



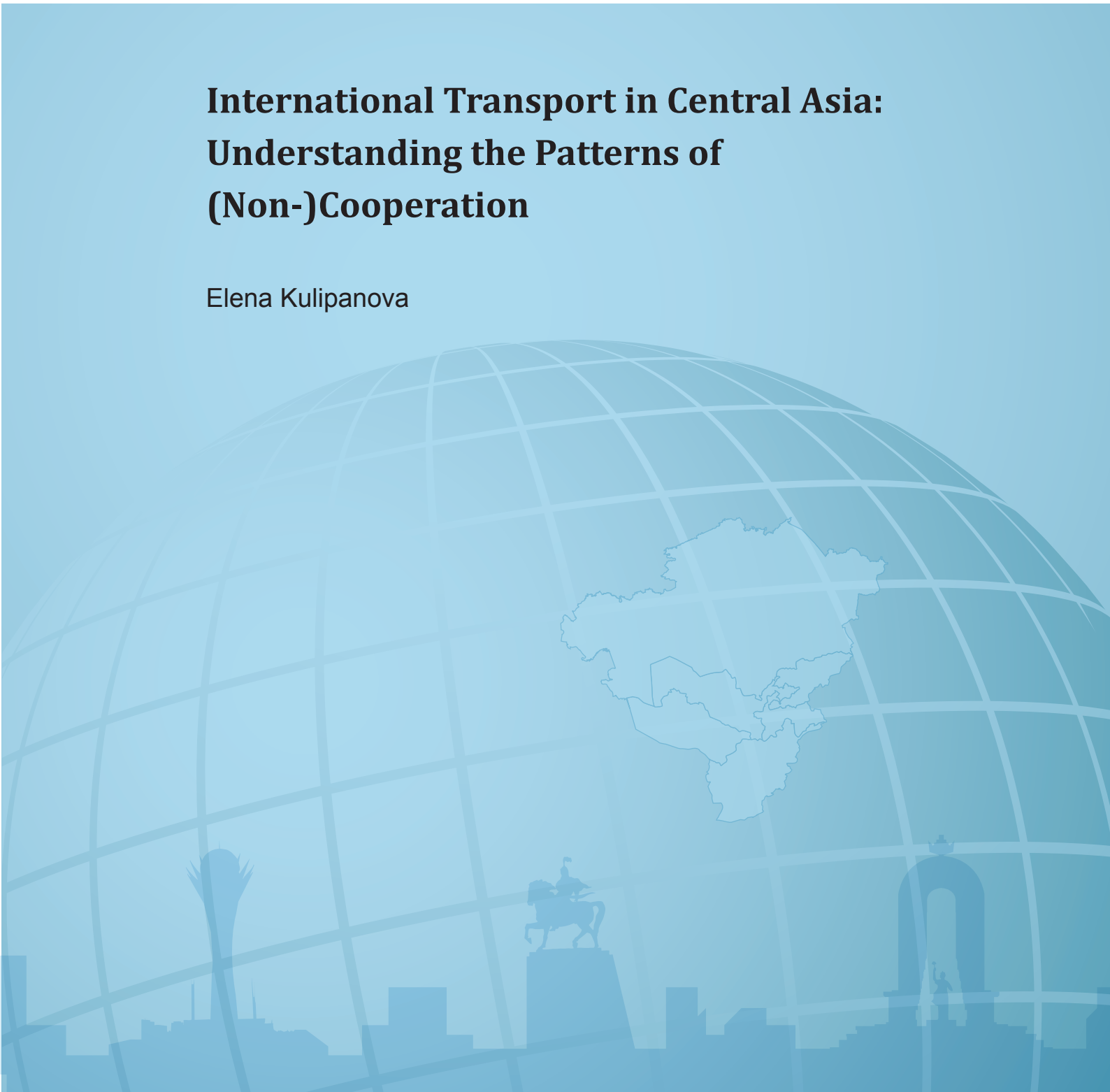
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International Transport in Central Asia: Understanding the Patterns of (Non-)Cooperation

Elena Kulipanova



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Abstract

Central Asian countries are “doomed” to cooperation to achieve their goals in the field of international transport. Yet, regional cooperation has been difficult. The paper tries to understand why this is the case. It analyzes the transport goals and policies of Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. It discusses the current state of affairs with regard to the use of transport corridors in Central Asia, and highlights the major physical and non-physical barriers to international transport. The paper suggests that diverging interests is the main reason for the failure to cooperate.

Keywords

Central Asia, international transport, regional cooperation

JEL codes: O18, O53, R42

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Acronyms

ADB	Asian Development Bank
BCP	Border-crossing point
CA	Central Asian
CAREC	Central Asia Regional Economic Cooperation program
CIS	Commonwealth of Independent States
ECO	Economic Cooperation Organization
EUR	Euro
EurAsEC	Eurasian Economic Community
IFI	International Financial Institutions
IMF	International Monetary Fund
KR	Kyrgyz Republic
RK	Republic of Kazakhstan
RT	Republic of Tajikistan
RU	Republic of Uzbekistan
SCO	Shanghai Cooperation Organisation
SPECA	United Nations Special Programme for the Economies of Central Asia
TRACECA	Transport Corridor Europe-Caucasus-Asia
UN	United Nations
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UN-OHRLLS	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
US\$	United States dollar

1. Introduction

Regional cooperation has long been viewed as a necessity in addressing a wide range of common challenges faced by the deeply interdependent Central Asian (CA) countries, including border disputes, trans-boundary water management, common infrastructure arrangements, trade and communications, and security concerns¹. Regional cooperation and integration have been constantly present on the political agendas of these states since independence in 1991.² They have participated in several regional organisations³ and signed numerous bilateral and multilateral agreements on different issues. However, they seem to have paid little more than lip service to meeting their commitments. The agreements provisions are rarely complied with and organisations are often considered for their geopolitical importance and as instruments serving political interests of member states rather than means to fulfil the immediate mandates of promoting cooperation across different fields.⁴ Commitments to cooperation (which are much more frequent in international fora than in national discourses) do not prevent CA countries from simultaneously acting in non-cooperative ways towards each other. This paper aims to understand why cooperation has been so difficult in Central Asia.

Existing literature offers different explanations of the failure of CA countries to cooperate. These include structural factors such as economic asymmetries, diverging state-building dynamics and interests, the constraining effects of forces external to the region, in particular of regional and great powers, as well as cognitive barriers such as lack of trust. An important starting point for this paper is the recognition that insufficient attention has been paid to the policy choices of individual states with respect to their neighbors. The major argument of the paper is that patterns of (non-)cooperation can be better explained in terms of policy choices of individual CA countries based on their interests. It assumes that diverging interests are a major factor in explaining (non-) cooperative behavior. Unlike the more common emphasis on institutionalized forms of cooperation and, accordingly, on regional organizations,⁵ this paper focuses on instances of functional cooperation within the region. In doing so, it gives due to the variety of (non-) cooperation dynamics which also include forms of cooperation, which differ in the degree of institutionalization (formal or informal) and the level and extent of participation (bilateral and multilateral).

¹ This paper is based on parts of the author's dissertation submitted to the Department of Social Sciences, University of Hamburg. The author is grateful to Richard Pomfret and Bohdan Krawchenko for their useful comments.

² Central Asia is defined here as comprising the five post-Soviet republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

³ These organisations include the Commonwealth of Independent States (CIS), Shanghai Cooperation Organisation (SCO), Eurasian Economic Community (EurAsEC), Economic Cooperation Organization (ECO) and Collective Security Organization (CSTO).

⁴ Roy Allison, "Virtual Regionalism, Regional Structures and Regime Security in Central Asia," *Central Asian Survey* 27, no. 2 (2008): 185-202.

⁵ An important exception in this regard is the comprehensive study by Stina Torjesen in which she analyzes why regional cooperation has failed in Central Asia in the cases of trade, water and security. See Stina Torjesen, "Understanding Regional Co-operation in Central Asia," PhD thesis, University of Oxford, 2008. See also United Nations Development Programme (UNDP), "Central Asia Human Development Report. Bringing Down Barriers: Regional Cooperation for Human Development and Human Security," (Bratislava, Slovak Republic: UNDP Regional Bureau for Europe and the Commonwealth of Independent States, 2005).

These assumptions will be checked by assessing (non-)cooperation in the field of international trade and transport. These issues have great importance for all CA countries since they directly affect security, economic welfare and the daily lives of citizens, yet they are significantly understudied. Different economic experiences of the states provide a general context to understanding (non)cooperation in these fields. While Kazakhstan, Kyrgyzstan and Tajikistan have liberalized their policies and established a relatively open environment for foreign investments, Uzbekistan has pursued a closed economic policy. Strong state control and a monopolized structure of international trade have determined the prohibitive trade and transport policy of this country, including towards its neighbors.

Further, the nature of bilateral relations provides an important background against which the states make their policy choices with regard to regional cooperation. As in other areas, the interests and policy choices of CA countries in the field of transport have been significantly affected by strained bilateral relations in the region. Relations are particularly bad in the triangle of Uzbekistan, Kyrgyzstan and Tajikistan due to water and border conflicts in the Ferghana Valley, the restricted economic and border policies of Uzbekistan, and the high dependence of the two smaller states on their larger neighbour for transportation and energy supplies.⁶ Using its monopoly as leverage over its neighbours, Uzbekistan has occasionally cut energy supplies, impeded transport and closed borders with both countries.

The paper proceeds as follows. Section 2 of this paper provides a discussion of why cooperation in international transport is considered important. Section 3 describes the state of affairs with regard to the current use of transport corridors and transport policies in Central Asia. Section 4 attempts to identify the interests of individual CA countries in the field of international transport. Finally, Sections 5 and 6 assess and draw conclusions on implications for regional cooperation.

2. Arguments for regional cooperation in international transport

The discourse on the benefits of cooperation in international transport has largely been shaped by international organisations, in particular by the United Nations (UN) and its agencies. Their arguments are grouped around the geographic location of Central Asia. Two major discourses can be identified which present opposed perspectives. The first one highlights disadvantages associated with the location of Central Asia in the middle of the continent with no access to the sea, and argues that cooperation is necessary for Central Asia as a landlocked region where states have to rely on transportation through the territories of neighboring countries for their international trade.⁷ The academic and policy communities suggest that landlocked states are disadvantaged in terms of lower economic growth due

⁶ Relations between Tajikistan and Uzbekistan have been most tense and suspicious, which can be explained by historical, ethnic, and cultural factors.

⁷ Asian Development Bank (ADB), "Central Asia: Increasing Gains from Trade through Regional Cooperation in Trade Policy, Transport, and Customs Transit" (Manila: ADB, 2006a). The five CA countries are among the thirty-one landlocked developing countries and Uzbekistan is one of the two double-landlocked countries in the world, where more than one country must be crossed. See Anwarul K. Chowdhury and Sandagdorj Erdenebileg, "Geography against Development: A Case for Landlocked Developing Countries" (New York: UN-OHRLLS, 2006).

to higher transport costs. Some studies estimate that landlocked countries have transport costs twice as high as those for coastal countries and about 60 % less trade.⁸ This is true for Central Asia.⁹ According to some estimates, transport costs in this region exceed 50 % of the value of imported goods.¹⁰

Transport costs vary across the countries and depend on a number of factors besides the distance to the sea and major markets. They include the level of infrastructure and regulatory framework, the commodity structure of trade,¹¹ the percentage of overland transport and the availability of alternative routes. However, the main reasons for higher trade and transport costs are the necessity of transit and the crossing of several borders. The necessity of transit appears to be a constraint because crossing the territories of bordering countries brings additional bureaucratic and often political costs. It thus implies a dependency on neighbouring countries that may be multifaceted, including 1) dependency on the neighbours' infrastructure; 2) dependency on sound cross-border political relations; 3) dependency on the neighbours' peace and stability; and 4) dependency on the neighbours' administrative practices.¹² The costs of crossing borders are high in Central Asia and are determined by all four types of dependency.

In contrast, the second perspective underlines potential opportunities which might result from Central Asia's geography. While a geographically landlocked location appears disadvantageous for Central Asia, its geo-economic location on the crossroads between the major and growing world markets of Europe and South-East Asia carries potential for economic growth. Since the mid-1990s, a strong argument for exploiting opportunities for becoming a transit corridor for international trade flows has been made in CA countries. Trade between Europe and South-East Asia totalled US\$700 billion in 2007 and is expected to reach US\$1 trillion in the next few years.¹³ Given this expected growth as well as the fact that the Suez Canal – currently the main route for freight transportation between Europe and Asia – will soon reach its maximum capacity for container vessels, it is argued that there will be more opportunities for overland transportation, including through Central Asia.

All CA countries have responded to both perspectives. The geographic and geo-economic location of Central Asia creates a set of factors which have determined general goals in the

⁸ Steven Radelet and Jeffrey Sachs, "Shipping Costs, Manufactured Exports, and Economic Growth," Paper presented at the Annual Meeting of the American Economics Association. Chicago, 3-4 January 1998. <http://academiccommons.columbia.edu/item/ac:124167> (accessed 1 April, 2012); Nuno Limao and Anthony J. Venables, "Infrastructure, Geographical Disadvantage and Transport Costs," *The World Bank Economic Review* 15, no. 3 (2001): 451-479.

⁹ Gael Raballand, "Determinants of the Negative Impact of Being Landlocked on Trade: An Empirical Investigation Through the Central Asian Case," *Comparative Economic Studies* 45, no.4 (2003): 520-536.

¹⁰ United Nations General Assembly, "Transit Environment in the Landlocked States in Central Asia and Their Transit Developing Neighbours," Note by Secretary-General, A 58/209, 4 August 2003.

¹¹ Landlocked countries typically rely on exports of a few bulky and low value commodities. Transportation of such commodities incurs higher shipping costs which may account for up to 40 % of the final price. See UNECE/UNESCAP, "Joint Study on Developing Euro-Asian Transport Linkages" (New York and Geneva: United Nations, 2008).

¹² Michael L. Faye, John W. McArthur, Jeffrey D. Sachs and Thomas Snow, "The Challenges Facing Landlocked Developing Countries," *Journal of Human Development* 5, no. 1 (2004): 31-68.

¹³ Evgeny Vinokurov, Murat Jadrallyev and Yury Shcherbanin, "The EurAsEC Transport Corridors. Sector Report" (Almaty: Eurasian Development Bank, 2009).

area of international transport. All of the CA countries have expressed a similar general interest in reducing transport costs and in developing transcontinental transit potential. The extent to which these general interests can be realized is determined by two major factors: the availability and quality of physical infrastructure and technical facilities, and the transport-related policies of the individual CA countries. If one defines cooperation in terms of behavioral adjustment of states through a process of policy coordination,¹⁴ the above discussion suggests that regional cooperation on transport issues ultimately implies both the coordination of infrastructure projects (cross-border physical connectivity) and the coordination of transport policies.

Beyond geographic location and their landlocked status, there are other circumstances which indicate that CA countries have good reasons to cooperate. Central Asia has a fairly well developed rail and road network, although most networks are of poor quality and should be modernized.¹⁵ Additionally, a plethora of organizations, a relative high number of accessions to international conventions and multilateral and bilateral agreements in Central Asia, as will be discussed later, imply an already existing high level of coordination among CA countries. However, international trade in Central Asia remains constrained by numerous barriers and real cooperation is difficult. The next section on international transit and associated transport costs in Central Asia illustrates this argument. It assesses the extent to which CA countries can realize their general interests and highlights the major difficulties associated with both infrastructural and policy-related impediments.

3. Transport corridors and transport policies in Central Asia

3.1. International transport routes and transit flows through Central Asia

Central Asia has a fairly well extended infrastructure network inherited from pre-Soviet and Soviet times. It is also situated at the intersection of several international road and railway routes.¹⁶ The main Euro-Asian routes in Central Asia are well marked in the UNECE/UNESCAP Joint Project on Developing Euro-Asian Transport Linkages¹⁷ which proposes

¹⁴ This is part of the widely accepted definition proposed by Robert Keohane who asserts that cooperation occurs “when actors adjust their behavior to the actual or anticipated preferences of others, through a process of policy coordination.” See Robert O. Keohane, “After Hegemony: Cooperation and Discord in the World Political Economy,” (Princeton, NJ: Princeton University Press, 1984: 52).

¹⁵ Maritime and air transport will not be considered given their insignificance in international transport in Central Asia.

¹⁶ The routes are identified both by states and under the framework of international organizations. Thus, road routes are identified in regional agreements by the UNESCAP and UNECE in the Intergovernmental Agreement on the Asian Highway Network, European Agreement on Main International Traffic Arteries (1975) as well as under the framework of the CIS, Transport Corridor Europe-Caucasus-Asia (TRACECA), ECO and Central Asia Regional Economic Cooperation (CAREC) program. International rail networks are determined by the European Agreement on Main International Railway Lines (1985), Intergovernmental Agreement on the Trans-Asian Railway Network, and under the framework of Organization for Cooperation of Railways, TRACECA and ECO.

¹⁷ UNECE/UNESCAP, 2008.

four major Euro-Asian transport corridors for priority cooperation.¹⁸ It also selects nine rail routes and seven road routes with branches within these corridors. Most of these routes cross one or more CA countries, primarily Kazakhstan (eight rail and five road routes) and Uzbekistan (five rail and three road routes). Based on the mere availability of transport networks, Kazakhstan and Uzbekistan currently have the best preconditions for attracting freight transport through their territories. While several rail routes run into Kyrgyzstan and Tajikistan, their own railway networks consist of isolated branches which are mostly used for domestic and their international trade. By contrast, the five road routes in Kyrgyzstan and four road routes in Tajikistan are also used for transit. All the routes through Central Asia are shown on the maps in Appendix 1.

3.1.1. Railway corridors

The trade structure of CA countries was and continues to be dominated by imports and exports of basic commodities. This established the importance of railways as the major mode of transport. In the Soviet Union, rail transport was considered the major unifying factor in economic activity, accounting for nearly 70% and at times even over 85% of its total freight transport.¹⁹ Railways remain the most important mode of international freight transport in the region, with their share ranging from over 60% in Kazakhstan (including domestic transport) and up to 80-90% in Tajikistan and Uzbekistan. The extent to which rail routes are used for transit can be seen in Table 1.

Table 1. Freight transportation via railways in Central Asia, 2008, million tons²⁰

	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan (estimated)
Domestic	140.3	0	0	10.0	54.2
Export	93.3	1.5	0.9	1.3	5.1
Import	20.1	5.4	4.5	1.2	8.0
Transit	15.4	0	9.0 (RU) ²¹	8.5	11.0
Total	269.1	6.9	14.4	21.0	78.3

Source: *Pravitel'stvo Respubliki Kazakhstan 2010*,²² *Evrasiia vesti 2009*,²³ *TRACECA 2010*²⁴

¹⁸ UNECE defines an international transport corridor as a “part of a national or international transport system which maintains considerable international cargo and passenger transportation between certain geographic regions and includes the rolling-stock and immovable structures of all modes of transport working on the respective route, and all technological, organizational and legal conditions for such transportation” (cited in Vinokurov, Jadraliyev and Shcherbanin, 2009: 10).

¹⁹ John S. Strong and John R. Meyer, “Moving to Market: Restructuring Transport in the Former Soviet Union” (Cambridge, MA: Harvard University Press, 1996).

²⁰ While the data is only available from different years and exact data vary, the ratio remains nearly comparable.

²¹ This data refers to the domestic freight traffic of Uzbekistan through northern Tajikistan (see below). It is subsumed under the heading of transit for the convenience of analysis.

²² *Pravitel'stvo Respubliki Kazakhstan*, *Postanovlenie Pravitel'stva Respubliki Kazakhstan ot 02.02.2010 N 60 “O strategicheskome plane Ministerstva transporta i kommunikatsii Respubliki Kazakhstan na 2010-2014 gody,” 2010a.*

²³ *Evrasiia vesti*, “Doroga cherez veka,” no. IV, 2009. <http://www.eav.ru/publ1.php?publid=2009-04a07> (accessed 11 March, 2011).

²⁴ TRACECA, “International Logistics Centres/Nodes Network in Central Asia at the Republic of Kazakhstan, Kyrgyz Republic, Republic of Tajikistan, Republic of Uzbekistan and the Republic of Turkmenistan.” Task A

As the largest economies and the countries with the most developed railway infrastructure, Kazakhstan and Uzbekistan have the largest volumes of freight sent by rail in Central Asia. However, the share of transit is rather low, in particular in Kazakhstan where it accounts for only 6% of all freight traffic. Transit volumes have fallen far below the volumes transported during the Soviet times, but Kazakhstan continues to occupy a central position as a transit country between the southern CA countries and their major trading partners of Russia, Europe and China.²⁵ According to Kazakh Railways, over 60% of all transit freight through Kazakhstan goes to/from Russia.²⁶ Russia is the major country of origin, accounting for 48% of all transport in transit, whereas Uzbekistan is the second largest country of origin and the largest recipient country (33%). While the north-south routes remain the most heavily used, the east-west direction is gaining importance. Nearly 20% of transit freight through Kazakhstan goes to/from China through the Dostyk–Alashankou border-crossing point (BCP), which is the only railway border station of Central Asia with China. Interestingly, the three main senders and receivers of containerized transit goods transported through Dostyk are Uzbekistan, Kyrgyzstan and Tajikistan, followed by Russia and Turkmenistan, although the absolute freight volumes are not large.²⁷ This shows the greater importance of regional transit within Central Asia and the relative insignificance of transcontinental transit between Europe and South-East Asia through Kazakhstan.

While the volumes of transit freight are comparable in Kazakhstan and Uzbekistan, the share of transit is larger in Uzbekistan. Uzbekistan is the major country for intra-regional transit in Central Asia. Neighbouring CA countries and Russia account for nearly 74% of all transit freight carried through Uzbekistan.²⁸ If we consider that both Turkmenistan and Tajikistan rely heavily on rail transport through Uzbekistan, one would assume that most transit goes to/from these two countries.²⁹ Tajikistan, in particular, is entirely dependent on Uzbekistan's railway network since its three isolated domestic railway lines, which make up the country's entire railway system, connect to Uzbekistan's railway network.

Perhaps surprisingly, Table 1 indicates the importance of rail transit in Tajikistan. The 9.0 million tons of transit goods carried by Tajik rail is largely accounted for by the domestic freight traffic of Uzbekistan between its central and eastern parts, which run through the northern section of the Tajik system. While only 14 to 17 % of the domestic transport of Uzbekistan is carried through this line, the great economic importance of the Uzbek part of the Fergana Valley for the country and the composition of freight suggest that this route is significant. For example, a large proportion of cotton – an important export item – is produced

Report Revised under the TRACECA program, submitted by the Consortium SAFEGE, RINA Industry, IRD Engineering and Italferr, 15 July 2010.

²⁵ However, transit makes up 17% of the profits of Kazakh Railways and is therefore important in financial terms. Aizhan Shalabaeva, "Ne v transe," *Biznes i vlast*, 10 November 2007.

²⁶ *Ekonomika zheleznykh dorog*, "Situatsiia na rynke evroaziatskikh perevozok," 20 November 2008.

²⁷ TRACECA, 2010.

²⁸ TRACECA, 2010. The southern route to Afghanistan also gained importance as the CA countries joined the Northern Distribution Network to support NATO operation in Afghanistan. It accounted for nearly 14% of all transit in Uzbekistan in 2008 (author's calculations based on TRACECA, 2010), but is likely to increase due to the construction of the 75 km long Hairatan–Mazar-e-Sharif railway in 2010.

²⁹ Kyrgyzstan relies less on rail transit through Uzbekistan since more than half of its imports and exports are carried through the northern branch linked to Kazakhstan (Askar Akaev and Kubanychbek Zhumaliev, "Renessans velikogo shelkovogo puti," (Bishkek: Kyrgyzskaia Respublika, 2004).

in this region. It is also an important manufacturing centre, where large plants such as the General Motors-Uzbekistan auto plant and the Fergana oil refinery are located. As will be argued later, these interdependency patterns caused by the interconnectedness of transport networks have serious implications for both countries in terms of high transport costs.

Other international corridors are less relevant in terms of transit volumes. Various data indicate that the railway line between Tedzhen (Turkmenistan)–Sarakhs–Mashhad (Iran), with access to the Persian Gulf is mostly used for transit from/to the north (in particular, Russia, Iran and China), and by Uzbekistan to transport its cotton to the Iranian port of Bandar-Abbas.³⁰ Rail freight shipments on the north-south corridor (South Asia to Europe from India, Iran, Central Asia, the Caucasus and Russia) through Central Asia remain relatively small.³¹ In the first half of 2010, the overall freight volume through this corridor amounted to 3.2 million tons of which only 28% were goods in transit.³² However, even this percentage most likely refers to freight carried through the intermodal Transcaspian and the Caucasian routes rather than over land through Central Asia. The Transcaspian sea routes, including TRACECA, involve the ports of Aktau in Kazakhstan and Turkmenbashi in Turkmenistan which are important for international transport as a whole. However, this transport is mainly export oriented and there are practically no goods in transit there.³³ In summary, the railway transport corridors running through Central Asia are mostly used for regional transit in both north-south (Russia and Europe) and east-west (China) directions.

3.1.2. Road corridors

In comparison to railways, the share of international transport by road is lower in all CA countries, except Kyrgyzstan, amounting on average to less than 6%.³⁴ The importance of roads is nevertheless increasing. The geography of the most heavily used routes again underlines the importance of the east-west routes to/from China, but also of the north-south corridors extending through Uzbekistan from/to Russia, Iran and Afghanistan. In particular, Kazakhstan and Kyrgyzstan are connected with China by the Almaty–Horgos–Urumchi road in Kazakhstan, and by the Bishkek–Naryn–Torugart and Osh–Sary-Tash–Irkeshtam roads in Kyrgyzstan. It is difficult to assess the amounts of transit in Tajikistan since there is no complete data. However, Tajik general freight traffic seems most intense through Uzbekistan and Kyrgyzstan.³⁵

Table 2 presents the volume and value of export and import traffic on the three routes to/

³⁰ TRACECA, 2010.

³¹ The North-South corridor consists of three routes, two of which – the intermodal Transcaspian and the Eastern routes – involve Kazakhstan, Turkmenistan and partly Uzbekistan. The third route is the Western route going through Azerbaijan.

³² *Evrasiia vesti*, “V edinom transportnom prostranstve,” no. X, 2010. <http://eav.ru/publ1.php?publid=2010-10a01> (accessed 31 March, 2012).

³³ *Kazakhstan Today*, “K 2012 godu ob'em morskikh perevozok na Kasp'ii planiruetsia uvelichit do 65 mln tonn – Minstranskom,” 6 November 2007a.

³⁴ In Kyrgyzstan, over 97% of goods are transported by truck (UNECE/UNESCAP, 2008).

³⁵ TRACECA, 2010. The route to China through the Kulma pass is closed for five months a year due to harsh winter conditions and therefore carries lower volumes of freight. See Max Ee Khong Kie and Boymurod Eshonov, “Tajikistan: Trade Facilitation and Logistics Development Strategy Report” (Manila: ADB, 2009).

from China based on data provided by Xinjiang Customs. For comparison, Table 3 shows the data for Horgos, Kazakhstan, which was most likely taken from the official statistics of Kazakhstan. The tables show that the trade turnover is higher at the Kyrgyz-Chinese border than at Horgos. Although the data for transit traffic is lacking, there are indications that Kyrgyzstan has an important role in intra-regional transit as the major re-exporting country of Chinese goods to neighbouring CA countries and Russia. The value of re-exports and revenues from re-export activities are large and increasing. According to some estimates, in 2007 they amounted to US\$3,714 million (97% of GDP) and 780US\$ million (20% of GDP), respectively.³⁶ Ironically, Kazakhstan was an important destination for Chinese goods going through Kyrgyz territory until recently.³⁷ Some 90% of goods were transported illegally, which made Chinese goods competitive within the restrictive cross-border policies.³⁸ By contrast, freight transit through Horgos has decreased, although the imports from China through this BCP are growing.

Table 2. Volume and value of cargo traffic through the main border-crossing points with China, 2006³⁹

	Horgos (RK)	Torugart (KR)	Irkeshtam (KR)
Exports and imports, tons	432 037	328 825	322 300
Imports, tons	39 129	54 418	52 100
General exports, tons	290 012	274 407	270 200
Total trade volume, million US\$	1,095.6	432.0	545.0
Imports, million US\$	64.2	41.5	33.0
General exports, million US\$	965.4	390.5	512.0

Source: Samukhin and Toguzbaev 2009⁴⁰

Table 3. Volume of road freight traffic through Horgos, Kazakhstan, tons

	2006	2007	2008
Export	25 635	23 840	16 459
Import	110 679	221 374	332 885
Transit	136 266	77 213	41 480
Total freight volume	272 581	322 428	390 823

³⁶ Bartłomiej Kaminski and Gael Raballand, "Entrepot for Chinese Consumer Goods in Central Asia: The Puzzle of Re-exports through Kyrgyz Bazaars," *Eurasian Geography and Economics* 50, no. 5 (2009): 581-590.

³⁷ One of the reasons was arguably the higher import tariffs and higher costs at the Kazakh BCPs. The situation has changed due to border closures related to the events in Kyrgyzstan in 2010 and as a result of the Customs Union with Russia and Belarus.

³⁸ Iren Saakian, "Doroga dal'niaia. Ts-s-s...," *Vecherny Bishkek*, 26 July 2010.

³⁹ This table serves to indicate the approximate extent to which the selected routes are used. The 2006 data does not reflect the huge increase in trade between China and CA countries in the last decade: China's exports to Central Asia grew in value from around US\$500 million in 2002 to US\$22.6 billion in 2008, with Kazakhstan and Kyrgyzstan receiving over four-fifths of these exports (Kaminski and Raballand, 2009).

⁴⁰ Oleg Samukhin and Esengeldy Toguzbaev, "The Kyrgyz Republic: Trade Facilitation and Logistics Development Strategy Report" (Manila: ADB, 2009).

Source: TRACECA, 2010

Uzbekistan is the major country for road transit in Central Asia. An analysis of freight volumes transported through its BCPs shows that road transit makes up 60% of its whole international transport (894 600 tons). The most heavily used routes run in the north-south direction through Kazakhstan and Turkmenistan (69%), with the rest going to/from Tajikistan (21%), Kyrgyzstan (6%) and Afghanistan (4%). Uzbekistan is an important transit country for freight bound to Afghanistan; nearly half of Afghanistan's road imports are reported to pass through Hairatan.⁴¹ However, the increase in transit is largely explained by the use of the route to support the NATO operation and to deliver humanitarian assistance, rather than by growing intercontinental trade. Thus, as with railways, international roads are mostly used for regional transport.

3.2. Physical and non-physical barriers to international transit

The availability, location and use of international rail and road routes indicate that the development of transcontinental transit potential emphasized by all CA governments as a priority in the area of transport, is not promising. On the whole, 98 to 99% of goods traded between the EU and the Asian Pacific region are transported by sea, while overland transport through Central Asia and Russia accounts for only 1 to 2%.⁴² The reasons for low use of international routes in transcontinental transit are manifold. Some can be explained by physical barriers, including the poor quality of the infrastructure, in particular of roads. As shown in Table 4, road conditions are still problematic, although the quality has improved in some of the countries in the five-year period shown. In Kyrgyzstan, only 22% of the international transport corridors are reported to be in good condition.⁴³ In Kazakhstan, about 60% of the national roads require major rehabilitation and proper maintenance.⁴⁴ In Tajikistan, 60 to 80% of roads are in poor condition.⁴⁵ Uzbekistan has, in general, performed better, although comparison over the last five years is not possible due to lack of data for 2011/12.

Table 4. Quality of transport infrastructure in Central Asia, 2007/2008, 2011/2012

⁴¹ TRACECA, 2010 and author's calculations.

⁴² Michael Emerson and Evgeny Vinokurov, "Optimisation of Central Asian and Eurasian Trans-Continental Land Transport Corridors," *Europe-Central Asia Monitoring Working Paper*, no. 7 (Brussels: FRIDE, 2009).

⁴³ Ministerstvo transporta i kommunikatsii Kyrgyzskoi Respubliki, "Programma razvitiia otraslei Ministerstva transporta i kommunikatsii Kyrgyzskoi Respubliki na 2009-2011 gody," 2008.

⁴⁴ ADB, "Proposed Multitranches Financing Facility and Administration of Loan. Republic of Kazakhstan: CAREC Transport Corridor I (Zhambyl Oblast Section) [Western Europe - Western People's Republic of China International Transit Corridor] Investment Program" *Report and Recommendation of the President to the Board of Directors* (Manila: ADB, 2008b)

⁴⁵ ADB, "Republic of Tajikistan: Transport Sector Master Plan," *Technical Assistance Consultant's Report*. TA 4926-TAJ (Manila: ADB, 2008a).

	07/08	11/12	07/08	11/12	07/08	11/12	07/08	11/12	07/08	11/12
	Overall infrastructure		Roads		Railway infrastructure		Port infrastructure		Air transport infrastructure	
Country rank (out of 131 countries in 2007/2008 and 142 countries in 2011/2012)										
Kazakhstan	71	85	109	125	39	33	88	104	92	103
Kyrgyzstan	106	93	104	116	65	61	130	142	111	136
Tajikistan	86	83	112	88	56	41	131	140	119	98
Uzbekistan	62	---	54	---	24	---	123	---	44	---

Source: World Economic Forum⁴⁶

Table 4 also shows that all the CA countries perform better when it comes to the quality of their railways, particularly Kazakhstan and Uzbekistan. However, railways face physical challenges, such as the lack and the excessive wear of available rolling stock, outdated technologies, and the insufficient technical state of railway networks. Less than half of the inventory of rolling stock in Kyrgyzstan and Tajikistan meet the service requirements, compared to Kazakhstan where nearly 70% meet service requirements and Uzbekistan, where 80% do.⁴⁷ At the same time, only 30% of Kazakhstan's railways and only 15% in Uzbekistan are electrified,⁴⁸ compared to the rate of rail electrification in Russia of 51%. Another constraint relates to differences in rail gauges. The broad 1520mm railway gauge changes which are common in the post-Soviet region mean that wheels have to be changed at international borders where the standard width is 1435mm, resulting in additional delays.

It is nevertheless broadly acknowledged that the most severe challenges arise from non-physical impediments to international transport and transit. These include varying degrees of restrictive transport and transit regulations of CA countries towards each other, and unofficial barriers such as unofficial charges and excessive controls by different state agencies en route and at border-crossings. These all cause substantial delays and significantly increase the cost of transport. The advantage of reduced time and shorter distances by transcontinental land transit thus become negligible. For example, freight transport through Kazakhstan may take 5 days, but the freight can be delayed at the BCPs for up to 10 days and longer.⁴⁹ CA countries also levy a number of entry, transit and other additional charges and fees on foreign vehicles, some of which are compiled in Table 5. Combined they raise the cost of transit for neighbouring states within Central Asia and for other countries.

⁴⁶ World Economic Forum, "The Global Competitiveness Report 2007-2008" (Basingstoke [u.a.]: Palgrave Macmillan, 2007); and World Economic Forum, "The Global Competitiveness Report 2011-2012" (Geneva: World Economic Forum, 2011).

⁴⁷ Sodruzhestvo nezavisimykh gosudarstv, Reshenie Soveta glav pravitelstv Sodruzhestva Nezavisimykh Gosudarstv "O merakh po obespecheniiu popolneniia, modernizatsii i remonta parka gruzovykh vagonov sovmeznogo ispol'zovaniia gosudarstv-uchastnikov Sodruzhestva Nezavisimykh Gosudarstv," 23.05.2008b.

⁴⁸ TRACECA, 2010; ADB, "Uzbekistan: Transport Sector Strategy 2006-2020," *Technical Assistance Consultants' Report* prepared by PADECO Co., Ltd. for Uzbek Association of Transport and Transport Communication. TA 4659-UZB. Tokyo, Japan, 2006b.

⁴⁹ Argument by Nigmatzhan Isingar, chairman of the Association of Kazakhstan's National Freight Forwarders, in: Shalabaeva, 2007.

Table 5. Charges and fees levied by Central Asian countries on foreign trucks, 2010

	Charges and fees for international transport
Kazakhstan	<p>Entry/exit and transit fees: US\$100.⁵⁰</p> <p>Custom convoy fees 2011 (and 2003) (without TIR Carnet⁵¹):⁵²</p> <p>600-800 km: EUR 283 (134)</p> <p>800-1000 km: EUR 385 (206)</p> <p>1000-1500 km: EUR 523 (293)</p> <p>1500-2000 km: EUR 743 (455)</p> <p>2000-2500 km: EUR 878 (599)</p> <p>Other charges:</p> <p>For excess axle load.</p> <p>For excess dimensions.</p>
Kyrgyzstan	<p>Entry fees:</p> <p>For non-CIS trucks: US\$50 (<i>CIS are exempt</i>).</p> <p>Fees for foreign (except Kazakh and Iranian) forwarders without special permission: US\$250.</p> <p>Fees for Kazakh and Iranian forwarders: US\$1000.</p> <p>Customs Convoy fees: one minimum wage per hour or nearly US\$13.</p> <p>Other charges:</p> <p>For excess dimensions.</p> <p>Fees for entering biospheric territory of Issyk-Kul: US\$10.</p> <p>Tunnel tolls on the Bishkek-Osh road: 5-10 times higher for foreign trucks than domestic ones.</p>
Tajikistan	<p>Entry fees:</p> <p>Trucks from CIS countries (except Kyrgyzstan and Uzbekistan): US\$50-150 (based on weight).</p> <p>Trucks from non-CIS countries: US\$100-200.</p> <p>Trucks from Uzbekistan (empty and loaded): US\$50-250.</p> <p>Transit fees: US\$90.</p> <p><i>Trucks from Kyrgyzstan exempt from entry and transit fees.</i></p> <p>Customs convoy fee: US\$3 per 10 km.</p>

⁵⁰ The government sets the rates of charges for road transport in the Tax Code according to the monthly calculation index. This index is defined in the republican budget and since January 2010 amounts to nearly US\$10 (Prezident Respubliki Kazakhstan, Zakon Respubliki Kazakhstan ot 07.12.2009 N 219-IV "O respublikanskom biudzhete na 2010-2012 gody"). The current Tax Code determines the rate of charges for entry/exit and transit through Kazakhstan by foreign vehicles with a 10 monthly calculation index. See Prezident Respubliki Kazakhstan, Zakon Respubliki Kazakhstan ot 10.12.2008 N 100 "O vvedenii v deistvie Kodeksa Respubliki Kazakhstan" O nalogakh i drugikh obiazatel'nykh platezhakh v biudzhete (Nalogovyi kodeks)". This represents a significant decrease from 2000, as the entry/exit fees amounted to 200 monthly calculated index (US\$1000) and transit fees to 60 monthly calculation index (US\$ 300). See Pravitel'stvo Respubliki Kazakhstan, Postanovlenie Pravitel'stva Respubliki Kazakhstan ot 31.12.1998 N 1397 "O sborakh za proezd avtotransportnykh sredstv po territorii Respubliki Kazakhstan."

⁵¹ The TIR system is an international customs transit system established by the TIR Convention in 1975. The TIR Convention sets universal standards for international customs transit with respect to the harmonization of international transit procedures and documentation and establishes an internationally accepted guarantee system.

⁵² The current fees for customs convoy are determined in a government decree of 2011 (Pravitel'stvo Respubliki Kazakhstan, Postanovlenie Pravitel'stva Respubliki Kazakhstan ot 21.01.2011 goda N 24 "Ob utverzhdenii stavok tamozhennykh sborov, vzimaemykh tamozhennymi organami"). The amounts in brackets are the earlier fees from a 2003 government decree (Pravitel'stvo Respubliki Kazakhstan, Postanovlenie Pravitel'stva Respubliki Kazakhstan ot 08.07.2003 goda N 669 "Ob utverzhdenii stavok tamozhennykh sborov, sborov i platy, vzimaemykh tamozhennymi organami", 2003b). Fees are given in Euro as in the decrees.

Charges and fees for international transport	
Uzbekistan	<p>Entry fees: Trucks from Kazakhstan and Kyrgyzstan: US\$300. Trucks from Tajikistan: US\$130. Trucks from non-CIS countries: US\$400. <i>Trucks from Kyrgyzstan going from one part of Kyrgyzstan to another through Uzbekistan are exempt from the fee.</i></p> <p>Additional entry and transit fees to/from Tajikistan: Trucks from Tajikistan: US\$103. Trucks from Turkmenistan: US\$35-55. Trucks of other countries (without international agreements): US\$230. Trucks from Tajikistan to non-CIS countries: US\$90.</p> <p>Other charges: Tajik trucks staying in Uzbekistan for over 3 days:⁵³ US\$70. Since 2007, per truck going to Afghanistan:⁵⁴ US\$50. Since 2010, per rail tank-car and other cars going to Afghanistan: US\$360 and US\$170. Excess axle load. Mandatory civil liability insurance: US\$5-20. Customs convoy fees (without TIR Carnet): < 200 km: EUR 50⁵⁵ > 200 km: EUR 120</p>

Sources: ADB 2006a, Bekmagambetov n.d.⁵⁶ and official documents of the CA countries

Several important conclusions can be drawn from this table. Kazakhstan has established non-discriminatory legislation for international road transport by treating all foreign states equally. Nevertheless, it recently nearly doubled the fees for customs convoy. Kyrgyzstan has more favorable regulations for freight transport of CIS countries. The charges and fees levied by Tajikistan are comparable with those of the other CA countries except Uzbekistan, although Tajikistan has more favorable regulations for Kyrgyzstan. In contrast, Uzbekistan has the most restrictive transport policies in Central Asia, with a differentiated scheme for charges and fees for each of its CA neighbours. Notably, Uzbekistan has established a discriminatory policy towards Tajikistan by levying more charges on Tajik trucks as well as on foreign trucks going to/from Tajikistan.⁵⁷ In response, Tajikistan has introduced higher charges on Uzbek trucks and announced a comparable increase of rail transit fees for Uzbek freight.⁵⁸ However, Uzbekistan is less affected by Tajikistan's policy, since it is much less dependent on its transport network.

⁵³ Prior to 2009, Uzbekistan required the payment of US\$50 for each day's stay after 8 days.

⁵⁴ This means an increase in transit fees for the transport of commercial goods from Termez to Afghanistan both by rail and road. In 2002 the Uzbek government introduced reduced rates of US\$180 for a rail car, US\$180 for 2 TEU (one 40-foot container), US\$90 for 1 TEU (20-foot container) and US\$5 for the passage of a truck (Kabinet Ministrov Respubliki Uzbekistan, Postanovlenie Kabineta Ministrov Respubliki Uzbekistan ot 31.01.2002 N 41 "O merakh po organizatsii transportirovki kommercheskikh gruzov na territoriiu Afganistana"). The same decree prescribed the 50 % reduction of entry and transit fees through Uzbekistan for the foreign trucks going to Afghanistan.

⁵⁵ Fees are given in Euro as in the decrees.

⁵⁶ Murat Bekmagambetov, "Sovremennoe sostoianie i osnovnye napravleniia razvitiia avtomobil'nykh perevozok v regione TSA [Tsentralnoi Azii]," n.d. Almaty: Scientific Research Institute of Transport and Communications. <http://www.osce.org/ru/eea/39670> (accessed 10 February, 2011).

⁵⁷ Taking into account that foreign forwarders operate up to 70% of Tajikistan's international transport and the problem of empty return trucks, this presents a significant problem.

⁵⁸ RZD-Partner, "Zheleznodorozhnye administratsii „prostranstva 1520“ otkorrektilirovali tranzitnye tarifny," 2 September 2010.

In addition to official fees and charges, high unofficial fees constrain the transit in and through Central Asia. This is indicated, for example, by the high number of en route inspections within the countries, in particular by traffic police, which often require the payment of bribes. Monitoring conducted by business associations of CA countries in 2007-2008 on the route from Kyrgyzstan to Russia revealed that 16 trucks under the TIR Carnet were stopped an average of 42 times each, 25 of which were made by traffic police in Kazakhstan.⁵⁹ Another review showed that traffic police on the 480-500 km long road from Torugart (Kyrgyzstan-Chinese border) to Bishkek stopped truck drivers 15-20 times and almost every time extracted bribes.⁶⁰ Official and unofficial payments at Uzbek borders make up 40% of the total transportation costs of the export route from Dushanbe to Moscow.⁶¹

The situation is less dramatic with railway transit, although transit tariffs are generally high. The railway policy for international freight transport is negotiated under the CIS framework. Rail transport across those countries is regulated by two tariffs: the International Railway Tariff and the Unified Transit Tariff.⁶² In theory, the CIS states determine common tariffs annually under the Tariff Agreement between Railway Administrations of the CIS Member States (1993) which are then applicable for a period of one year. However, according to paragraph 1.2 of the General Provisions of the Tariff Policy of the CIS Railways, the railway administrations of the signing parties have a right to independently raise and decrease the tariff rates and levy additional fees for exports and imports and for traffic in transit.⁶³ So, while the CIS railways administrations in theory pursue a unified tariff policy, in practice each state has the right to apply discretionary discounted or premium transport rates; a right that CA countries frequently exercise vis-à-vis neighbouring countries.

An analysis of Kazakh Railways documents indicates the tendency to reduce tariffs for rail transit. For example, in the second half of 2010, Kazakh Railways set a 22% allowance for the transit of aluminum, cotton and ferrous metals. These policies are aimed at maintaining existing and attracting new transit freight traffic from Tajikistan, Uzbekistan and Iran, since they are the main carriers of these goods.⁶⁴ At the same time, Kazakh officials have argued on different occasions that the railway tariffs in Kazakhstan are 1.5–2.5 times lower than those in neighbouring countries. Kazakh Railways has, therefore, decided to increase tariffs over the next five years that would affect export and import transport, but not those affecting transit traffic.⁶⁵

⁵⁹ Temirbek Shabdanaliev, "Monitoring transportnykh koridorov," Paper presented at the United Nations Special Programme for the Economies of Central Asia, 13th Session of the Project Working Group on Transport and Border Crossing. Almaty, Kazakhstan, 12-13 March 2008.

⁶⁰ Maksim Tsoy, "Osobennosti natsional'nykh perevozok," *Vecherny Bishkek*, 7 July 2010.

⁶¹ Nick Megoran, Gael Raballand and Jerome Bouyjou, "Performance, Representation and the Economics of Border Control in Uzbekistan," *Geopolitics* 10, no. 4 (2005): 712-740.

⁶² Manmohan Parkash, "Connecting Central Asia: A Road Map for Regional Cooperation" (ADB: Manila, 2006).

⁶³ Sodruzhestvo nezavisimykh gosudarstv, "Tarifnaia politika zhelesnykh dorog gosudarstv-uchastnikov Sodruzhestva nezavisimykh gosudarstv na perevozki gruzov v mezhdunarodnom soobshchenii na 2011 frachtovyi god." Deviatnadsataia Tarifnaia Konferentsiia zheleznodorozhnykh administratsii stran SNG-uchastnits Tarifnogo soglasheniia ot 17 fevralia 1993 goda, Tashkent, 29 October 2010.

⁶⁴ *RZD-Partner*, 2010.

⁶⁵ Mazhilis Respubliki Kazakhstan, "V mazhilise sostoiatsia pravitel'stvennyi chas o khode realizatsii Transportnoi strategii," *Novosti*, 28 April 2008. <http://www.parlam.kz/NewsPrev.aspx?page=2&lan=ru-RU&idloc=1&idkom=1&uid=1270> (accessed 9 June, 2009).

As with road transport, Uzbekistan has established a discriminatory policy towards Tajikistan with respect to rail transport. Since 2010, it has raised transit fees to/from Tajikistan several times. Uzbekistan first increased the transit costs for Tajik freight by 10%. It further raised the fees in March 2011 for all transportation to/from Tajikistan. Uzbek Railways set the new fees at US\$52 per container and US\$34 per wagon for customs inspection of transit goods to/from Tajikistan and Afghanistan.⁶⁶ At the same time, the International Railway Tariff does not favor shorter distances. Thus, Uzbekistan pays much more per kilometre (km) for the 106km transit on the northern Tajik line than Tajikistan pays for the nearly 1000km transport route through Uzbekistan.⁶⁷

In summary, CA countries have a relatively developed and integrated transport network, although it is poorly maintained. Interestingly, the routes are mostly used for regional transit between the southern CA republics and their main trading partners Russia, Europe and China, with Kazakhstan and Uzbekistan as major transit countries. In contrast, the share of transcontinental transit is marginal due to a number of physical and non-physical barriers. The above overview also highlights the often negative impact of the inherited interconnectedness in the region. Tajikistan, in particular, faces much higher transport costs as a result of its almost complete reliance on the infrastructure and policies of Uzbekistan.

4. Interests of CA countries in the field of international transport

While CA countries have shared and similar general interests in the field of international transport, the latter have resulted in specific preferences which have produced non-cooperative outcomes at the regional level. This paper argues that the specific interests of individual CA countries are primarily determined by their historical legacy, which in turn has affected the patterns of infrastructure capability and interdependence among the new states. The direction of trade in CA countries after independence and the nature of inter-state relations within the region provide an important context for understanding the specific preferences.

4.1. Major factors determining specific interests of the CA countries

The transport networks inherited from the Soviet Union had several important features for CA countries at the point of independence. First, the majority of rail and road routes run in a north-south direction. This reflected the trade patterns of the CA republics within the single economic complex of the Soviet Union, in which trade was conducted almost exclusively with other Soviet republics, in particular Russia. According to International Monetary Fund

⁶⁶ Uzbekistan Temir Yollari [State Joint Stock Railway Company]. Telegramma N УЗЖДРГ-6/9 ot 31.12.2008, Tashkent. <http://www.railsystem.info> (accessed 1 March, 2011); Uzbekistan Temir Yollari. Telegramma N ННТТ-1/5 ot 16.02.2011, Tashkent. <http://www.railsystem.info/doc/view.aspx?doc=72136> (accessed 1 March, 2011).

⁶⁷ Parkash, 2006.

(IMF) estimates, nearly 86 % of CA trade in 1988 was within the Soviet Union.⁶⁸ In contrast, transport links to the east or south were almost absent, except for a few railway extensions to Afghanistan and China. This presents a constraint given that since independence there has been a fundamental reorientation in the trading patterns of all CA countries, with the share of trade with CIS countries falling to 25 % in 2002⁶⁹ while trade opportunities have increased dramatically outside the CIS area. Since Russia remains a major trading partner for CA countries, southern CA countries rely heavily on Kazakhstan as a major transit country for their trade with Russia, resulting in an asymmetrical dependence on Kazakhstan.

Second, rail was the dominant mode of transport during the Soviet era and fewer highways were built to connect Central Asia with the rest of the Soviet Union.⁷⁰ Finally, the historical legacy shaped intra-regional connections by leaving a number of branch and feeder railway lines within Central Asia.⁷¹ Since the CA republics were part of the unified economic and transport complex, the transport infrastructure was built without considering their administrative borders. Moreover, the difficult mountainous terrain impeded the construction of unified networks. This led to the current patchwork of railway and road branches, in particular in Kyrgyzstan and Tajikistan.

As a result, the southern CA countries do not have an integrated domestic transport network. While this was not problematic in Soviet times, it became a problem after independence as the national road and rail links crossed the borders of the newly independent states. Trade barriers emerging at border crossings made the countries dependent on their neighbours for both international trade and domestic transport. The implications of such dependence amidst strained bilateral relations within the region are dramatically illustrated by the “transport blockade” of Tajikistan by Uzbekistan since 2009 that has had serious consequences for the Tajik economy.⁷² The insufficient integration of the transport network with the rest of the world, a relatively high degree of reliance on Russia and Kazakhstan, and weak integrated national transport networks are perceived as constraints to reducing transport costs and developing transit potential. In response, all CA countries have identified specific as opposed to regional interests, preferring to 1) develop international transport corridors going through their own territories and search for alternative routes, and 2) establish integrated transport networks.

⁶⁸ IMF, “Common Issues and Interrepublic Relations in the Former U.S.S.R” (Washington, DC: International Monetary Fund, 1992).

⁶⁹ Katrin Elborgh-Woytek, “Of Openness and Distance: Trade Developments in the Commonwealth of Independent States, 1993-2002,” *IMF Working Paper*, no. 03/207 (Washington, DC: IMF, 2003).

⁷⁰ Robert N. Taaffe, “Rail Transportation and the Economic Development of Soviet Central Asia,” *Geography Research Paper* 64 (Chicago: University of Chicago, 1960).

⁷¹ These served to link regional agricultural centres with the main rail networks and to connect the mining centres to local centres of consumption (Taaffe, 1960).

⁷² Starting at the end of 2009, freight trains bound for Tajikistan have been delayed on Uzbek territory. They mostly carry important imports such as fuel and lubricants, aluminum oxide (which is necessary to produce aluminum, Tajikistan’s main export), construction materials, in particular cement, and agricultural products. The reasons for delays are manifold and should be considered within the whole context of Uzbek-Tajik relations. Currently, the major dispute between the two countries is over the use of water resources and Tajikistan’s renewed efforts to complete the huge 335 metre high Rogun hydropower dam that is strongly opposed by Uzbekistan.

4.2. Specific interest 1: Developing international transport corridors and the search for alternative routes

The goal of reducing transportation costs and developing the transit potential through their respective territories has translated into specific preferences of CA countries for developing international transport corridors that, in many cases, involve developing alternative routes. Specific interests include constructing new, and rehabilitating existing, national roads and railways; improving technical facilities; and establishing intermodal logistics centers.⁷³ An overview of major projects resulting from these specific preferences highlights the implications for regional cooperation in terms of physical connectivity. Notably, analysis of official documents and major projects suggests that CA governments have a clear priority for strengthening infrastructural capacities.

Kazakhstan: A priority for Kazakhstan is the further development of the east-west routes to/from the Chinese border and the north-south routes through Turkmenistan and further to Iran, thus going beyond regional borders. The most prominent example of this effort is the reconstruction of the Western Europe–Western China road transit corridor, which the Kazakhstani government has strongly promoted since 2007. The government also plans to extend the rail freight transport to/from China by constructing a second railway line from the Chinese border at Korgas to Zhetygen and further to the central and western parts of Kazakhstan. With respect to the north-south direction, in 2007 the presidents of Kazakhstan, Iran and Turkmenistan signed an agreement to construct a second railway along the eastern shore of the Caspian Sea from Uzen (western Kazakhstan) via Etrek (Turkmenistan) to Gorgan in Iran.⁷⁴ Moreover, Kazakhstan expects to attract additional transit flows from China to this route.⁷⁵ The planned railway from China and the construction of missing links in central and western Kazakhstan should establish a new single railway route connected to the Uzen–Gorgan rail corridor. Projects to electrify the sections around the Aktogai station (which is the main joint in freight transportation to/from China) and one section in western Kazakhstan can be considered another indication of the government's specific interest in upgrading the new routes.⁷⁶

Apart from enhancing transport networks, Kazakhstan has announced its objective of developing its transport facilities to attract transit, by establishing international logistics centres for intermodal freight transport. This has been particularly emphasized in the

⁷³ Intermodal freight transport means “the concept of utilizing two or more “suitable” modes, in combination, to form an integrated transport chain aimed at achieving operationally efficient and cost-effective delivery of goods [...] from their point of origin to their final destination.” David Lowe, “Intermodal freight transport” (Amsterdam: Elsevier/Butterworth-Heinemann, 2005: 1).

⁷⁴ The new route should be 600 km shorter than the existing corridor through Sarakhs. According to the agreement, the railway should have been constructed by the end of 2011.

⁷⁵ At around 2005, the Kazakhstani government and Kazakh Railways strongly promoted the project to construct the narrow 1435-mm gauge railway from Dostyk to Gorgan. However, nothing has been heard about these plans since then. Two current railway construction projects Korgas–Zhetygen and Zhezkazgan–Beineu virtually replicate the earlier proposed route.

⁷⁶ Pravitel'stvo Respubliki Kazakhstan, Postanovlenie Pravitel'stva Respubliki Kazakhstan ot 23.12.2008 N 1219 “O strategicheskome plane Ministerstva transporta i kommunikatsii Respubliki Kazakhstan na 2009-2011 gody.”

Transport strategy since 2006.⁷⁷ The Ministry of Transport and Communications announced plans to construct 15 transport logistics centers in almost every region and in five large regional centers of Kazakhstan.⁷⁸ The project that is particularly promoted is the construction of a railroad logistics center at the Horgos BCP with China. The links to the infrastructure projects of the Western Europe–Western China transit corridor and of the planned new Korgas–Zhetygen railway branch are obvious. Moreover, Kazakhstan has announced ambitious plans to build its own rolling stock to cover growing demand for new locomotives and freight cars.

Uzbekistan: An analysis of Uzbek official documents and its major projects suggests that the Uzbek government is focused almost exclusively on international transport corridors. The projects listed in the Road Development Program for 2007-2010 include the construction and rehabilitation of the most heavily used international roads both in the north and north-west, and in the south and south-west directions, which provide access to Afghanistan and to Iran.⁷⁹ They also make up the Uzbek national highway, which is the only road sector priority under the Program on the Facilitated Development of Infrastructure, Transport and Communications for the Period 2011-2015.⁸⁰ With respect to railways, priorities lie with the electrification of the internationally important Marokand–Navoi–Bukhara and Karshi–Termez railway sections which also run in the southern direction.

Uzbekistan has actively promoted the establishment of intermodal logistics centres on its territory since the mid-2000s.⁸¹ The largest project is the construction of a hub, the Navoi international intermodal logistics centre at the Navoi airport in central Uzbekistan. The strong emphasis and broad promotion campaigns of the government, both in European and Asian countries, indicate the high level of commitment to this project. The government also plans to establish a free economic zone close to the logistics centre. In contrast to Kazakhstan, intermodal transport is to consist of air and railway transport. The Uzbek government hopes to attract at least 5% of all freight transit by air between Europe and Asia. However, the share of air transport in transcontinental trade flows is relatively small. Moreover, the country is unlikely to become a real competitor to the rail, road and air corridors through Kazakhstan.

Kyrgyzstan: The Road Development Program for 2009-2011 of Kyrgyzstan sets an increase in Kyrgyzstan's transit potential as one of the two main priorities in the road sector.⁸² The foremost priority is to rehabilitate existing international roads.⁸³ Analysis of official

⁷⁷ Prezident Respubliki Kazakhstan, Ukaz Prezidenta Respubliki Kazakhstan ot 11.04.2006 N 86 "O Transportnoi strategii Respubliki Kazakhstan do 2015 goda."

⁷⁸ *Kazakhstan Today*, "V blizhaishie 5-10 let v Kazakhstane neobkhodimo sozdat' poriadka 20 transportno-logisticheskikh tsentrov – Mintranskom," 6 November 2007b.

⁷⁹ Prezident Respubliki Uzbekistan, Postanovlenie Prezidenta Respubliki Uzbekistan ot 20.12.2006 N ПП-535 "O merakh po razvitiuu avtomobil'nykh dorog obshchego pol'zovaniia na 2007-2010 gody."

⁸⁰ Prezident Respubliki Uzbekistan, Postanovlenie Prezidenta Respubliki Uzbekistan ot 21.12.2010, N ПП-1446 "Ob uskorenii razvitiia infrastruktury, transportnogo i kommunikatsionnogo stroitel'stva v 2011-2015 godakh."

⁸¹ Feasibility studies were undertaken in the early 2000s; however, the idea was not realized primarily due to lack of funding (ADB, 2006b).

⁸² The second priority concerns access to local markets, employment opportunities and social services, although the international roads are clearly prioritized.

⁸³ Ministerstvo transporta i kommunikatsii Kyrgyzskoi Respubliki, 2008.

documents and projects suggests that Kyrgyzstan has no explicit preferences regarding the direction of routes. Rather, they seem to cover all existing networks: the two roads running to the border with China, the road to Taraz in southern Kazakhstan, the road to Jergetal at the border with Tajikistan and the Osh–Batken–Isfana road which connects the southern and central parts of the country. Most of these projects have been raised as priorities since the mid-1990s and the list has remained virtually unchanged.⁸⁴ The road to Tajikistan presents a notable exception since the Kyrgyz government prioritised its rehabilitation in 2007.

In the railway sector, the Kyrgyz, Uzbek and Chinese governments have promoted the construction of a railway line between Andijan (Uzbekistan), Osh (Kyrgyzstan) and Kashgar (China) to connect Central Asia with China since 1996. This route could be an alternative to the only rail crossing at the Kazakh–Chinese border. Although the question of this route is raised regularly by all three countries, the future of the project remains unclear. China previously expressed its wish to invest in the construction. The costs would be immense due to the challenges of construction in difficult high-mountain terrain; an estimated US\$3.5 billion. Kyrgyzstan has also promoted the construction of two logistics centres in Osh and Bishkek and cargo terminals at the Kyrgyz BCPs.⁸⁵ However, the feasibility of these projects is not yet clear.

Tajikistan: Analysis of official documents, statements by Tajik officials and planned and implemented projects suggests that Tajikistan has also set a goal of promoting international freight transit through its territory. However, Tajikistan’s transit options are constrained by almost complete transport dependence on Uzbekistan. Given this and the difficult relations between the two countries, Tajikistan’s most urgent goal appears to be achieving transport independence to the greatest extent possible. In 1999, Tajik President Emomali Rakhmon prioritized the construction of the transcontinental highway via Tashkent to Dushanbe or through Termez to Dushanbe, with further links to the Karakorum highway to Pakistan. In contrast, several years later, the routes connecting Tajikistan with China, Afghanistan and Kyrgyzstan are being emphasized. Establishing intermodal logistics centres does not seem to be a priority for Tajikistan.

4.3. Specific interest 2: Establishing integrated transport networks

The interest in reducing transport costs has resulted in a goal to establish integrated national transport networks. This is particularly true for the states of the Fergana Valley which have strained bilateral relations, with Kyrgyzstan and Tajikistan on one side, and their larger neighbour Uzbekistan on the other. The problem of an integrated transport network is less acute in Kazakhstan due to its geography. It emerged with respect to Russia and was politically less dramatic.⁸⁶

⁸⁴ See, for example, Akaev and Zhumaliev, 2004.

⁸⁵ Ministerstvo transporta i kommunikatsii Kyrgyzskoi Respubliki, “Strategiia razvitiia avtomobil’nogo transporta Kyrgyzskoi Respubliki na period 2011-2015 gody.” Proekt, 2010.

⁸⁶ Nevertheless, the Kazakhstani government pursued a policy of constructing the missing links within its territory. Thus, it constructed the 402 km long Chromtau–Altynsarin railway to connect the central and northern regions by 2004 and the 151 km long Shar–Ust-Kamenogorsk railway between the eastern and northern parts of the country by 2009. While the two new rail routes bypass Russia, they also serve

Uzbekistan: Among the CA countries, Uzbekistan has perhaps pursued this objective most consistently. At the time of independence, this country inherited national roads and railways which crossed Tajikistan and Turkmenistan and, to a lesser extent, Kazakhstan.⁸⁷ Explicit references to the specific interest of building an integrated transport network can be found in addresses by Uzbek President Islam Karimov and in corresponding official documents. The Road Development Program for 2007-2010 explicitly mentions the necessity of constructing and rehabilitating transport corridors in order to avoid dependency on any individual country for access, and to ensure intra-country vehicle movement without having to cross the territories of neighbouring states.

The strong commitment of the government to this goal is also confirmed by the number of implemented projects. Over the last decade, Uzbekistan has constructed two new railway lines to connect its domestic network. The first project was the 341km long railway between Navoi and Nukus to avoid transit through Turkmenistan.⁸⁸ The second, the 220km long Tashguzar–Boisun–Kumkurgan rail line between the southern regions of Kashkadarya and Surkhandarya, has enabled Uzbekistan to bypass Turkmenistan for direct access to Afghanistan. It was a widely celebrated event in the Uzbek state media, with the President Islam Karimov speaking at the opening ceremony. Among the reasons for the construction of this railroad, he listed creating an independent and integrated system of communications and the development of rich mineral reserves in the two southern regions.⁸⁹ While these projects certainly fulfill some other objectives, observers have emphasised the primary reason, which was to achieve transport independence from Turkmenistan.⁹⁰

Uzbekistan has also tried to overcome its dependency on the railway route through northern Tajikistan to connect with its eastern territories in the Fergana Valley. Uzbekistan's priority is to establish year-round traffic with the Fergana Valley on the existing Tashkent–Andijan road. Current traffic capacity is low and the existing road is often inaccessible during winter due to the risk of avalanches. The Uzbek government has recently included the rehabilitation of the 100km long section through the 2000m high Kamchik Mountain Pass among the priority projects under the Program on the Facilitated Development of Infrastructure, Transport and Communications for the Period 2011-2015. Islam Karimov also placed special emphasis on accelerating the rehabilitation of this road in his address to Cabinet of Ministers in January

the other stated goals of developing transit corridors: substantially decreasing distances and reducing transport costs. See, for example, Zhanar Serdalina, "Serik Akhmetov: "Zapas prochnosti sformirovan...," *Megapolis*, no. 3, 2 February 2009.

⁸⁷ The direct Tashkent–Samarkand route crosses the territory of Kazakhstan, which is why Uzbek forwarders usually go around of this part of the road, making the route 56 km longer. Some of the transit issues were solved during a meeting of the presidents of Uzbekistan and Kazakhstan in Samarkand in March 2006.

⁸⁸ This became a priority project in the 1990s due to the high costs of transit through Turkmenistan. While construction was planned as early as 1993, it became urgent by 1999 when a special decree was adopted. See Kabinet Ministrov Respubliki Uzbekistan, Postanovlenie Kabineta Ministrov Respubliki Uzbekistan ot 04.03.1999 N 96 "Ob uskorenii stroitel'stva i poetapnogo vvoda v ekspluatatsiiu zheleznodorozhnoi linii Uchkuduk – Misken – Sultanuizdag."

⁸⁹ Prezident Respubliki Uzbekistan, "Vystuplenie Prezidenta Islama Karimova na torzhestvennoi tseremonii, posviashchennoi otkrytiiu zheleznodorozhnoi linii Tashguzar – Baisun – Kumkurgan", 24 August 2007. <http://www.uza.uz/ru/politics/535/> (accessed 11 December, 2009).

⁹⁰ Mikhail Kukushkin, "Razoshlis' dorogi. Uzbekistan izbavliaetsia ot tranzita cherez Turkmeniiu", *Vremya novostei*, 29 January 2003.

2011.⁹¹ The expansion of the intermodal railway logistics centre in Angren, located at the joint between the central and eastern parts of the country in the Fergana valley, is also supported by the establishment.⁹²

Kyrgyzstan: The Government of Kyrgyzstan has also emphasized the country's transport dependency on the neighboring states as a social and political problem which requires solution. Of particular concern are the problems associated with crossing the five Uzbek and Tajik enclaves in the southern Batken region.⁹³ Domestic transit through the enclaves has faced considerable delays and extra costs. Uzbekistan has proved to be an unreliable transit country due to frequent border closures and restrictive transit policies. The issue has been a high priority in Kyrgyzstan since the 1990s. In the 1990s, the Kyrgyz government built a new southern road between Osh and Jalalabad to avoid transiting Uzbekistan, even though the new road is 100km long and goes through difficult terrain.⁹⁴ The Road Development Program for 2009-2011 provides for separate cost items to construct 170km of bypass roads. Remarkably, the local population has provided its own financing to support the construction of portions of these roads.

Tajikistan: Tajikistan is striving to diversify its transportation routes for international trade and to establish an integrated transport network within the country. The Tajik government has, for example, regularly raised the issue of constructing new railway lines to connect its isolated northern, central and southern railways sections. However, it remains questionable whether the Tajik government will undertake any railway expansions, even in the long term, due to geographic and financial constraints. Moreover, the construction of a railway line to Afghanistan would not be feasible, given the existence of the line through the Uzbek Termez. The Tajik government has focused on the rehabilitation of road networks. Priority projects aim to develop new international and domestic routes by-passing Uzbekistan, including the rehabilitation of the Dushanbe–Karamik road to the border with Kyrgyzstan, and the Dushanbe–Khujand–Chanak road (Uzbek border) to connect the southern and northern parts of the country.⁹⁵

⁹¹ Prezident Respubliki Uzbekistan, "Doklad Prezidenta Respubliki Uzbekistan Islama Karimova na zasedanii pravitel'stva po itogam sotsialno-ekonomicheskogo razvitiia strany v 2010 godu i vazhneishim prioritetam na 2011 god," 21 January 2011. While this issue has been repeatedly raised in the past, it became particularly urgent at the beginning of 2010. On 28 December 2009, President Karimov signed a decree prohibiting transit of Uzbek commercial freight on railroads between the Fergana Valley and Tajikistan. An exception was only made for strategic goods such as fuels and lubricants transported from the oil refinery in Fergana. See Olga Tutubalina, "Tadzhikistan i Uzbekistan delaiut vse vozmozhnoe, chtoby ne tol'ko ogradit' sebia ot obshcheniia drug s drugom, no i, poroi, oni dazhe vstavliaiut palki v koleasa sosednei arby," *ASIA-Plus*, 23 January 2010.

⁹² Uzbekistan also had plans to construct the only missing railway connection within the unified national Uzbek network, the rail line between Angren and Pap, to avoid transit through northern Tajikistan. However, this would be an expensive project requiring 20km of tunnels, and early construction is unlikely (ADB 2006b, p. 66).

⁹³ Prezident Kyrgyzskoi Respubliki, Vystuplenie Prezidenta Kyrgyzskoi Respubliki Otunbaevoi Rozy Isakovny na soveshchanii s aktivom Batkenskoi oblasti po voprosu "O realizatsii resheniia Soveta oborony Kyrgyzskoi Respubliki," 22 January 2011.

⁹⁴ Richard Pomfret, "The Central Asian Economies since Independence" (Princeton: Princeton University Press, 2006).

⁹⁵ The construction of Shar-Shar and Chormarzak tunnels on the Vahdat-Dangara road is another project aimed at creating a unified national transport network.

While all the CA countries have shared similar interests, the extent to which each of them is able to provide financial resources for the construction and rehabilitation of the transport infrastructure, for the development of transport facilities and for substitutes for existing transport networks differs across the region. As the largest economy in Central Asia, Kazakhstan has invested most in the transport sector since the early 2000s (1.3% of GDP),⁹⁶ followed by Uzbekistan which spends about 1% of GDP on the road sector alone.⁹⁷ Both countries place great emphasis on financing from the budget, through foreign loans and public-private partnerships (especially in the railway sector) in the case of Kazakhstan. Kazakhstan accounts for the largest external borrowing in Central Asia in absolute terms, receiving US\$4.2 billion in IFIs loans to the transport sector since 2000,⁹⁸ including US\$3.3 billion for the Western Europe-Western China transit corridor alone.⁹⁹

Kyrgyzstan and Tajikistan have less capacity to achieve their interests than Kazakhstan and Uzbekistan, due to their geographical locations, high mountainous landscapes, and their economic situations. Public funds for investment and maintenance remain short in both countries and both rely heavily on external borrowing. Nevertheless, both have improved their transport infrastructure since 2000. Since 1991, Kyrgyzstan has received nearly US\$190 million, and Tajikistan more than US\$454 million, in loans and grants for the transport and communication sector.¹⁰⁰ However, even larger investments are needed over the next few years. The rehabilitation of the two key regional roads to the Chinese border in Kyrgyzstan alone would require US\$490 million.¹⁰¹ The Tajik government estimates that total expenditures in the transport sector between 2010 and 2025 will amount to US\$2.3 billion. More than half is expected to be financed from external sources.¹⁰² However, only a small proportion of this investment has been secured through IFIs loans.¹⁰³

⁹⁶ In financial terms, road funding in Kazakhstan increased from US\$120 million in 2000 to nearly US\$1 billion in 2008. The government estimates that the costs of infrastructure projects until 2014 will amount to over US\$20 billion. See Pravitel'stvo Respubliki Kazakhstan, Postanovlenie Pravitel'stva Respubliki Kazakhstan ot 30.09.2010 N 1005 "Ob utverzhenii Programmy po razvitiu transportnoi infrastruktury v Respublike Kazakhstan na 2010-2014 gody", 2010b). Conversely, only 0.1 % of GDP is being spent for routine maintenance (ADB, 2008b).

⁹⁷ ADB, "Proposed Multitranchise Financing Facility. Republic of Uzbekistan: Central Asia Regional Economic Cooperation Corridor 2 Road Investment Program." *Report and Recommendation of the President to the Board of Directors* (Manila: ADB, 2010). The GDP of Uzbekistan amounted to US\$32.5 billion in 2009, so annual spending should be nearly US\$325 million in this country. The Program on the Facilitated Development of Infrastructure, Transport and Communications for the period 2011-2015 estimates the necessary investment volume for the transport sector in the next years to be about US\$6.9 billion, including US\$3.4 billion for the road sector and US\$1.6 billion for the railway sector.

⁹⁸ Kikbay Kosaev, "Prem'er-Ministr prizyvaet transportnikov k ispol'zovaniiu „rynochnykh mekhanizmov" pri realizatsii krupnykh proektov," *Panorama*, 14 January 2011.

⁹⁹ The IFIs cover half of the total costs of US\$6.7 billion, while the government covers nearly 15% of this amount.

¹⁰⁰ ADB, 2008a.

¹⁰¹ ADB, "Proposed Asian Development Fund Grant Kyrgyz Republic: CAREC Transport Corridor 1 (Bishkek-Torugart Road) Project." *Report and Recommendation of the President to the Board of Directors* (Manila: ADB, 2008c).

¹⁰² ADB, "Developing Tajikistan's Transport Sector: Transport Sector Master Plan" (Manila: ADB, 2011).

¹⁰³ Samukhin and Toguzbaev, 2009.

In summary, CA countries have shared common general interests and more or less similar specific preferences. All of them have set objectives to reduce transportation costs and to attract international transit flows through their territories. All have prioritized the construction and rehabilitation of the transport infrastructure and of technical facilities on international routes which provide for alternative access to countries beyond the region and for integrated domestic networks. They have all been able, to varying extents, to realize these priorities. At the same time, the four CA countries have paid much less attention to the policy-related barriers which are acknowledged to be the main reasons for high transport and transit costs. The remainder of the paper will assess how the individual interests and the constellation of these interests have affected the (non-) cooperation policies in Central Asia.

5. Implications for regional cooperation

5.1. The effects of infrastructural interests on regional cooperation

Given the importance of both infrastructural and policy issues, regional cooperation can be measured by the degree of coordinated development and closer integration of national transport networks with each other and with international networks, reciprocal liberalization of transit policies, and simplification and harmonization of the legal and regulatory framework.¹⁰⁴ All CA countries have participated in different organisations and efforts to coordinate infrastructure development. One notable example is the Asian Development Bank's (ADB's) Central Asia Regional Economic Cooperation (CAREC) program in which the participating states coordinate on six selected transport corridors. However, similar specific interests of each country have diverged to produce patterns of non-cooperation. The constellation of those interests has ultimately led to undermining the existing structural preconditions of cross-border physical connectivity.

Kazakhstan remains the monopoly holder for transit between Russia and Europe and the other CA countries. It is naturally interested in maintaining this position, and in the early 2000s, any attempts by neighbouring countries to develop alternative routes were perceived as a potential challenge to the development of Kazakhstan's transit potential.¹⁰⁵ The Western Europe–Western China corridor in Kazakhstan does not cross the territories of other CA countries. The newly constructed railway to Iran primarily serves to avoid transit through Uzbekistan.¹⁰⁶ While generating additional transit traffic, especially for Iran and Turkmenistan, traffic would by-pass the currently most heavily used railway route through Uzbek territory.¹⁰⁷

¹⁰⁴ ADB, 2006a.

¹⁰⁵ Pravitel'stvo Respubliki Kazakhstan, Postanovlenie Pravitel'stva Respubliki Kazakhstan ot 27.04.2001 N 566 "O kontseptsii razvitiia mezhdunarodnykh transportnykh koridorov Respubliki Kazakhstan;" Pravitel'stvo Respubliki Kazakhstan, Postanovlenie Pravitel'stva Respubliki Kazakhstan ot 30.12.2003 N 1351 "Ob utverzhdenii Programmy razvitiia tranzitno-transportnogo potentsiala Respubliki Kazakhstan na 2004-2006 gody," 2003a.

¹⁰⁶ The author is grateful to Richard Pomfret for drawing her attention to this fact.

¹⁰⁷ ADB, 2006b.

Similarly, prioritized projects in Uzbekistan clearly emphasize routes which bypass Kazakhstan. They focus instead on the construction and rehabilitation of networks to Iran and Afghanistan and intermodal transportation between east and west. Uzbekistan plans to use the transport route from the Navoi logistics center through the reconstructed port of Turkmenbashi and further to Baku to have an alternative access to the markets in Europe, North Africa and Middle East.¹⁰⁸ Uzbek officials have also thought of using the Navoi airport for transit traffic through Moscow, although this variant seems less viable due to the high costs of air transport. On the whole, however, the possibilities for alternative routes to/from the major trading partner Russia are rather restricted for Uzbekistan. Given its geographical position, it will further rely on the infrastructure and administrative practices of Kazakhstan.

Priority infrastructure projects in Kyrgyzstan include all of the country's major transport corridors and have remained quite stable over time. However, there have been some important changes in the last few years. The Road Development Program 2009-2011 added a new priority route to Tajikistan – the rehabilitation of the Sarytash–Karamyk–Zhergetal road. This is accompanied by the rehabilitation of the Tajik road section from Zhergetal to Dushanbe, with an eventual extension to Nizhny Pyandzh on the border with Afghanistan. This project is currently being implemented both in Kyrgyzstan and Tajikistan, financed by an ADB loan and is considered a relatively successful regional project. Thus, Kyrgyzstan and Tajikistan seem to be united by the common interest of developing joint alternative routes bypassing their most troubling neighbour, Uzbekistan. This is one of the few cases of closer bilateral cooperation in the coordinated transport networks in Central Asia.¹⁰⁹

As a whole, the diversification of transport routes is a natural process in the search for means to reduce transport costs and the establishment of integrated transport networks within a country's borders is a natural desire of every independent state. At the same time, these policies might reduce existing structural preconditions for regional cooperation. Since independence, national infrastructure spending has often focused on improving internal communications within each new state, rather than strengthening the regional network.¹¹⁰ Similarly, pursuing the interest of developing transcontinental transit potential involves elements of competition since each state would prefer as much transit as possible to go through its territory. The analysis of the three interests suggests that the CA countries behave in a way which is not conducive to regional cooperation.

¹⁰⁸ Viktoriya Panfilova, "Ashkhabad stavit na sosedei. Turkmeniia obespechit Uzbekistanu vychod na evropeiskie rynki," *Nezavisimaya gazeta*, no. 37, 25 February 2009.

¹⁰⁹ Another example is the rehabilitation of the Almaty–Bishkek road with ADB financing.

¹¹⁰ Pomfret, 2006.

5.2. The legal and regulatory framework for transport in Central Asia

The CA countries have failed to achieve reciprocal liberalization of transit policies, institutions and practices, and to simplify and harmonize the legal and regulatory framework. Their governments have strongly emphasized the physical aspects of improving infrastructural capacities. However, state officials and government documents make only passing reference to the critical non-physical components that would facilitate the removal of non-physical barriers. The example of Kazakhstan is illustrative for other CA countries, except Kyrgyzstan.¹¹¹ The 110 page Strategic Plan of the Ministry of Transport and Communications for the period 2010-2014 contains only one brief paragraph on the impeding effects of non-physical barriers to trade and transit flows. At one place in the document, the need to pursue a coordinated policy between the relevant ministries on cross-border cooperation and trade facilitation is noted. The wording is almost identical across the documents, suggesting routine formulations rather than serious consideration. Non-physical issues seem to be emphasized more by international organizations and are included in government documents at their request.

While CA countries have formally committed to cooperate on transport policies, to different degrees, an understanding of the nature of their specific interests highlights why they have failed to implement those commitments. Indeed, CA countries are parties to a large number of international conventions in the area of international transport and transit. The UNESCAP Resolution 48/11 on “Road and Rail Transport Modes in Relation to Facilitation Measures” (23 April 1992) sets the standard for transport facilitation in the Asian region by recommending that its member states accede to seven international conventions.¹¹² Notably, Uzbekistan was the only country in Central Asia which had joined all of them by 2008 (Table 6); an interesting contrast to its discriminatory policies towards its neighbours, suggesting a lack of implementation.

Table 6. Central Asian signatories to the international conventions recommended by the UNESCAP Resolution 48/11, as of 2007

Conventions	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
Convention on Road Traffic (1968)	x		x	x
Convention on Road Signs and Signals (1968)	x		x	x
Convention on the Contract for the International Carriage of Goods by Road (CMR) (1956)	x		x	x

¹¹¹ The Draft Strategy for Road Transport Development for 2011-2015 of Kyrgyzstan addresses the policy issues more extensively.

¹¹² With respect to international railway transport, two major international conventions are relevant for the CA countries: the Convention Concerning International Carriage by Rail (COTIF) (1980) which is managed by the International Organization for International Carriage by Rail (OTIF) and the Agreement on International Rail Freight Communications (SMGS) of the Organization for Railways Cooperation (OSJD).

Conventions	Kazakhstan	Kyrgyzstan	Tajikistan	Uzbekistan
Customs Convention on the Temporary Importation of Commercial Road Vehicles (1956)		x		x
Customs Convention on the International Transport of Goods Under Cover of TIR carnets (TIR Convention) (1975)	x	x	x	x
International Convention on the Harmonization of Frontier Controls of Goods (1982)	x			x
Customs Convention on Containers (1972)	x	x		x

Source: UNECE/UNESCAP, 2008

Table 6 shows that all the CA countries have joined the TIR Convention which is particularly important for customs transit operations. The number of TIR carnets issued by the International Road Transport Union (IRU) to Central Asian national road associations more than doubled in Kazakhstan and Uzbekistan, and tripled in Kyrgyzstan from 2004 to 2008. Only in Tajikistan does the use of TIR carnets remain insignificant. This can probably be explained by the predominance of foreign forwarders in international transport.¹¹³

The CA countries have also signed numerous multilateral and bilateral agreements in the area of international transport. Issues in international road transport are largely regulated by multilateral agreements of the CIS. Between 1991 and 2007, CIS member states adopted nearly 45 documents on transport issues.¹¹⁴ CA countries have also signed agreements under the framework of the EurAsEC, ECO, TRACECA and UNESCAP, the most significant of which are listed in Appendix 3. While implementation of their provisions is generally a major problem, there are interesting examples at the level of adoption.

Overall, the ratification rate of the CIS agreements is high in Central Asia, with the exception of Uzbekistan which has only signed 46.5% of all CIS agreements. Ratification rates are as high as 92.1% in Kazakhstan, 97.6% in Kyrgyzstan and 99.7% in Tajikistan. While it was not possible to find comparable data on the ratification rate of transport-related agreements, the analysis of key documents suggests that the number of signed documents by Uzbekistan is higher in this sector, although not all of them were ratified.¹¹⁵ The EurAsEC has mostly

¹¹³ It should be mentioned that while the TIR system is currently the only international transit system implemented in the region, CA experts doubt its usefulness for intra-regional trade due to its high costs and limited benefits for short-distance movements, while the benefits for long-distance transit are not yet fully realized. They therefore advocate the establishment of a regional transit system to facilitate short-distance intra-regional trade while at same time improving the TIR transit system to facilitate external trade with major global markets.

¹¹⁴ Sodruzhestvo Nezavisimyykh Gosudarstv, Reshenie Soveta glav pravitelstv Sodruzhestva Nezavisimyykh Gosudarstv "O Prioritetnykh napravleniyakh sotrudnichestva gosudarstv-uchastnikov SNG v sfere transporta na period do 2020 goda," 14.11.2008a.

¹¹⁵ See Sodruzhestvo Nezavisimyykh Gosudarstv, "Edinyi reestr pravovykh aktov i drugikh dokumentov

dealt with trade facilitation issues; however, there are several other documents concerning the regulation of transport. Interestingly, the EurAsEC accounts for a larger ratification rate of these agreements.¹¹⁶ In contrast, attempts to negotiate agreements on transport issues in other regional organizations beyond the post-Soviet space have been less successful. The Transit Transport Framework Agreement was signed by the ECO member states, including all CA countries except Uzbekistan, in 1998. However, it took nine years until this agreement entered into force in 2006. Within the SCO, formulating the agreement on facilitation of road transport went on for seven years, even with the support of the ADB, and the agreement has still not been concluded.¹¹⁷

Some of the bilateral agreements are listed in Table 7. There is no data available on the total number of agreements for each country. However, there are indications that the number is high. For example, Kazakhstan had signed nearly 185 international agreements, including 33 in the field of transit by 2008.¹¹⁸ Kazakhstan and Kyrgyzstan, as well as Kazakhstan and Tajikistan have developed the least restrictive regulations on transportation by road. Furthermore, the three countries have a broad range of multilateral agreements between them regulating transport and transit issues. Notably, several agreements were negotiated and signed under the CAREC framework. In contrast, Uzbekistan and Tajikistan are the only countries in Central Asia without any bilateral agreements on international road transport.¹¹⁹ Taking into account the almost complete dependence on Uzbekistan's transportation network, this presents a serious impediment for transit to/from Tajikistan.

Table 7. Bilateral agreements on international road transport in Central Asia, 2008

	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
Kazakhstan	-	x*	x*	x***	x**
Kyrgyzstan	x*	-	x**	x***	x**
Tajikistan	x*	x**	-	x***	none
Turkmenistan	x***	x***	x***	-	x***
Uzbekistan	x**	x**	none	x***	-
* Freight transport between the two countries, in transit, and in carriage of cargo to/from third countries without permits					
** Carriage of cargo between the two countries and in transit without permits					
*** Permits are required for all types of transport					

Source: Bekmagambetov n.d.

Sodruzhestva Nezavisimyykh Gosudarstv," n.d. <http://cis.minsk.by/reestr/ru/index.html#reestr/create> (accessed 10 May, 2012).

¹¹⁶ Evraziiskoe Ekonomicheskoe Soobshchestvo, "Mezhdunarodnye dogovory, deistvuiushchie v ramkakh Evraziiskogo Ekonomi-cheskogo Soobshchestva," n.d. <http://www.ipaeurasec.org/evra/?data=interdocs> (accessed 22 February, 2012).

¹¹⁷ UNESCAP, "Monograph Series on Facilitation of International Road Transport in Asia and the Pacific" (New York: UNESCAP, 2011).

¹¹⁸ Ministerstvo transporta i kommunikatsii Respubliki Kazakhstan, "Evraziiskii tranzit - perspektivy razvitiia". Doklad Ministra transporta i kommunikatsii Respubliki Kazakhstan S.N. Akhmetova na VII Mezhdunarodnoi konferentsii "Transevraziia-2008", 24 September 2008. <http://ru.government.kz/documents/publications/190> (accessed 23 October, 2008).

¹¹⁹ Nigora Bukhari-zade, "Tadzhikistan: tranzitnaia strana s tranzitnymi problemami?" *Deutsche Welle*, 22 October 2008.

It is worth noting that these multilateral and bilateral agreements have been negotiated in different fora. Indeed, the CA countries participate in different frameworks for policy coordination both within and beyond regional organizations such as the UN Special Program for the Economies of Central Asia (SPECA) and CAREC. Within the CIS alone, there are six bodies addressing transport issues: the Coordinating Transport Meeting in charge of maritime, road and inland water transport and general transportation issues (Uzbekistan is not a member of this group); the Council for Rail Transport of the CIS Participating States; the Intergovernmental Council of Road Workers; the Council on Aviation and Air Space Use; the Interstate Aviation Committee; and the Coordinating Committee for CIS Transport Corridors. The policies are also coordinated in different formats at the bilateral level.

The degree of cooperation between CA states is high if measured by the number of accessions to international conventions and by the number of agreements and meetings. However, these indicators appear relative given the frequent gaps between the high degree of rhetoric in CA policy making and actual implementation. The CIS itself has acknowledged that transport cooperation among the CIS participating states has been insufficient.¹²⁰ The legal and regulatory frameworks are generally weak and non-transparent. The broad range of existing bilateral and multilateral agreements creates a complex framework of frequently varying terms. Information about the rules and about the frequent changes and amendments is often limited. Moreover, the arrangements agreed upon are often not respected in practice and are dominated by national regulations and unofficial practices. Therefore, there has been little harmonization of standards, regulations and operations among CA countries, in particular in the road sector; as demonstrated in the range of fees and charges levied by each country in Table 5. This creates serious obstacles to international transport and transit.¹²¹

¹²⁰ Sodruzhestvo Nezavisimykh Gosudarstv, 2008a.

¹²¹ ADB, 2006a.

6. Conclusion

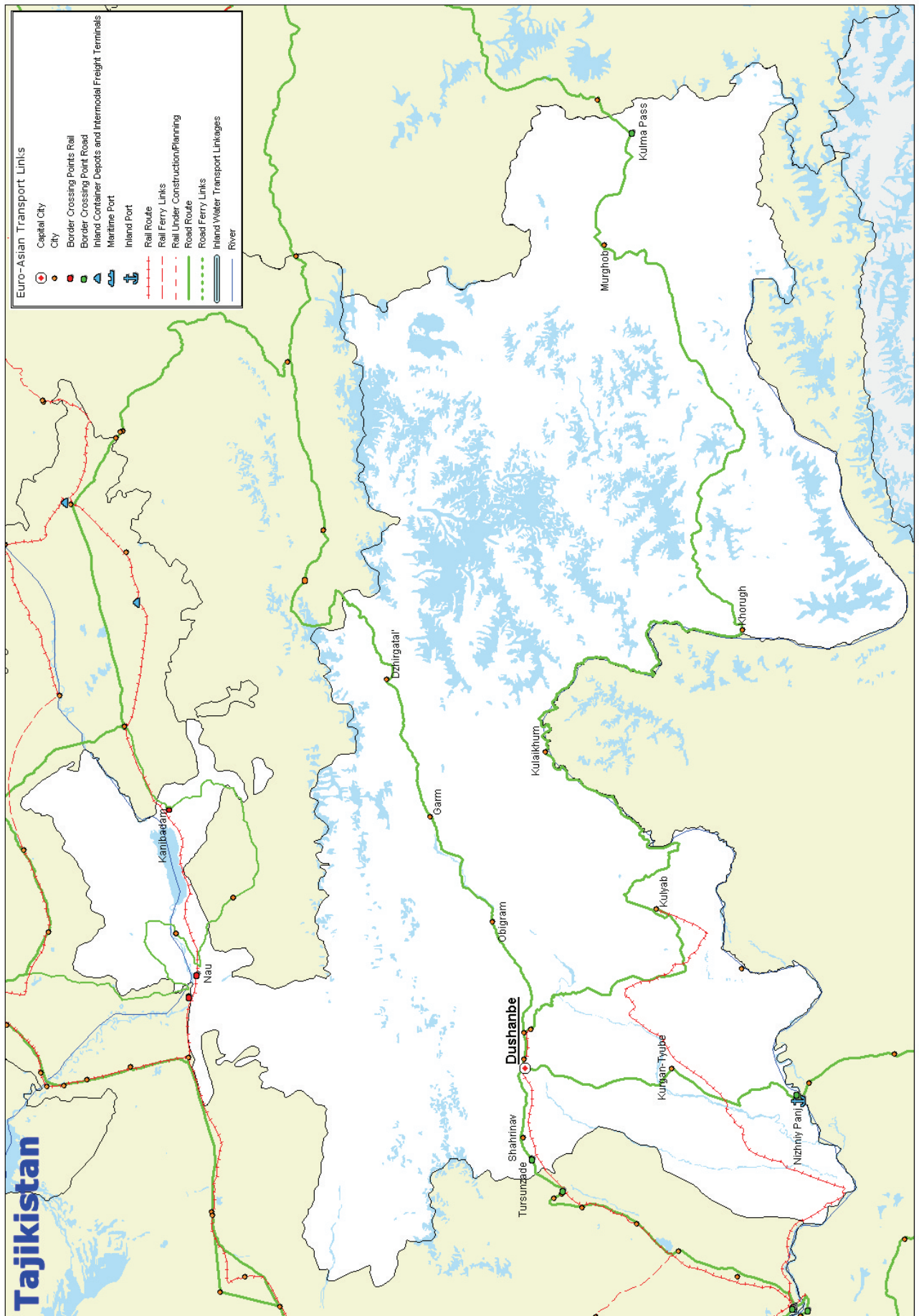
The legacy of pre-Soviet and Soviet times has left the independent states of Central Asia with a number of advantageous patterns, but also with obstacles when it comes to transport policy and practice. On the positive side, they have inherited a fairly well developed and integrated transport network which appears structurally conducive for regional cooperation. On the other hand, the predominantly north-south orientation of inherited routes have determined the relative high dependency on Russia and Kazakhstan for transit and the lack of connections to the transport networks of non-CIS countries. Additionally, most CA states were left with a partial lack of transport links within their new borders which required frequently crossing the territories of neighbouring states for both domestic and international transport. During the process of independence, these factors appeared to be constraints, given new emerging trade patterns with non-CIS countries and deteriorating inter-state relations in Central Asia.

This situation has been aggravated by the landlocked position of the CA countries. Already high trade and transport costs are further increased by dependency on the infrastructure and administrative policies of neighbouring states. At the same time, the geo-economic location of Central Asia in the middle of the Eurasian continent has given rise to hopes of attracting at least some of the growing trade flows between the largest economic markets in Europe and South-East Asia to transit through this region. Consequently, CA countries have developed a general interest in reducing transportation costs and in developing international transit potential through their respective territories. To that end, all of them have prioritized improving the infrastructural capacities through the construction and rehabilitation of the transport infrastructure and technical facilities on the international transport corridors.

In response to the impediments inherited from their historical legacy, CA countries have started to construct the missing links in their domestic transport networks and to search for alternative routes. The development of international transport corridors is addressed at the highest political level, indicating a high level of importance and strong political support. However, the four CA countries have paid much less attention to non-physical barriers such as the restrictive national regulations, high official charges and fees, and widespread unofficial payments, although they are acknowledged to be major impediments to international trade and transport. The analysis has shown that the interests of the CA states are aimed at improving infrastructure rather than alleviating these administrative obstacles.

This paper has attempted to show that the constellation of the above interests has caused CA countries to behave in ways which are not conducive to regional cooperation. The search for alternative transport routes and the establishment of integrated national transport networks have caused a decrease in interconnectedness and in the infrastructural preconditions for regional cooperation that were inherited at independence. Similarly, the common interest in developing transcontinental transit potential involves elements of competition, since each state has emphasized the advantages of its location in comparison to neighbouring states. Thus, the divergence of interests has led to a lack of coordination of major infrastructure projects. While the legal and regulatory framework in the area of international transport is relatively well developed, limited interest in policy-related issues has resulted in the lack of implementation and any real coordination of the transport policies.





Appendix 3: List of major agreements and their status in Central Asia, 2010

Organization	Title	Place and date of adoption	Status in Central Asia
CIS:	Agreement on the Principles and Conditions of Relationships in the Field of Transport	Minsk, 30.12.1991	n.a.
	Agreement on the Transit Procedures	Moscow, 08.02.1992	In force in RK, KR and RT, signed by RU
	Concept on the Establishment of a Harmonized Railway Tariff Policy of the CIS Member States	Moscow, 18.10.1996	n.a.
	Agreement on the Implementation of the Coordinated Policy in the Field of Evaluation of Transport Tariffs	Moscow, 17.01.1997	In force in KR and RT, signed by RK and RU
	Agreement on the Principles of Formation of Common Transport Area and Cooperation of the CIS Member States in the Field of Transport Policy	Bishkek, 09.10.1997	In force in RK, KR, RT, RU
	Agreement on the Transit through the Territories of the CIS Countries	Minsk, 04.06.1999	In force in RK, KR and RT, not signed by RU
	Memorandum on Cooperation of the CIS Member States in the Field of International Transport Corridors	Yalta, 18.09.2003	n.a.
	Agreement on Cooperation of the CIS Member States in the Field of International Road Transport of Goods	Yalta, 18.09.2003	In force in RK, KR and RT, not signed by RU
	Concept on the Coordinated Transport Policy of the CIS Member States up to 2010	Astana, 15.09.2004	In force in RK, KR and RT, not signed by RU
	Decision on the Priority Areas of Cooperation of the CIS Member States in the Field of Transport for the period up to 2020	Chisinau, 14.11.2008	In force in RK, RT and RU, signed by KR
	Agreement on the Coordinated Development of International Transport Corridors Going through the Territories of the CIS Member States	Yalta, 20.11.2009	In force in RK, KR and RT, signed by RU
	Concept on the Coordinated Development of the Railway Transport of the CIS member states up to 2020		n.a.
ECO:	Transit Transport Framework Agreement	Almaty, 09.05.1998	In force in RK, KR and RT, not signed by RU
EurAsEC:	Agreement on Unified Conditions for Transit through the Territories of the Customs Union Member States	Moscow, 22.01.1998	In force in RK, KR, RT, RU
	Agreement on Establishment of Transport Union	Moscow, 22.01.1998	In force in RK, KR, RT, RU

Organization	Title	Place and date of adoption	Status in Central Asia
	Agreement on International Road Transport between the Member States of the Transport Union	Moscow, 24.11.1998	In force in RK, KR and RT
	Protocol on Additions to the Agreement on Unified Conditions for Transit through the Territories of the Customs Union Member States	Moscow, 26.10.1999	In force in RK, KR, RT, RU
	Agreement on Concerted Implementation Policy of Formation and Development of the Eurasian Economic Community Transport Corridors	Astana, 24.03.2005	In force in RK, KR, RT, RU
TRACECA:	Basic Multilateral Agreement on International Transport for Development of the Europe-the Caucasus-Asia corridor	Baku, 08.09.1998	In force in RK, KR, RT, RU
	Agreement on the Development of Multimodal Transport TRACECA	Cholpon-Ata, Issyk-Kul, 16.06.2009	Signed by KR, in force in RT
UNESCAP:	Intergovernmental Agreement on the Asian Highway Network	Bangkok, 18.11.2003	In force in RK, KR, RT, RU
	Intergovernmental Agreement on the Trans-Asian Railway Network	Jakarta, 12.04. 2006	Signed by RK, in force in RT, RU

Sources: *Sodruzhestvo Nezavisimyykh Gosudarstv*,¹²² *Evraziiskoe Ekonomicheskoe Soobshchestvo*¹²³ and the official websites of the respective organizations (author's translation)

¹²² Sodruzhestvo Nezavisimyykh Gosudarstv, n.d.

¹²³ Evraziiskoe Ekonomicheskoe Soobshchestvo, n.d.

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