

PATTERNS OF INTEGRATION IN CENTRAL ASIA

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INTRODUCTION

One of the most important events of the twentieth century was no doubt the break up of the USSR. The disintegration of the Union opened a new stage of multidimensional interactions both for the successor states and for the other countries involved in this historical evolution. Students of this process of transition, in which all the new independent states are living, prefer to categorise these countries in clusters relating to their geopolitical position and to their social-economic and ethnic structures. It could be argued that trends towards the integrationist policies in the long-term have taken shape and developed within the framework of these clusters.

During the Soviet times, all the Soviet republics were interdependent, centrally governed units as a part of the socialist system, and this presents important problems in the new era. These newly independent states are trying to adapt their foreign trade to the conditions of world trade and to solve their domestic problems with foreign support. On the other hand, the political dimension of this transition shows some similarities at regional level. It is reasonable to expect the emergence of similar problems in the countries whose cultural and ethnic structures are alike. The solution of these problems at a regional level is very important both for international peace and for the interests of the great powers because the micro-states are considered a destabilising factor in the contemporary world.

The concepts of regionalism or integration perceived from neo-functionalist theory give the opportunity to solve the structural problems that have emerged at a regional level. However, these concepts should be perceived in these regions from a different perspective due to historical realities. So, in this work, we observe how the concepts of regionalism and integration have been realised in Central Asia both at intra-regional level and with the extra-regional attempts since 1992.

CENTRAL ASIA: NEW OPPORTUNITIES DUE TO THE GEOPOLITICAL REALITY

The Central Asian republics of the former Soviet Union are at the crossroads of ancient civilisations, on the main historical routes between Europe and Asia, bordering the Middle East and running north across the top of the Indian sub-continent. In fact, none of the Central Asian states, being enclosed by Russia and China, has direct access to an open sea. Among them, Turkmenistan and Kazakhstan have a maritime frontage but on a closed sea, the Caspian. Being enclosed creates physical dependence on the neighbouring countries that can offer ways of passage.

The emergence of new states in Central Asia where the great powers occasionally confronted each other, caused a new process for the geo-strategic and political-economic interests of each related state following the disappearance of the USSR. In this context, we observe various factors for the foreign policy-making of these new states. First, the geographical position of Central Asia facilitated the penetration of certain powers in regional politics. Second, the geographical factor of adjacency also includes the confluence of cultural elements with the other regions. In particular, Islam seems to play a geo-cultural role in this regional reality. Third, the Russian presence in these regions as a dominant power has undoubtedly influenced the foreign policy of these states. Moreover, the economic interdependence in the post-Soviet era constitutes another starting point. Fourth, these states were involved in a process of post-Communist transition in order to form their political identities and institutional structures. Finally, the economic potential of the region, in particular its rich natural resources, attract the interest of many international actors. The economic positions of these states as raw material producers should be analysed within the context of regional underdevelopment.

After the dislocation of the Union, the Central Asian leaders did not want to give up their relations with the old centre and were in favour of its advanced form. The lack of enthusiasm to become independent was a reality in these units because they had never learned how to govern a country without the support of the centre. However, the ex-Communist leadership's search for a new ideological model is also complicated by the need to develop a more independent foreign policy. The key factors those leaders have to take into consideration are:

1. All Central Asia's neighbours, especially Russia and China, have a decisive superiority over Central Asia,
2. All the borders of these republics with the other states are artificial,
3. The ancient rivalry in Central Asia between two ethno-cultural worlds (Turkic- and Farsi-speaking peoples) continues to this very day.

The complex and difficult challenges of transition in the Central Asian republics were doubled by inherited developmental problems. As for initial conditions, they were the poorest and the most subsidised part in the USSR. Despite a common historical background and culture, and a Soviet legacy, and similar problems of transition and integration into the world economy, these states had different abilities to cope with the challenges and opted for different approaches and strategies.

ROAD TO ECONOMIC INTEGRATION: THE OPENING TOWARDS THE OUTSIDE WORLD

The integration into the rest of the world is one of the essential priorities of the Central Asian administrations, dominated as they are by the old nomenclature, because the leaders, mostly ex-Communists, want to ensure both the independence of their country vis-à-vis Russia by obtaining recognition at international level and the internal stability that seems to become increasingly weak in such a process of transition. A common destiny seems to be the key to understanding the current evolutions in the economies of these new republics; it is a question of the painful heritage of socialist specialisation.

The economic consequences of the Soviet legacy appeared in new commercial and financial relations. The initiatives to structure economic relations in a new order can be analysed into three categories:

1. The reinforcement of relationships with the CIS countries on a new economic and institutional basis,
2. The formation of the Community of the Central Asian states or an economic integration with foreign states,
3. The encouragement of Western companies.

RESEARCH INTO INTRA-REGIONAL SOLUTIONS: THE 'CENTRAL ASIAN UNION' AND BILATERAL RELATIONS

The Soviet economic system established regional specialisation in all the stages of the production. The sectors of raw materials processing were established outside Central Asia. In the new process, all the Central Asian states had to conclude agreements to facilitate the trade based on the raw materials.

Trade among the former Soviet republics is poorly monitored and the ultimate destination often unrecorded. Within the Soviet Union, their economies were closely integrated into the national economy, with 85-90 per cent of the republics' trade being intra-USSR. For each of the Central Asian republics, trade with Russia and Ukraine was far more important than trade with other Asian republics, and these northward trade links remain important in the post-1991 era, although the volume of trade has declined sharply.

The Central Asian states, except Turkmenistan, also accepted a liberal customs system with the other members of the CIS. In March 1992, these states signed an agreement on the principles of free trade: each state must ensure free movement of goods through their borders and implement a common customs policy with non-member states. In January 1993, all the CIS member states signed a document aiming to create an inter-state bank that would facilitate financial transactions in the Russian rouble. On its side, Russia's economic policies play a dominant role in the field of foreign trade within the CIS and influence directly the internal conditions of each member state.¹

In January 1994, the Kazakh, Uzbek and Kirghiz presidents signed an agreement on the creation of the Central Asian Union in order to accelerate regional co-operation. The provisions cover free movements of goods, capital and labour and collaboration between the budget, monetary and taxation policies. These countries thus accepted the principle of mutual recognition of the national currencies and of their mutual convertibility.² This agreement has a positive effect for the development of regional relations: Kazakhstan's trade with its two Turkic neighbours has shown a rise of 70 per cent since 1994. From its inception, the Union was intended as a model for closer economic integration within the CIS. During the Almaty Summit in February 1995, the leaders of the CIS' member states approved the principles of free trade between their countries. Kazakhstan, Kirghizstan and Tadjikistan separately joined the customs union established between Russia and Belarus in 1995.³

Over the past six years, the Central Asian Union has developed supra-national co-ordinating structures that are far more effective than its CIS equivalents. The three member states' leaders co-ordinate their positions on all regional issues. Moreover, the Union has created a Central Asian peacekeeping battalion, which has the official benediction of the UN, and a Central Asian Bank for Co-operation and Development. On the other side, the Kazakh, Kirghiz and Uzbek presidents met in the new Kazakh capital, Akmola (Astana), in December 1997 and signed a protocol establishing international consortia for energy and water

resources, food production and minerals and raw materials. At the same time, they expressed dissatisfaction that trade between their countries was down on 1996 levels.

Tadjikistan was accepted as a member of the Central Asian Union in 1998.⁴ For the Uzbek President, who took into consideration that Tadjikistan has lived a period of civil war and symbolised instability for all Central Asia, its entry into this union would make it eligible for 'concrete assistance' from the other three members. Meeting in the Uzbek capital in March 1998, the presidents of the four countries also agreed to form an international hydroelectric consortium and reached an accord on common principles for creating a securities market.

Moscow apparently does not perceive the Central Asian Union as posing a major threat to its economic interests. There are several possible reasons for this attitude: the Kazakh President's support for integration within the CIS, the membership of Kazakhstan and Kirghizstan in the customs union with Russia and Belarus, and Moscow's observer status within the Central Asian Union.

OTHER POINTS OF VIEW: BILATERAL RELATIONS, THE ROLE OF THE CIS AND FOREIGN COMPANIES

Economic regionalisation can be successful only if it is accompanied by the establishment of new institutions able both to provide links between the state and the market and to support the distribution of resources provided by international assistance and the foreign direct investments of a regional scale. The benefits of maintaining integration within the CIS are more important for the Turkic states; they could reduce the possible damage to their vulnerable economy. While the open borders facilitate exchanges, give the capability to manipulate prices and lower costs and the possibility of diversified production, all the Central Asian states prefer to keep their trade within the CIS.

The idea of the formation of the Community of the Central Asian states was not new. Speculations on the formation of such a community accelerated with the Central Asian leaders' statements in the summit of January 1993. But, the reality appeared completely different because the political and economic reforms of each Central Asian state were completely different. Kirghizstan and Kazakhstan are trying to adopt liberal reforms while Uzbekistan and Turkmenistan continue with relatively authoritarian policies, preferring to maintain state control on economy.

Due to their great economic potential, the Central Asian states have drawn strong attention from international Western companies. Since these countries have considerable oil and gas resources that have not been sufficiently developed, they have drawn many Western companies' attention in the oil and gas sector. The newly independent states are also making great efforts to attract Western investment for the development of their energy sectors. For their part, Western oil and gas companies have invested large sums in these republics. These investments have almost remained 'on paper' and the Western companies have openly warned that they would make no serious investments until the establishment of regimes with legal, political and fiscal stability in these republics.

The pattern of economic development suggested to these republics is primarily based on the principle of exploitation of natural resources, generally in partnership with foreign companies. In the energy field, Kazakhstan, Uzbekistan, Turkmenistan and Azerbaijan have important reserves of natural resources, in particular hydrocarbons, contrary to Kirghizstan and

Tadjikistan; Uzbekistan also has unexploited reserves of oil and gas. If the related republics specialise in industrialisation based on underground resource exploitation, it could be supposed that they quickly could be exposed to the various risks related to national security, the marketing of the energy products, etc.⁶

The struggle over energy resources occurs in the broader context of foreign states' efforts to influence Central Asia's economic and political global integration. From Russia's perspective, Azerbaijan, Kazakhstan and Turkmenistan are on the main path to world economic integration and to vital resources for future investment and development. Control over energy is vital to their future economic strategy because it means control over their economic and political destinies. That also holds true for Uzbekistan whose wealth lies in gold and cotton. Thus, the traditional struggle for markets has become a major factor of inter-state rivalry.

Whoever controls trade and pipeline routes for goods and oil will decide the region's economic and political destiny. In this context, Russia sought to coerce the Turkic governments to play an active role in the Caspian Sea oil projects. Or else, Russia is attempting to make them impossible for Western investors. For example, in April 1994, the Russian government sent to British Petroleum Consortium a démarche claiming a right to veto any exploration in the Caspian Sea; this letter constituted a Russian ultimatum against any oil projects in this region.

A complex many-sided international rivalry has developed to influence and control the destiny of Central Asia and the Caucasus, their resources and trade, especially Azerbaijan's, Kazakhstan's and Turkmenistan's oil and gas. The main players are Russia, Turkey, Iran, China, the United States and the oil companies.

THE ECO AS AN INITIATIVE FOR REGIONAL AND INTERNATIONAL CO-OPERATION

The integration of Central Asia into the world economy can be made through the attempts of its immediate neighbours. From this point of view, it is possible to observe the attempts of the states outside this region and of the extra-regional organisations. In this context, the Economic Co-operation Organisation (ECO) seems to be an organisation which considers Central Asia a sub-system, while the Organisation of the Caspian Sea could be considered an initiative of the non-Central Asian states which aim to promote their interests in the new geopolitical circumstances of the post-Soviet era. The ECO was formerly a small trilateral organisation. It has become a large regional organisation with ten members. Iran, Pakistan and Turkey formed the Regional Co-operation for Development in 1967, which changed name as the ECO in 1985, however, the Treaty of Izmir concluded in 1977 could be seen as its basic charter.⁷ In 1990, this treaty was reviewed in accordance with the increase of the ECO members and in 1992, Azerbaijan, Turkmenistan, Uzbekistan, Tadjikistan, Kirghizstan, Kazakhstan and Afghanistan became members.⁸ Since its expansion in 1992, the ECO attracted interest as a large regional organisation and as the most significant prospect for reorienting Central Asian trade.

Regional bodies were the result of geo-strategic considerations to which an economic dimension was added. The enlarged body contains 325 million people spread over almost eight million square kilometres. The ECO has a cultural cohesion, incorporating all of the non-Arab Islamic countries of western and central Asia. The ECO also provides a forum for

discussion of regional disputes and for peaceful co-operation between the original members and the newly independent member countries.

During the meeting of the ECO in Quetta (Pakistan) in February 1993, Turkey, Iran and Pakistan decided to form funds to support the Moslem republics of the Former Soviet Union. The second meeting of the heads of state of the ECO members took place in Istanbul in July 1993. During the member states' third summit, held in Islamabad in March 1995, the first executive steps were taken with the signing of accords and preliminary documents related to the establishment of the ECO's different institutions,. Among these institutions and accords are the ECO Trade and Development Bank, the ECO Reinsurance Company, an agreement on the simplification of visa procedures for ECO businessmen, the ECO Cultural Institute and the ECO Science Foundation.

The Council of Ministers is the ECO's principal policy and decision-making body and is composed of the Foreign Affairs ministers or such other representatives of ministerial rank. There are four specialised ECO agencies, namely the ECO Chamber of Commerce and Industry, the ECO Insurance Centre, the ECO Integrated Reinsurance Pool and the ECO College of Insurance.

In 1993, the ECO Council of Ministers adopted two important documents that outline the long-term vision of the organisation with eyes set on the year 2000. The ECO's Quetta Plan of Action and the Istanbul Declaration on long-term prospects, underline the vital need for mobilising the region's natural and human resources based, as far as possible, on a market-oriented economy and common benefit.¹⁰

As an important instrument for promoting regional co-operation, trade remains a priority in the ECO's work scheme. The low quantity of intra-regional trade shows the existence of a big potential for diverting trade from non-regional sources to regional ones. The promotion of mutual trade helps evolve complementarities in the member-states' economies, paving the way for the pooling of resources to establish infrastructural links and industrial projects. Accordingly, the protocol of Preferential Tariff Arrangements, involving a 10 per cent reduction, has already been signed and is being implemented as a first step towards the eventual elimination of trade barriers in the region.¹¹

The institutionalisation of ECO summits after the first summit meeting held in Tehran in 1992 has given the organisation a new dimension and character, thus stimulating the process of international co-operation and intra-regional integration. The agreements within the ECO involve the Secretariat being in Tehran, the Trade and Development Bank in Istanbul and an understanding that the ECO Reinsurance Company will be in Pakistan. Such sharing of institutional locations is scarcely conducive to economic efficiency and is likely to arouse demands for common institutions to be based in the next largest ECO members. Although agreements on institutions were signed at the third ECO Summit, in Islamabad in March 1995, they have yet to be implemented.

Institutionalised co-operative relationships have been established with several UN agencies and other international organisations. Contacts have been established with UNESCO, the United Nations Fund for Population Activities, the United Nations Environment Programme, the Association of South East Asian Nations, the EU, the OIC and other organisations for pursuing common development objectives in this region. The ECO was also accepted as an

observer at the OIC and can benefit from the activities of the organisation for economic development and the Islamic Development Bank's facilities.

The paths followed by the ECO have been pursued by other regional organisations with disappointing results. Establishing a free trade area by piecemeal steps based on offers of preferential treatment has never been successful. The more successful implementations of free trade areas or customs unions over the past 40 years, such as the EEC and EFTA, have involved across-the-board elimination of tariffs according to a set timetable, with little scope for exceptions or delays. It is doubtful whether the ECO members are prepared for such a major initiative, but the more limited ECO protocol on preferential tariffs is unlikely to be a practical alternative.¹²

A major difference between the ECO and the other regional groupings is the poorly developed transport network within such a continental organisation and seven new members are all landlocked countries. Moreover, the road and railway networks of these countries were constructed with a northward orientation, towards Russia and Ukraine, while the transport networks of Kazakhstan, Kirghizstan and Uzbekistan were directed away from the former USSR. An essential step towards promoting intra-ECO trade is to improve the transport links and this requires some regional planning and co-ordination. At the 1995 Summit, eight ECO members signed the Transit Trade Agreement. The two non-signatories, Afghanistan and Uzbekistan, lie at important crossroads of the region and the unwillingness of their governments to accept the principle of free passage of goods in transit is a potential deterrent to intra-regional trade.

The most promising recent development has been the completion of the railway between Tejen in Turkmenistan and Meshed in Iran, which forms the first connection between the former Soviet rail network and a line to an Indian Ocean port. The significance of this project was underlined by the participation of twelve regional heads of state at the official opening ceremony on the Iran-Turkmenistan border in May 1996, on the eve of the ECO summit in Ashkhabad.

Another important element of the transport network, given the resource endowments of ECO members, is the pipeline system for oil and natural gas transport. At present, gas from Turkmenistan and oil from Azerbaijan and Kazakhstan are sold within the former Soviet Union, that is where the pipelines lead and the oil refineries of Kazakhstan and Uzbekistan receive their crude oil from the Russian Federation for the same reason. The extraordinary summit of the ECO took place in May 1997 in the Turkmen capital, Ashkhabad, to discuss ways to transfer the Central Asian region's oil and gas and to expand transportation between the member-states.¹³

However, the trade expanded especially between the newly independent states, Turkey and Iran. This trade was primarily conducted by individual merchants selling consumer goods previously unavailable or of poor quality within the Soviet Union. Such small-scale border trade can be expected to continue its rapid growth from a low base. The long-term growth prospects for such trade is, however, limited. The three original ECO members are not the leading global suppliers of consumer goods. Many of the Iranian goods on sale in Ashkhabad are Western consumer goods produced under licence in Iran. As the markets expand, it is probable that they will be supplied directly by the principals. In standardised low-cost lines, the ECO partners are likely to have difficulty competing with East Asian countries, especially China, in the Central Asian markets.

How complementary are the ECO economies? Although most of those members can be considered semi-industrialised economies, they have a narrow base of export competitiveness, concentrated on primary products or textiles and clothing. Oil and natural gas dominate the exports of Iran and Turkmenistan, and the medium-term prospects of Azerbaijan and Kazakhstan rest heavily on exploitation of their large oil reserves. Kazakhstan, Kirghizstan, Tadjikistan and Uzbekistan have minerals to be commercially exploited. During the Soviet era, the Central Asian republics' agriculture became a monoculture devoted to cotton, which is the major export of Uzbekistan and Tadjikistan and important for Turkmenistan and Kazakhstan. Cotton is also the biggest primary product export of Pakistan. For Pakistan and Turkey, manufactured exports are more important than primary products, but in both countries, there is a heavy concentration on textiles and clothing.

The prospects for intra-regional trade based on the ECO members' current export bundles are limited. Turkey has the most diversified exports and could exchange manufactured goods for primary products from other ECO members. Some member countries hope that a larger internal market could encourage new activities within the ECO. Preferential tariff reductions face the problem of overlapping regional organisations. In January 1996, Turkey formed a customs union with the European Union, which limits its ability to change tariff rates. Pakistan is a member of the South-Asian Association for Regional Co-operation, although that regional organisation has a little impact on its trade policies. Kazakhstan, Kirghizstan and Uzbekistan signed a customs union agreement in 1994, and together with other former Soviet republics are involved in negotiations over an Euro-Asian economic union. Kazakhstan and Kirghizstan signed a customs union with the Russian Federation and Belarus.

It is interesting to see that, within the ECO, there are member states with political and economic systems that are completely different from one another. In this context, it is doubtful if the ECO will be able to create a general harmony at the regional level since even the principal member states are in competition from their own points of view. In addition, it is clear that the policies of Turkey, Iran and Pakistan towards the Central Asian republics develop unilaterally and there is no co-operation between these three states.

ANOTHER DIMENSION OF REGIONALISM IN CENTRAL ASIA: THE CASPIAN SEA

The Organisation of the Caspian Sea States (CASCO), formed in February 1992 for the development of the conditions of co-operation between the littoral countries of the Caspian Sea (Russia, Iran, Azerbaijan, Kazakhstan and Turkmenistan), is similar to the ECO because of the competition between its members.

In fact, the formation of CASCO can be regarded as part of the long-term economic programme of Iran.¹⁴ In addition, CASCO became the centre of negotiations for the expansion of the means of transport, the widening of ports and the campaign against pollution in the Caspian Sea. Iran opened its ports for the use of the other littoral countries; this undoubtedly creates significant advantages for the development of the trade opportunities of this country. Moreover, CASCO constitutes a forum for multilateral negotiations for the development of co-operation in the energy field.¹⁵ During the meeting of CASCO in October 1994, the Russians suggested the formation of a multilateral co-ordinating committee charged with defining the questions of exploitation of the natural resources in the Caspian Sea.

The Caspian Sea basin, particularly its energy reserves, is the focus of a huge debate between the countries surrounding it, inheritors of the former Soviet Union's territory and

infrastructure embracing the Caspian. To a large extent, this debate is no longer regional, but international. The long-term goals of all Caspian Sea countries are very similar: to develop the infrastructure and transport capabilities of the region in order to produce large amounts of oil and natural gas for sale on the world market. All the littoral states control or have the rights to control the energy resource reserves in this region. Since a considerable amount of oil is concentrated in the Caspian region, it is vitally important that the legal definition of this sea itself be clear. So far, there have been important disagreements over the ownership and control of the Caspian Sea's jurisdiction and economic zones.

The official position of the Russian Federation is that the Caspian Sea should be considered a closed lake and that the legal norms relating to exclusive economic zones of coastal countries, as laid out in the 1982 UN Convention on Maritime Laws, are not applicable to the states bordering the Caspian. According to treaties on the status of the Caspian Sea, signed between Russia and Iran in 1921 and 1940, the states have sovereign rights over the water up to 12 miles from their coasts.¹⁶ The Russian view holds that the rest of the Caspian Sea must become a free zone where each littoral state has equal rights in developing oil reserves. In addition, the Russians stress that international law cannot be applied to this region and that the littoral countries did not conclude any agreement on the application of such standards to this sea. After the disappearance of the USSR, the CIS member states guaranteed in the Alma-Ata Declaration in 1991 to respect the former USSR's international engagements, which included the succession of the 1921 and 1940 treaties.

In this context, two solutions are possible: a. the delimitation of the sea between the littoral states, or b. the development of co-operation based on the existing legal status and to consider fairly the rights and interests of all the littoral states. The Russian Federation leans towards the second alternative since it proved reliable in the past and, under the current conditions, it brings guarantees for the respect of the interests of all the littoral countries. The Russians argue that the seabed resources must be explored in the context of national limits that will be determined during negotiations and must be approved by all parties.¹⁷

As a result of the long negotiations, in February 1995 in Ashkhabad, some of the littoral states agreed on the maintenance of the current regulation of fishing and economic zones, with an extension of the coastal fishing zones to 20 miles. However, Azerbaijan and Kazakhstan refused this agreement, while insisting on the priority to grant the Caspian a new status. So, the most significant factor is the exploitation of mineral resources. Azerbaijan and Kazakhstan tried to redefine the current legal status of the sea to obtain unilateral advantages.¹⁸ Russia is openly opposed to the approaches of these two countries.¹⁹ So, the creation of an organisation of co-operation in the Caspian region remains problematic. The Kazakh approaches were completely opposed to those of the Russians. Two alternatives were considered: the Caspian could be considered an international lake and must be equitably divided between all the littoral states or it will be considered a sea and, in this case, international legislation can be applied and the sector of each country must be delimited. According to the Azerbaijani approach, each country that has access to the Caspian has complete sovereignty over its corresponding territorial sectors. According to the Azerbaijani Constitution, the sections of water of the Caspian Sea on the national coast are sovereign parts of that country.

Turkmenistan's position on this sea is similar to those of Kazakhstan and Azerbaijan, although, like Iran, Turkmenistan is in less of a hurry to resolve the legal questions surrounding its Caspian borders. Turkmenistan is clearly much more involved in natural gas

and related infrastructure projects than in large-scale development of oil exploration and extraction on the Caspian shelf. Unlike the other states in the Caspian basin, Turkmenistan is less concerned with oil deposits than natural gas. It has large reserves of natural gas and its immediate goals are much more concerned with exporting gas and in establishing infrastructure.²⁰

In September 1994, Azerbaijan signed a contract with an international consortium for the exploitation of oil reserves; according to Moscow, the claims of Azerbaijan to exert its sovereignty on part of the Caspian Sea do not have any legal basis. In order to neutralise the possible protests of Moscow and not to cause any rupture in the new process, a participation in the consortium was proposed to the Russian company Lukoil and a preliminary promise was made for the use of Russian pipelines to transport the Caspian oil. From the beginning of October 1995, Baku decided to use two pipelines for the transport of 'early oil'. It could be argued that the United States supports Baku's approaches. Besides, the American companies announced that they would not take account of the existing disagreements between the littoral countries on the question of status.

In contrast, Kazakhstan decided, since 1996, to soften its position on this problem. Almaty declared that the government was ready to discuss with Moscow the future delimitation of the Kazakh sector in the Caspian Sea and invited Russian companies to take part in the development of oil resources in the 'Kazakh sector'. But, in these circumstances, the American position was a determining factor.

Iran brought forward a proposal to establish an organisation of Caspian region states that would aid in resolving existing and future political and economic problems in the region. In this context, Iran has been maintaining a reserved position concerning the legal status of the Caspian Sea. So, Russia supported Iran's initiatives in 1992 to conclude a treaty on regional co-operation in the Caspian Sea and to constitute a regional organisation in order to solve all related problems. For Russia, only the current regulation could guarantee the exploitation of the resources and ensure the participation of foreign companies.

In a meeting held in November 1996 at Ashkhabad, the foreign ministers of the five littoral states announced their points of view concerning the Caspian Sea's legal regime. Two different theories were presented. The first includes the viewpoints of Iran, the Russian Federation and Turkmenistan and it stressed co-operation, mutual understanding, demilitarisation and determination of the Caspian Sea's legal status based on the five countries' agreement. In the framework of this theory, there was a plan for determining 45 miles of coastal waters for each country and the rest of the sea would be under common ownership. The second theory was Azerbaijan's stance, which emphasised the division of the Caspian Sea.²¹

CONCLUSION

The Central Asian states have only been independent for eight years. In this context, the interpretation of the integration of these new states into world politics necessitates the observation of several factors. Moreover, it is too early to discuss the quality of these patterns of integration, because a past of eight years is not sufficient for a complete study and to observe this question in a general context. The Russian factor cannot be excluded from the integration process, because Russia plays an important part due to its geopolitical position in the related region and to international conjunctures.

For the international actors, Iran seems to play an active role in order to consolidate its foreign policy as an alternative to the Western powers' attempts and to support its national development policies. Iran has encouraged the inclusion of the Russian factor into the proposed patterns of integration to prevent the penetration of liberal approaches supported by Western countries and Turkey in Central Asia.

All the presented patterns support, no doubt, the approach of 'multidimensional phenomenon'. Moreover, these patterns also show us how all these new states in the post-communist transition opted for these models both to accelerate their economic development and to reinforce regional stability. These attempts will contribute undoubtedly to the establishment of stability at the regional level and clarify the position of all the related states in the geopolitical context.

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- 4 *Iran Review*, January 1998.
- 5 D. Pianelli, *op. cit.*, p. 17.
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- 7 The goals of this organisation include expansion of mutual trade, promotion of conditions for sustained economic growth in the region and consolidation of cultural and spiritual affinities.
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- 16 At the current juncture, the legal regime of the Caspian Sea is based on two treaties signed between Iran and the USSR: the Treaty of Friendship dates back to 1921 and the Treaty of Commerce and Navigation was inked in 1940. The 1921 Treaty repels the provisions of the Turkmenchai Treaty (1828), which banned Iran from a forming navy, and grants the two signatories equal rights to navigation, warships included. The 1940 Treaty draws on this area to prohibit the passage of vessels carrying flags other than of the two signatories.
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- 18 Kazakhstan conducted seismological studies to evaluate its reserves, which totalled about 10 billion tons of oil and 2,000 billion m³ gas.
- 19 The largest reserve of explored oil is concentrated near the shores of Azerbaijan and Kazakhstan.
- 20 Arab, Turkish, American and European companies have signed contracts to exploit the Turkmen oil fields. A. Myers-Jaffer and R.A. Manning, "The Myth of the Caspian Great Game: The Real Geopolitics of Energy",

Survival, Vol. 40/4, Winter 1998-99, pp. 112-131.
21 Iran Review, No.1, December 1996.