

WHY AND HOW DOES SWITZERLAND CARE ABOUT CENTRAL ASIA?

SWISS FOREIGN POLICY TOWARDS CENTRAL ASIA

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Geographically, Switzerland is far from Central Asia, the region comprising Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. It has no historical ties with Central Asia, and the Central Asian communities in Switzerland are of no significant size. Nonetheless, today, Switzerland is an important partner of the Central Asian states. What then has prompted it to develop a special partnership with the countries of a region as distant as Central Asia?

1. The newly independent states of Central Asia and their strategic relevance

A: The emergence of the newly independent states of Central Asia

With the Soviet Union's disintegration in 1991, the five Central Asian republics became – without preparation – independent states. The newly sovereign entities faced the challenge of building a state from scratch, inheriting the less-than-ideal Soviet border delimitation. In the 1920s, the Soviet Union had divided the immense spaces in Central Asia into Soviet republics, determining the borders in an attempt both to 'divide and rule' and to avoid strong regional centres that could challenge Moscow's supremacy. Hence, the delimitation of the Soviet republics in Central Asia did not take into account the ethnic composition of the region or of its geography, economic realities and infrastructure (transport, energy, water). Moreover, the sudden collapse of the Soviet trading system and the end of the Soviet subsidies triggered a dramatic decline in the gross domestic product of the Central Asian states. Soviet central planners had assigned to the Central Asian republics the limited role of supplying natural resources and a small number of industrial mass products. The lack

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of diversification and their dependence on the Soviet Union made both the building of independent states as well as their transformation into market economies even more difficult.

B: The need for a new foreign policy relating to Central Asia

With the collapse of the Soviet Union, one of the greatest challenges for the new Central Asian states was to establish economic and other ties with the rest of the world. In view of the challenges awaiting the new entities and, not least, the concerns and strategic interests of other states (see below), a number of Western countries were willing to engage in promoting stability in the Central Asian states and their transformation into independent, democratic market economies.

Prior to 1991, however, knowledge in Western Europe about the Central Asian republics was generally poor due to the fact that the republics were fully integrated into the Soviet Union and thus not an obvious subject of foreign policy interest. The fall of the Berlin Wall and the disintegration of the Soviet Union brought about a fundamental change of the parameters, creating a need to adapt perceptions and 'certainties' developed during the Cold War era and to learn about the newly emerging and very diverse entities and societies in Central Asia.

C: Geostrategic significance of Central Asia

Central Asia is situated at the heart of Eurasia, between Russia, China, the Middle East and South Asia. This part of the world has always been subject to multiple outside influences, including from Russia, Afghanistan, Pakistan, Turkey, Iran and Saudi Arabia. Prior to the Soviet era, both Great Britain and Russia competed for geopolitical influence in this culturally, geographically and ethnically diverse region. For Russia, access to the south and the warm seas were of particular importance. The combination of all these factors has shaped Central Asia's complex history and its multi-layered and impressive cultural legacy, which almost fell into oblivion during the long period when the region had no voice of its own in the international community. However, with the onset of the 21st century and the gradual

emergence of a new world order, the international community is clearly about to acknowledge the rich historical and cultural heritage and the new regional and global role of the Central Asian countries. In geostrategic terms, the region's immense natural resources and in particular Turkmen gas and Kazakh oil have long spurred the interest of other countries and the search for transport routes to the global market. Kazakhstan, for instance, is seen by many as having the potential to become the world's second largest oil-exporting nation within a decade.

While it is encouraging to observe the endeavors of some of the region's countries to liberalise their economies and promote political pluralism, some contradictory and at times disconcerting symptoms are appearing of the struggle of these societies with the legacy of their past and the challenges and uncertainties of the transition process. For instance, the extensive and highly lucrative drug trade across the Central Asian states is of particular concern to many Western countries. Central Asia lies on the East-West drug route originating in Afghanistan which, according to many observers, still is the world's largest drug producer. There is also extensive trafficking in arms and human beings throughout Central Asia. Such criminal activities have an overall negative impact on the region, weakening state institutions and law-enforcing bodies.

The use of water resources awaits effective regional management and is another cause of recurring tensions both between and within the Central Asian states, raising fears about external actors. Other sources of insecurity and concern include various internal and ethnic disturbances, border issues as well as the degradation of the environment (Aral Sea).

Frequently, however, Islamic extremism and terrorism have been identified as the number one source of instability and insecurity in Central Asia. Since 11 September 2001, not only Afghanistan, but also its neighboring Central Asian countries have suddenly become the focus of world attention as a crucial region for global security. Despite the proximity of the Central Asian countries to the theatre of operations, they were not destabilised by the events in and relating to Afghanistan. Quite to the contrary, the defeat of the Taliban regime and the destruction of Al Qaida bases in Afghanistan as well as the Central Asian states' support and welcome for the

anti-Taliban and anti-terrorism coalition appear to have contributed to security and stability in the region. The new presence of US armed forces in the region and the increased cooperation between the Central Asian states and the West constitute a significant geopolitical change for the region. Also, the main Islamic terrorist movement of Central Asia, the Islamic Party of Turkestan (which is striving to create a new Caliphate that would include the five Central Asian states and the Chinese province of Xinjiang), has lost its Afghan basis and its connections to the Taliban regime, and thereby appears to have been substantially weakened. Finally, a prosperous Afghanistan will open up enormous potential for economic, social and political cooperation between Afghanistan and Central Asia.

D: Swiss interests in Central Asia

Switzerland's Federal Constitution defines the preservation of the country's independence and welfare as the supreme objective of Swiss foreign policy. To attain this objective, it sets out five foreign policy goals (without priority): respect for human rights and promotion of democracy; peaceful coexistence of nations; alleviation of need and poverty in the world; preservation of natural resources; and the safeguarding of Swiss economic interests abroad.²

Central Asia has been selected as one of the focal regions of Swiss foreign policy and cooperation, in particular, for the following reasons. In addition to the region's afore-mentioned outstanding historical importance and cultural heritage, Central Asia is certain to become one of the key regions of Eurasia and the world in the 21st century not only geopolitically but also - considering its energy resources - economically. Stability, security and the well-being of the Central Asian countries are thus in Switzerland's interest. Moreover, the region has a significant commercial potential for a country like Switzerland that is oriented towards external markets. From a geopolitical point of view, political and economic cooperation with these states is also of interest due to their strategic position between two large powers (China and Russia) and on the traditional trade route between East and West.

Furthermore, economic and other crises in the region might lead to population movements towards Europe, including Switzerland. Switzerland has an interest in cooperating with Central Asian countries on improving the overall well-being of their people, thereby diminishing migration-provoking factors. It is also concerned about trafficking in drugs, arms and human beings, and shares the concern of many other nations about the region's environmental problems (Aral Sea and polluted areas in Kazakhstan). Finally, Switzerland has particular ties with the four Central Asian states that are members of the same voting group at the Bretton Woods institutions. It is thus interested in developing a working partnership with the Central Asian states - which, at least until recently, have been somewhat neglected by the international community - with a view to achieving their successful political and economic transition.

E: Bilateral or regional approach?

Should Swiss foreign policy on Central Asia adopt a regional or country-based approach? The five Central Asian states are rather heterogeneous geographically as well as in terms of their resources, economic development, culture and ethnicity. At the same time, these countries share many identical problems. Issues such as trafficking in drugs, arms and human beings have a clear cross-border character and correspondingly can only be tackled effectively through a regional approach.

Another cross-border problem is the management of water resources and environmental issues. The Amu Darya river, for instance, flows from Tajikistan along the Afghan border, through Turkmenistan and Uzbekistan into the

Aral Sea, of which Kazakhstan is a bordering state. Similarly, the Syr Darya river flows from Kyrgyzstan through Uzbekistan, Kazakhstan and Tajikistan. Linked water and energy issues have been identified as second only to Islamic extremism as a

²See Foreign Policy Report 2000, Presence and Cooperation: Safeguarding Switzerland's Interests in an Integrating World, 15 Nov. 2000, BBl (Bundesblatt/Federal Official Bulletin) 2000 2363

source of tension in recent years.³ While water and energy were exchanged freely across what were only administrative borders at the times of the Soviet Union, the five Central Asian states are strongly competing for these resources, but as yet have failed to come up with a viable regional approach.

In the region of the Ferghana Valley, shared by Uzbekistan, Tajikistan and Kyrgyzstan, the new state borders have seriously disrupted the region's economic life. Mechanisms to resolve the many resulting problems, including the movement of persons and goods, and other problems concerning water, electricity and roads are broadly recognised as insufficient. Again, such issues can be meaningfully promoted only with a regional approach. The same applies to the promotion of regional trade and inter-state cooperation, which are crucial for the Central Asian states, given their geographic isolation and relatively small populations totalling 54.7 million (of which Uzbekistan and Kazakhstan account for 24.5m. and 15m. respectively). Accordingly, Switzerland has adopted both a bilateral *and* a regional approach.

2. The Partnership between Switzerland and Central Asia

Like other countries, Switzerland first had to learn about the new states in Central Asia that had suddenly become independent. Consequently, in the first half of the 1990s, Switzerland's activities were mainly focused on learning about and understanding the newly emerging societies and states, and by searching for the appropriate instruments and policies to pursue in relation to them. Switzerland rapidly decided that Central Asia should become a focal region of its technical and financial cooperation. Developing this approach, Switzerland has gained considerable insight from talks with representatives of the Turkish authorities, thus benefiting from Turkey's traditional ties with this region.

A: Bilateral representations

(<http://www.eda.admin.ch/eda/e/home/recent/rep/forpol.html>).

³International Crisis Group, CENTRAL ASIA: WATER AND CONFLICT (30 May 2002), at i.

Switzerland recognised the independence of these five former Soviet republics on 23 December 1991, being one of the first countries to do so. The first step to laying the basis for a constructive partnership with the Central Asian countries and to strengthening their independence was to establish bilateral representations in the region. On 30 November 1992, the Federal Council thus decided to open an Embassy in the Uzbek capital, Tashkent. While diplomatic relations with Kyrgyzstan were first conducted from the Swiss Embassy in Moscow, the Swiss Ambassador with residence in Tashkent was also accredited to the Kyrgyz authorities on 25 November 1993. Similarly, the Swiss Embassy in Moscow was responsible for diplomatic relations with Tajikistan until March 1994, when the Swiss Ambassador with residence in Tashkent was also accredited to Tajikistan. The Swiss Embassy in Moscow continues to be responsible for diplomatic relations with Kazakhstan and Turkmenistan.

In addition, there are two Swiss Cooperation Offices which report to the Swiss Agency for Development and Cooperation (SDC) and the Swiss State Secretariat for Economic Affairs (SECO) with consular responsibilities in Bishkek (Kyrgyzstan) and in Dushanbe (Tajikistan). Furthermore, in 1997, Switzerland opened a consulate in Almaty (Kazakhstan) and, in 1998, transformed it into a Consulate-General. The multiplication of Swiss official representations in Central Asia illustrates Switzerland's growing partnership with the young republics. Several Central Asian states have also established representations in or for Switzerland.⁴

⁴Kazakhstan has opened an Embassy in Berne in May 1996, and a Consulate in 2001 in Zurich. The Ambassador of Tajikistan in Vienna is accredited to Berne since 27 November 1998. The Kyrgyz Ambassador to the international Organizations in Geneva is also accredited to Berne since 1996, and the Kyrgyz government established two honorary Consulates in Zug (7 April 2000) and Zurich (15 May 2001). Uzbekistan accredited its Ambassador in Berlin also to Berne in February 2002. Tajikistan has opened an honorary Consulate in Winterthur on 28 August 1997.

B: Reciprocal visits

A reflection of the intensive and growing relations is also the number and quality of high-level visits. In the past 10 years, Swiss Federal Councillors (i.e. members of the Swiss government) have visited each of the five Central Asian states. In recent years, Federal Councillor Villiger (Federal Department of Finance) visited Ashgabat (Turkmenistan) in 1997 and Ashgabat, Bishkek, Dushanbe and Tashkent in 2000. These visits served to reinforce the dialogue with the countries belonging to Switzerland's voting group at the Bretton Woods institutions. Federal Councillor Deiss (then Federal Department of Foreign Affairs) travelled to Bishkek, Dushanbe and Tashkent in April 2002 with a view to deepening cooperation with these countries at that particular turning point in their young histories, marked by the end of the Taliban regime and the reinforced American presence in the region. In 2002, Federal Councillor Couchepin (then Federal Department of Economic Affairs) visited Astana with a large business delegation.

On the other hand, President Akaev of Kyrgyzstan visited Switzerland in May 2002 and a visit by President Nazarbaev of Kazakhstan followed in January 2003. Ministers of several Central Asian countries also have been to Berne. The visits provided the opportunity to formalise bilateral cooperation through the signing of agreements.

Furthermore, high-level talks have been taking place on the margins of multilateral meetings. Last but not least, the strong interest of each side is also reflected in the visit by the President of the Swiss Council of States (one of the two parliamentary Chambers) to Kyrgyzstan, Tajikistan and Uzbekistan in October 2002, and the visit by the President of the Swiss National Bank in the summer of 2002 to Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan (the Central Asian members of the Swiss voting group in the Bretton Woods institutions).

C: Treaty framework

The special partnership between Switzerland and the Central Asian states is also shown by the number of bilateral agreements concluded by Switzerland with these states. These agreements illustrate the priority domains of cooperation: technical and financial assistance, migration, trade and investments. The main types of agreements are shown in the table below, in addition to various other agreements, for instance, relating to specific projects, to air traffic, and to the financing of subscriptions and share offerings, as well as cooperation between international financial institutions.

Main types of Agreements	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
Technical and financial cooperation and humanitarian aid		signed on 23 Oct. 2002 (earlier agreement entered into force in 1994)	in force since 15 Nov. 2000		signed on 20 Sep. 2002
Readmission of persons with unauthorised stays		signed on 23 Oct. 2002			
Trade and economic cooperation	in force since 1 July 97	In force since 1 May 1998			in force since 22 July 94
Promotion and reciprocal protection of investments	in force since 13 May 98	signed on 29 Jan. 99			in force since 5 Nov. 1993
Double taxation	In force (retro-actively) since 1 Jan. 2000	In force since 5 June 2002			signed on 3 Apr. 2002

The Joint Economic Commissions between Switzerland and Kazakhstan, Kyrgyzstan and Uzbekistan are a further instrument of Swiss foreign economic policy in the region. The commissions meet regularly in accordance with the agreements on trade and economic cooperation to discuss the economic situation and issues related to trade and investments.

D: Voting groups in international financial institutions

At the beginning of the 1990s, Switzerland decided to participate more actively in international financial institutions, in particular in the Bretton Woods institutions (the International Monetary Fund (IMF) and the World Bank group). At that time, the countries of Central Asia were searching for sources of finance on favorable terms for their reconstruction and reform processes. Their interests thus coincided with those of Switzerland, since Switzerland had joined the Bretton Woods institutions on 29 May 1992 and was looking for states wishing to be represented by it in these institutions' constituencies or voting groups. (The executive directors of the voting groups appoint the boards of governors of the IMF and the World Bank.) In 1992, Switzerland was thus able to form a new voting group together with Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan as well as Azerbaijan and Poland. In December 2000, the Federal Republic of Yugoslavia joined the voting group.

Today, the voting share of the constituency is 2.88 per cent, with Switzerland representing 1.62 per cent. As the leader of a 'mixed' voting group, Switzerland constantly needs to bring its own interests as a creditor state in line with those of the voting group's debtor states, and makes genuine efforts to represent the interests of these countries in an optimal way. Switzerland has repeatedly been able to contribute to finding pragmatic, case-specific solutions.

At the European Bank of Reconstruction and Development (EBRD), set up in 1990, Switzerland leads a voting group which includes Kyrgyzstan, Turkmenistan and Uzbekistan. From 20 to 22 January 2003, Switzerland also hosted

the CIS-7⁵ Conference in Lucerne to which four international financial institutions were invited, and where discussions were held on the economic challenges of the seven poorest countries of the CIS, including Kyrgyzstan, Tajikistan and Uzbekistan. The initiative aims at improving growth prospects and reducing poverty in these states.⁶

E: Technical and financial cooperation

After the fall of the Berlin Wall and the end of the Soviet Union, the Swiss government and parliament decided to give active support to the economic and political transition in Eastern Europe and Central Asia. Substantial cooperation programmes as well as immediate measures were adopted and implemented, making Switzerland a major contributor to the Central Asian countries. This assistance amounted to CHF 41m (around US\$28m) in 2002 and has increased to about CHF 52m (around US\$35m) in 2003.

Switzerland's cooperation with the Central Asian countries aims, firstly, at promoting and strengthening the rule of law and human rights, as well as establishing or consolidating democratic systems, especially stabilising political institutions. Secondly, our cooperation aims at promoting sustainable economic and social development based on free market principles to achieve economic stability, cultural development, higher incomes and improved living conditions, while contributing to the protection of the environment and the economical use of natural resources. Swiss cooperation also contributes to integrating the transition countries into the world economy. In this context, particular emphasis is given to the development, as well as the restoration of, basic infrastructure, particularly in the field of energy and water supplies, transport and telecommunications. Related projects are often supported with financial contributions, which are, in terms of the amounts

⁵ The CIS-7 initiative covers the seven poorest countries of the Commonwealth of Independent States (Armenia, Azerbaijan, Georgia, Kyrgyz Republic, Moldova, Tajikistan, Uzbekistan)

⁶See <http://www.cis7.org>.

involved, currently the most important aspect of Switzerland's cooperation with Eastern Europe and Central Asia.

In Kyrgyzstan, for instance, the focus of Swiss technical cooperation has been the promotion of private initiatives in agriculture and small enterprises, the setting up of a forest policy and economy, as well as education and training in the areas of democracy and human rights.

Some programmes, such as the Central Asia Mountain Programme (CAMP), adopt a strongly regional approach and aim at contributing to the sustainable development of Central Asian mountain regions. The project trains and works together with local academic institutions, NGOs, consultancy firms and municipalities in areas such as agriculture and forest management, development of communities, health, energy, infrastructure (including the communication network) and tourism.

Some projects include measures to promote trade, to provide support in formulating trade policies, and to create capacities for negotiating and implementing multilateral regulations. Switzerland promotes, for instance, the participation of the Central Asian states in the World Trade Organisation and supports seminars on WTO principles and international trade policy for negotiators from these states. Another example is Switzerland's support for the EBRD Trade Facilitation Program, which provides guarantees to local banks with regard to their obligations in trade transactions.

F: Promotion of peace

Switzerland's foreign policy toward Central Asia is also active in the field of peace promotion. For instance, since 2000, Switzerland has supported the establishment of a mediation network at the local and regional levels, as well as across national borders, with a view to preventing conflicts in the Ferghana valley. In

Tajikistan, several projects aim at supporting a structured dialogue in the provinces as well as in the capital to consolidate the peace process based on the 1997 peace agreement. Furthermore, Switzerland supports and participates in several OSCE activities in Central Asia, including democratisation and more particularly election observation. Switzerland also supports the intention of OSCE member states to enhance the organisation's activities in Central Asia.

3. Outlook

Geography and history, space and time, give the Central Asian region a touch of fascination. It comes in addition to an economic and political potential that always has attracted the outside world, sometimes to Central Asia's benefit, sometimes to its disadvantage. The label 'grand chess board', alluding to its pivotal position between Europe and Asia, is by no means an empty catchword. Looking at and thinking about Central Asia, Switzerland has no hidden political agenda. It has a clear and keen interest in seeing these countries progress in their political and economic transformation. Switzerland wants them as partners, not only for itself, but for Europe as a whole. However, the strengthening of regional and global partnerships must go hand in hand with closer cooperation among Central Asian countries themselves. Switzerland's own economic, cultural and even political position would be inconceivable without its strong fabric of regional ties. The four large neighbours, Austria, France, Germany, Italy, absorb no less than 40 per cent of the country's total exports. History and economics have taught Switzerland a valuable lesson about the vital importance of strong regional embeddedness. Why should this not be true for Central Asia?

Today, we share many common points with the Central Asian region, not least membership of the most important international organizations. As a head of a Bretton Woods voting group, Switzerland has a responsibility which goes beyond day-to-day business. It will live up to this challenge, now and in the future.