to carry out substantial reforms, many of which already dovetail with measures that the government has sought to implement through the National Development Strategy.

With northern neighbor Kyrgyzstan set to join the EEU in May 2015, Tajikistan faces the prospect of increased obstacles to trade, investment, and labor flows. According to both foreign officials and Tajik analysts with whom we spoke, Dushanbe is worried, however, that accession may not be in its long-term economic interests. Yet because of the migrant issue and the importance of remittances, combined with Tajikistan's overall lack of access to alternative markets, our interlocutors suggested that Dushanbe may ultimately conclude that membership is compulsory.

Rahmon, who has indicated that Tajikistan would eventually join the EEU, has in the past year or so said little about his country's intentions. Russia continues pressuring Tajikistan on this score. Deportation of up to 200,000 Tajik migrants over the last three years may in part have been intended to pressure Dushanbe into accelerating its accession process. One of our interlocutors suggested that despite the pressure it has placed on Tajikistan, Russia is ultimately wary of taking on the economic burden of Tajikistan's membership to the EEU.

5. M. V. Devidenko et al., "Economic Impact of Tajikistan's Accession to the Customs Union and Single Economic Space," Eurasian Development Bank, 2013, [http://www.eabr.org/general/upload/CII%20-%20izdania/Proekti%20i%20dokladi/Tadjikistan-CU-SES/Tajikistan\\_summary\\_ENG.pdf](http://www.eabr.org/general/upload/CII%20-%20izdania/Proekti%20i%20dokladi/Tadjikistan-CU-SES/Tajikistan_summary_ENG.pdf).

6. Ibid.



# Infrastructure and Connectivity

By virtue of its isolation, topography, and dearth of easily recoverable natural resources, Tajikistan faces major hurdles in its efforts to integrate into wider Eurasian transit networks, supply chains, and regional markets. In much of the country, road and rail systems, power lines, and other critical infrastructure are inadequate or in disrepair. Additionally, political disputes, most notably with neighbor Uzbekistan over water use, have resulted in the periodic closure of borders, blocking Tajikistan's main outlets to regional and global markets. Instability and conflict in Afghanistan—and the potential for more following the drawdown of coalition forces—has also set back efforts to integrate Central Asia and South Asia through Tajikistan.

Opportunities do exist, however, especially in the energy sphere. Water is one of the few resources that Tajikistan possesses in abundance, and the government, supported by international development organizations and others, seeks to capitalize on its hydropower potential by expanding generation capacity and building new transmission lines to South Asia. The realization of Tajikistan's transit and energy potential, however limited, will depend on the development of soft infrastructure and political will even more than the construction of new hard infrastructure.

## ENERGY DEVELOPMENT AND INFRASTRUCTURE

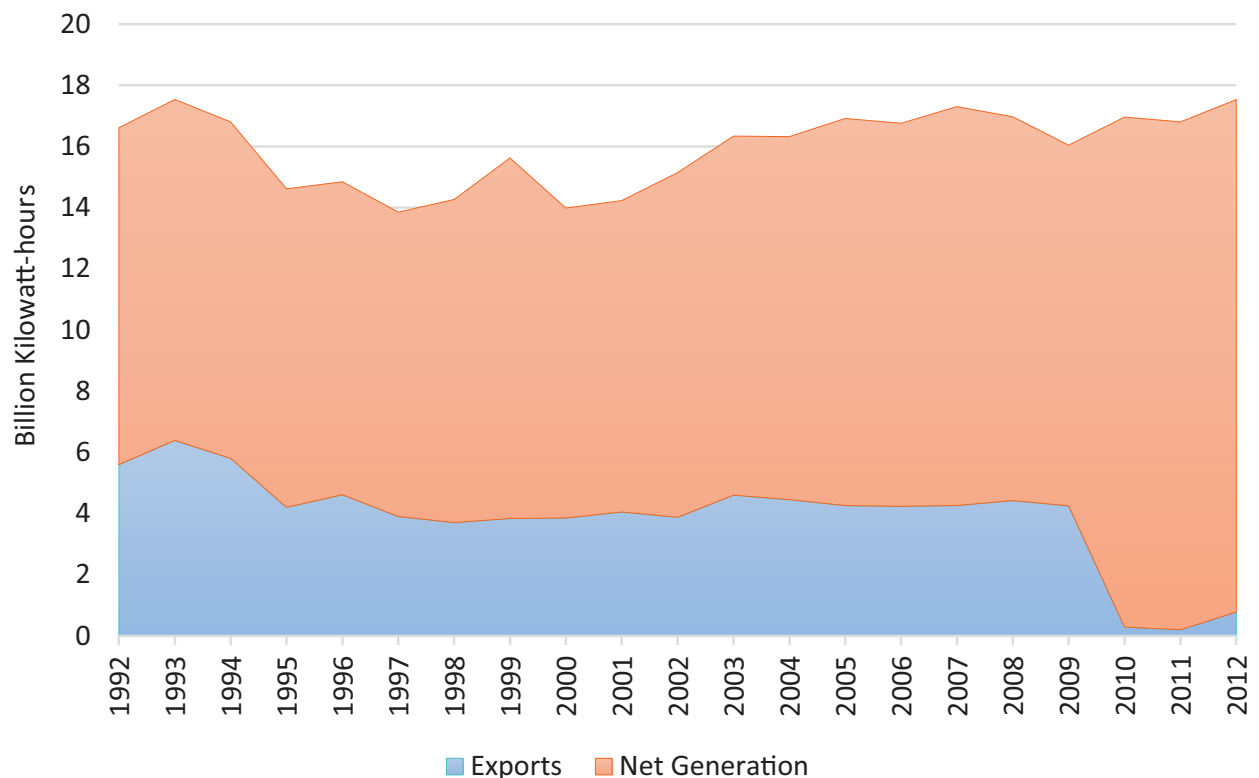
Tajikistan's most important natural resource is its water supply. As such, the government views its hydropower potential as a central pillar of the country's economic development. According to the Tajik Ministry of Foreign Affairs, Tajikistan's overall electricity production potential is 527 billion kilowatt hours (kWh) per year (eighth-largest worldwide), of which 317 billion kWh have "good prospects" for development.<sup>7</sup> These figures far surpass present-day production (17.5 billion kWh in 2012). Dushanbe sees expanded electricity generation as an opportunity to ameliorate the country's domestic energy shortages and provide an export commodity as part of larger regional electricity networks. The government plans to prioritize major hydroelectric projects, including the controversial Rogun dam, along with the construction of new electricity export infrastructure.

Due to seasonal variation in water flows, Tajikistan produces more electricity than it consumes domestically during the summer months, while experiencing sometimes severe and extended shortfalls during the winter due to insufficient domestic generation capacity, poor electricity transmission infrastructure, and politically motivated shutoffs of alternative fuels, primarily oil and gas, from its downstream neighbors. Much of Tajikistan's existing hydropower infrastructure, such as the Nurek dam, which produces approximately 80 percent of the country's electricity each year, was built during the Soviet period. Development officials with whom we spoke emphasized that one of Tajikistan's biggest

---

7. "The energy sector of the Republic of Tajikistan," Ministry of Foreign Affairs of the Republic of Tajikistan, accessed March 13, 2015, <http://mfa.tj/en/energy-sector/the-energy-sector-of-rt.html>.

## Tajikistan's Net Electricity Generation and Exports



Source: U.S. Energy Information Administration.

needs is the construction or refurbishment of domestic generation infrastructure to make it both more reliable and accessible to a larger portion of the population.

Rather than refurbish existing infrastructure, Dushanbe has diverted the bulk of its resources to the construction of new infrastructure. Most notable is the Rogun dam project. Originally conceived during the Soviet period, construction on Rogun began in the 1970s but was suspended when the Soviet Union collapsed. If completed, Rogun would be the highest dam in the world, with a total generation capacity of 3,600 megawatts, nearly doubling Tajikistan's existing capacity. Dushanbe views Rogun as the key piece of its hydropower strategy, arguing that the dam would double electricity production, end domestic electricity shortages for good, and allow the export of surplus electricity to Central Asia, South Asia, and China. Progress on Rogun remains on hold as a result of a heated dispute between Tajikistan and its downstream neighbors, principally Uzbekistan. The downstream states argue that Rogun could imperil their access to critical water resources by reducing the flow of the Amu Darya, and contribute to downstream flooding, harming their agricultural sectors. They further argue that, since Rogun is located in a seismically active zone, earthquakes could cause the dam to fail catastrophically, unleashing a wall of water.

A World Bank-led assessment, published in September 2014, states that “any of the Rogun dam alternatives can be built and operated at the Rogun site within international safety norms” and that the highest dam option (335 m) should be taken forward for further consideration. Furthermore, the assessment notes that the construction of Rogun is “a lower cost option for meeting Tajikistan’s electricity demand than the non-Rogun alternatives,”<sup>8</sup> and that it can be operated so as not to impact downstream water flows. The apparent blessing of the World Bank, however, has not been sufficient to assuage the concerns of Tajikistan’s neighbors. According to one foreign diplomat with whom we spoke, only a “game changing offer” from Rahmon to Uzbek President Islam Karimov could remove Uzbekistan’s opposition—though it remains unclear exactly what such an offer could entail.

The government of Tajikistan has sought to link the Rogun dam and the electricity that it would produce to broader, internationally supported regional projects, including both CASA-1000 and TUTAP. Both projects, which have received funding from the World Bank, the Asian Development Bank, and other international lenders, envision Tajikistan playing a key role as a provider of electricity during the summer months to the electricity-starved markets of Afghanistan and, in particular, Pakistan. The United States, which has been a major backer of both CASA-1000 and TUTAP, argues that these projects are technically and commercially viable even without the construction of Rogun, while fearing that linking them to Rogun could potentially derail these larger energy projects. One of our interlocutors, however, noted that Dushanbe has more recently emphasized the importance of Rogun to Tajikistan’s own development, rather than just as a component or precursor to CASA-1000 or TUTAP.

Barriers to the further development of Tajikistan’s hydropower industry extend beyond the need to build more generation capacity. International development officials we interviewed emphasized that Tajikistan must reform its domestic electricity market in order to make the sector more attractive to foreign investment, which is sorely lacking. Rogun faces a serious financing deficit—it is expected to cost up to \$6 billion—with few near-term prospects for funding, a point emphasized by all of our nongovernmental interlocutors in Dushanbe.<sup>9, 10</sup> Suggestions that Russia could step in to provide the missing funding—further cementing Moscow’s influence in Dushanbe—appear increasingly unlikely as Russia’s economy stagnates.

---

8. “Key Issues for Consideration on the Proposed Rogun Hydropower Project,” World Bank, September 2014, 3–5, 10, [http://www.worldbank.org/content/dam/Worldbank/document/eca/central-asia/World%20Bank%20Note%20-%20Key%20Issues%20for%20Consideration%20on%20Proposed%20Rogun%20Hydropower%20Project\\_eng.pdf](http://www.worldbank.org/content/dam/Worldbank/document/eca/central-asia/World%20Bank%20Note%20-%20Key%20Issues%20for%20Consideration%20on%20Proposed%20Rogun%20Hydropower%20Project_eng.pdf).

9. Joshua Kucera, “Tajikistan’s Dream,” *Wilson Quarterly*, Summer 2014, <http://wilsonquarterly.com/quarterly/summer-2014-where-have-all-the-jobs-gone/tajikistans-dream/>.

10. “Key Issues for Consideration on the Proposed Rogun Hydropower Project,” World Bank, 11.

## TAJIKISTAN AS A TRANSIT STATE

As a result of the poor condition of its road and rail networks and inefficient (and often corrupt) border management and customs controls, Tajikistan suffers from some of the world's highest average transport costs.<sup>11</sup> Long-standing disputes with neighboring Uzbekistan and Kyrgyzstan, which have at times resulted in border closures, further complicate transshipment and reinforce Tajikistan's disconnectedness. According to a 2011 Asian Development Bank study, over 60 percent of rail freight in Tajikistan (which accounted for 50 percent of Tajikistan's total exports and imports) either originated from or was destined for Uzbekistan.<sup>12</sup> Tajikistan captures a very small share of regional freight transport traffic, and the new East-West transport routes that have developed in Central Asia in recent years largely bypass it. For example, China, which borders the most mountainous regions of Tajikistan, has prioritized the creation of road and rail routes that traverse Kazakhstan (which is flatter, less corrupt, and astride a more direct route) on their way to European markets.

Tajikistan is much better positioned, both geographically and in terms of existing infrastructure, to capture North-South freight traffic. North-South routes through Tajikistan, however, remain comparatively underdeveloped, in part due to more than a decade of instability in Afghanistan. The Northern Distribution Network has at least provided a proof of concept for such routes. According to one foreign diplomat in Dushanbe, the NDN line that ran from Riga to Afghanistan through Russia, Kazakhstan, Kyrgyzstan, and Tajikistan (the so-called KKT route) failed to become a sustainable freight corridor; total cargos have now fallen to 10 percent of the six-year average.

Dushanbe has made the refurbishment of existing transit infrastructure and the development of new highways, railways, and cross-border linkages a point of emphasis in its National Development Strategy. The Transportation Strategy emphasizes “building integrated transport network [*sic*] in the country and its connection with international transport corridors.”<sup>13</sup> Tajikistan's road and rail networks remain concentrated in the less mountainous southwest and northwest, connecting to the Turkmen, Uzbek, and to a lesser extent, Kyrgyz road and rail networks.

One critical international rail project emphasized by our interlocutors in Dushanbe is the Turkmenistan-Afghanistan-Tajikistan (TAT) railway. Financed in part by the Asian Development Bank and set tentatively for completion in 2015, this railway is intended to “[contribute] to the diversification of transport corridors” for all three countries.<sup>14</sup> In a

---

11. “Developing Tajikistan's Transport Sector,” Asian Development Bank, February 2011, 4–6, <http://www.adb.org/sites/default/files/publication/28979/transport-taj.pdf>.

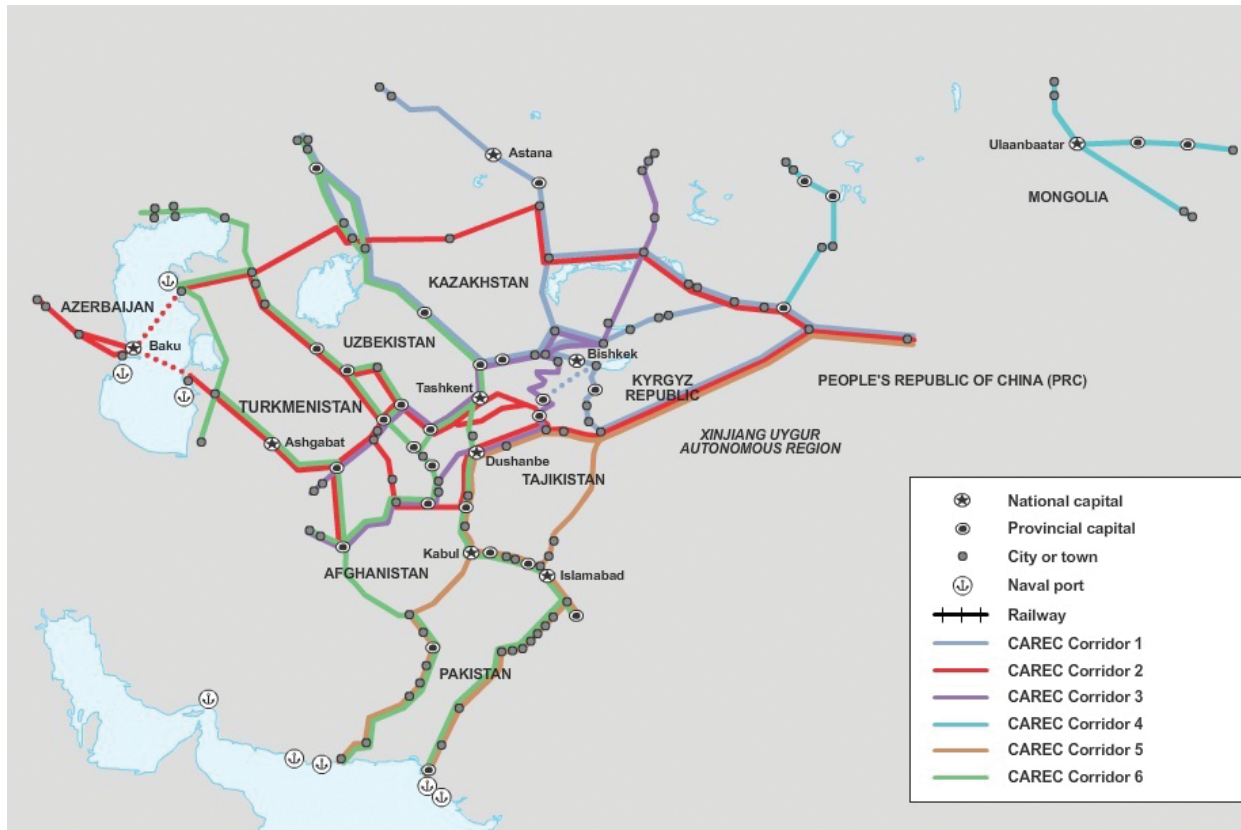
12. “Developing Tajikistan's Transport Sector,” Asian Development Bank, 2, 5.

13. “Transportation sector of the Republic of Tajikistan,” Ministry of Foreign Affairs of the Republic of Tajikistan, accessed March 12, 2015, <http://mfa.tj/en/transport/transportation-sector-of-the-republic-of-tajikistan.html>.

14. John C. K. Daly, “Turkmenistan-Afghanistan-Tajikistan Railway Advances Further,” *Silk Road Reporters*, February 3, 2015, <http://www.silkroadreporters.com/2015/02/03/turkmenistan-afghanistan-tajikistan-railway-advances/>.



## The CAREC Corridors



Source: Central Asia Regional Economic Cooperation (CAREC).

press interview, a deputy minister responsible for transportation in Dushanbe stated that TAT will “allow our country to escape our inability to reach the outside world.”<sup>15</sup> The primary benefit for Tajikistan is that it will further connect the country to Turkmenistan’s rail network, which now reaches into the Persian Gulf through Iran, as well as to Russia and Europe through Kazakhstan. Given the difficulties Tajikistan faces in relations with Uzbekistan, the availability of multiple transportation options is critical.

According to our interlocutors, Chinese investment, especially in Tajikistan’s transportation sector, has become more visible in recent years and the government has not sought to limit Chinese involvement, in contrast to several of the other Central Asian states. As a result, trade from China to Afghanistan and Pakistan via Tajikistan continues to grow.<sup>16</sup> Tajikistan also receives financial support for various development projects from China’s Export-Import Bank,<sup>17</sup> as well as for the construction of a pipeline connecting

15. Ibid.

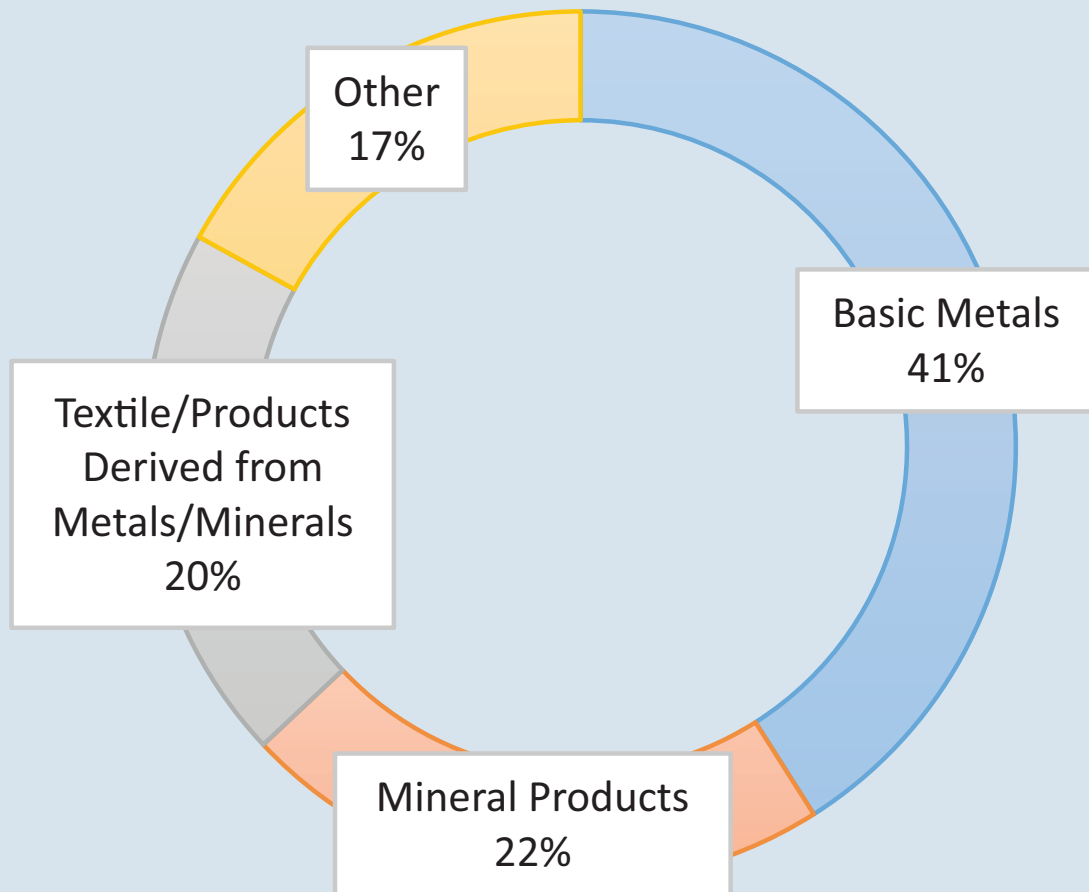
16. Sebastien Peyrouse, “Tajikistan’s New Trade: Cross-Border Commerce and the China-Afghanistan Link,” PONARS Eurasia Policy Memo No. 169, September 2011, [http://www.gwu.edu/~ieresgwu/assets/docs/ponars/pepm\\_169.pdf](http://www.gwu.edu/~ieresgwu/assets/docs/ponars/pepm_169.pdf).

17. Ibid.

## Hydrocarbons and Mining in Tajikistan

Tajikistan's mining sector is the country's area of greatest competitive advantage apart from hydropower. Given its importance to the economy, however, the mining sector is also an area of vulnerability, as Dushanbe's economic fortunes are deeply affected by fluctuations in global commodity prices. According to a 2012 study by the United States Geological Survey, the production of mineral products, including gold, silver, aluminum, coal, and uranium, made up 12.7 percent of Tajikistan's GDP, and the export of those products and their derivatives accounted for over four-fifths of export revenues. Aluminum alone, exported by Tajik Aluminum Co. (TALCO), the country's only producer, made up nearly 40 percent of Tajikistan's export revenues in 2012.<sup>1</sup> Trend lines suggest that Tajikistan will continue expanding its mining industry in the coming years, providing a much-needed boost to economic growth.

### Contribution of Metals and Mining to Tajikistan's Export Revenue, 2012



Source: United States Geological Survey.

A bigger unknown is the future of hydrocarbon production. Tajikistan possesses very small proven reserves of oil and natural gas; estimates put them at 10 million barrels of oil and 5.66 billion cubic meters (bcm) of natural gas.<sup>2</sup> Apart from hydro-power, Tajikistan is heavily dependent on imported energy, and President Rahmon has made clear that achieving energy independence is a key goal. Oil and gas exploration in Tajikistan is in its nascent stages; however, some companies currently undertaking exploratory work suggest that deposits capable of meeting (or exceeding) domestic demand may exist—though energy experts with whom we spoke remain skeptical.

Western and southwestern Tajikistan is the heart of this new exploration. A production sharing agreement (PSA) between Tethys Petroleum, France's Total, and the China National Petroleum Corporation (CNPC), through its subsidiary the China National Oil and Gas Exploration and Development Corporation (CNODC), is gathering data on the Bokhtar field in southwestern Tajikistan. According to Tethys Petroleum, this area, abutting the Amu Darya basin, which has seen major hydrocarbon discoveries in Uzbekistan and Turkmenistan, could include 27.5 billion barrels of oil equivalent (consisting of 3,226 bcm of gas and 8.5 billion barrels of oil), and possibly even more.<sup>3</sup> Russia's Gazprom is also focused on the development of two fields, Sarikamysh and West Shaambary, in the same general vicinity.<sup>4</sup> Sarikamysh holds an estimated 18 billion cubic meters of gas and 17 million tons of oil, while West Shaambary's reserves remain undetermined.<sup>5</sup>

Actual production from these deposits is uncertain, and it is too soon to project that Tajikistan will be capable of fulfilling its oil and gas needs domestically, much less becoming an exporter of any note. Even so, the potential for expanded minerals and hydrocarbon production could dramatically impact the trajectory of Tajikistan's economic development and bolster the country's energy security. But as one energy expert we interviewed stated, "Until they drill, they really have no idea how much is there."

---

1. Elena Safirova, "The Mineral Industry of Tajikistan," in *2012 Minerals Yearbook*, United States Geological Survey, 2012, <http://minerals.usgs.gov/minerals/pubs/country/2012/myb3-2012-ti.pdf>.

2. "Tajikistan," U.S. Energy Information Administration, accessed March 26, 2015, <http://www.eia.gov/countries/country-data.cfm?fips=ti>.

3. "The Asset: Bokhtar PSC Area," Tethys Petroleum.

4. "Gazprom International gives up blocks in Tajikistan," Interfax, January 13, 2015, <http://interfaxenergy.com/gasdaily/article/14990/gazprom-international-gives-up-blocks-in-tajikistan>.

5. "Tajikistan," Gazprom International, accessed March 28, 2015, <http://gazprom-international.com/en/operations/country/tajikistan>.

Turkmenistan and China (discussed below). Separately, with funding from the Asian Development Bank, the Central Asia Regional Economic Cooperation (CAREC) program has prioritized developing six corridors—four of which traverse Tajikistan, to promote regional trade, link Central Asia’s economic hubs, and connect landlocked countries to other Eurasian and global markets.<sup>18</sup>

As Tajikistan does not possess significant confirmed or easily recoverable hydrocarbon deposits and is not an exporter of oil or gas, it remains on the periphery of regional pipeline networks. It is, however, on the verge of becoming a transit state for gas from elsewhere in Central Asia headed to China. Tajikistan sits astride the route of the planned Line D of the Central Asia-China pipeline network. This pipeline, one of four that will bring natural gas to the energy-hungry Chinese market, will run through Uzbekistan, Kyrgyzstan, and Tajikistan to western China’s Xinjiang Uyghur Autonomous Region. Beijing and Dushanbe agreed on the project in September 2013 during President Xi Jinping’s visit to the region, and the pipeline is expected to be completed in 2016.

## Agriculture

Apart from its dependence on mining and remittances from migrant laborers in Russia, Tajikistan’s economy centers on the agricultural sector. Around 75 percent of Tajikistan’s population is rural<sup>19</sup> and, according to the State Statistics Committee, as of February 2015, 45 percent of all employed workers were engaged in agriculture, hunting, or fishing—a slight decline from approximately half of all workers in 2011.<sup>20</sup> Agriculture accounts for just over a quarter of Tajikistan’s GDP and around 20 percent of its exports. However, because of low productivity, Tajikistan is also the only country in Central Asia that has seen an increase in the share of agricultural goods in its total imports.<sup>21</sup>

According to one of our interlocutors, efforts to reform the agricultural sector have seen mixed success, though Tajikistan’s National Development Strategy lists reforming agriculture as a priority. The strategy places particular emphasis on improving irrigation systems and bolstering efficiency in the production of cotton, which accounts for over 80 percent of agricultural exports.<sup>22</sup>

---

18. “The CAREC Corridors—Linking Europe and East Asia,” Asian Development Bank, April 29, 2014, <http://www.adb.org/news/infographics/carec-corridors-linking-europe-and-east-asia>.

19. “Urban and Rural Population, 1998–2013,” State Statistics Committee of Tajikistan, accessed April 15, 2015, <http://stat.tj/ru/database/socio-demographic-sector/>.

20. “Employment by Economic Activity, 2011–2014,” State Statistics Committee of Tajikistan, accessed April 15, 2015, <http://stat.tj/ru/database/real-sector/>.

21. Roman Mogilevskii and Kamiljon Akramov, “Trade in Agricultural and Food Products in Central Asia,” Working Paper No. 27, Institute of Public Policy and Administration, Graduate School of Development, University of Central Asia, 2014, <http://www.ucentralasia.org/downloads/UCA-IPPA-WP27-AgroTrade-Eng.pdf>.

22. Ibid.



## 4 Conclusion

Tajikistan faces more challenges and fewer opportunities than its neighbors in a reconnecting Eurasia. From difficult geography and mountainous topography to political barriers, such as the difficult relationship with some neighbors, Tajikistan has much to overcome if it is to maximize its opportunities from this reconnection. Notwithstanding these challenges, opportunities do exist. Tajikistan possesses few areas of meaningful competitive advantage, but its prospects in hydropower and mining as well as possible hydrocarbon production are improving. To fully exploit these competitive advantages, Tajikistan must undertake a difficult process of reform—one that will require substantial adjustments to the status quo.

With its limited economic and military power, Tajikistan faces serious constraints on its foreign economic and security policy. Developments beyond Tajikistan's direct control will have an outsized impact on the success or failure of its goals of maintaining internal stability and benefiting from improved regional connectivity. Dependence on Russia engenders fears of domination, but Tajikistan possesses few near-term prospects for limiting that dependency. Disagreements with Uzbekistan affect the full scope of political and economic relations, limiting development prospects. Slim near-term hopes for rapprochement with several neighbors raise concerns in Dushanbe and limit the options for breaking the country's transport bottleneck. And the specter of instability in Afghanistan, along with the possibility that instability could spill over to Tajikistan itself, looms large.

The degree to which Tajikistan seizes and capitalizes on the opportunities afforded by the reconnection of Eurasia will be determined by the nexus of domestic political will and circumstances in the regional environment that are largely beyond Tajikistan's control. Even with the support of the United States, the European Union, and China (not to mention Russia) through their various regional integration initiatives, Dushanbe alone cannot impose its vision of Eurasia on its neighbors. The development of a more prosperous, stable Tajikistan, connected to regional markets through expanded transit and trade linkages, would nevertheless benefit the region as a whole.

## About the Authors

**Andrew C. Kuchins** is a senior fellow and director of the CSIS Russia and Eurasia Program. He is an internationally known expert on Russian foreign and domestic policies who publishes widely and is frequently called on by business, government, media, and academic leaders for comment and consulting on Russian and Eurasian affairs. His more recent scholarship has been devoted to issues including the reconnection of Eurasia, the foreign economic and security policies of the states of the Central Asia and the South Caucasus, U.S.-Russia relations and the “reset,” Russia’s Asia strategy, and the role of energy in the Russian Far East.

From 2000 to 2006, Kuchins was a senior associate at the Carnegie Endowment for International Peace, where he previously served as director of its Russian and Eurasian Program in Washington, DC, from 2000 to 2003 and again in 2006. He was director of the Carnegie Moscow Center in Russia from 2003 to 2005. He has also held senior management and research positions at the John D. and Catherine T. MacArthur Foundation, Stanford University, and the University of California at Berkeley. Kuchins currently teaches at Johns Hopkins School of Advanced International Studies (SAIS) and has also taught at Georgetown and Stanford Universities. He holds a BA from Amherst College and an MA and PhD from Johns Hopkins SAIS.

**Jeffrey Mankoff** is deputy director and fellow with the CSIS Russia and Eurasia Program. He is the author of *Russian Foreign Policy: The Return of Great Power Politics* (Rowman & Littlefield, 2009) and an expert on international security, Russian foreign policy, regional security in the Caucasus and Central Asia, ethnic conflict, and energy security. Before coming to CSIS, he served as an adviser on U.S.-Russia relations at the U.S. Department of State as a Council on Foreign Relations International Affairs Fellow. From 2008 to 2010, he was associate director of International Security Studies at Yale University and an adjunct fellow at the Council on Foreign Relations. Mankoff also teaches courses on international security and Central Asia at Georgetown University’s School of Foreign Service. Mankoff has held academic fellowships at Harvard, Yale, and Moscow State Universities. He holds dual BAs in international studies and Russian from the University of Oklahoma and an MA, MPhil, and PhD in diplomatic history from Yale.

**Oliver Backes** is a research assistant with the CSIS Russia and Eurasia Program. He manages research projects on the foreign and domestic policies of Russia and the states of the former Soviet Union, focusing on the changing geopolitical and geoeconomic dynamics of

Eurasia and the crisis in Ukraine. His current research interests are in Russian foreign policy and the foreign economic and security strategies of the states of Central Asia and the South Caucasus. Backes is the creator and principal author of CSIS's Ukraine Crisis Timeline, a unique multimedia tool that tracks developments in Ukraine. He holds dual BAs in international relations and diplomatic history from the University of Pennsylvania.





CSIS | CENTER FOR STRATEGIC &  
INTERNATIONAL STUDIES

1616 Rhode Island Avenue NW  
Washington, DC 20036  
202-887-0200 | [www.csis.org](http://www.csis.org)

ROWMAN &  
LITTLEFIELD

*Lanham • Boulder • New York • London*

4501 Forbes Boulevard  
Lanham, MD 20706  
301-459-3366 | [www.rowman.com](http://www.rowman.com)



*Cover photo: Damon Lynch, Shutterstock.com.*