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Central Asia and the Caucasus

Abandoning the Old System and Establishing New Ones

Historically, Central Asia and the Caucasus was a strategic location on the Silk Road that linked Asia and Europe, where goods were traded from time immemorial. The importance of this region, which borders large countries such as Russia and China, as well as Afghanistan, Iran, and Turkey, has not changed. With the development of petroleum and gas resources along the Caspian Sea, it attracts attention as a region that supplies new energy.

More than 10 years have passed since independence following the collapse of Soviet Union in 1991. During this period, some countries have continued to enjoy steady economic development because of rich natural resources, and some are catching up to the wave of economic globalization as a result of early efforts to change to a market economy. On the other hand, some countries still maintain closed political and economic systems, and some have experienced civil wars following independence. Thus, the speed and direction of development vary.

However, due to strong control from the central government and a clear division of industries during the Soviet era, many countries do not possess the basic functions required by an independent nation yet; they still have common issues, such as abandoning their old systems, establishing democratic systems, and changing over to market economies. Another common problem is a lack of human resources who can push these reforms through. In addition, people living in rural areas face problems such as poverty alleviation and unemployment measures that have resulted from the economic crisis that accompanied independence. This is not only true in countries whose economic development has been slower, but also in countries where economic development is relatively advanced.

JICA provides cooperation in the forms of policy advice and human resources development for the transition to a market economy and upgrading basic infrastructure, taking into consideration the stage of development in each country. The old system of the Soviet Union is latent in education and health and medical care, and development has been delayed. In addition, problems that were not taken into consideration during the Soviet era, such as environmental pollution, have emerged and cooperation is provided in this field as well.
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Path of the Silk Road

Central Asia consists of the five countries of Uzbekistan, Kazakhstan, Kyrgyzstan, Turkmenistan, and Tajikistan, while the Caucasus comprises the three countries of Azerbaijan, Armenia, and Georgia. These two areas are located in the heart of the Eurasian continent; combined, they cover an area of 4.2 million km² and have a population of around 70 million.

This is a strategic location on the Silk Road that has historically linked east and west. The northern part of the area witnessed constant territorial conflicts among the nomadic peoples who lived there. After being under the rule of the Russian Empire in the 19th century, the countries in this region formed part of the Soviet Union from the 1920s onward, but they gained their independence when the Soviet Union disintegrated in 1991.

People of many different ethnic backgrounds, including Iranians, Turks, and Mongolians, have lived in this area since ancient times. Slavs, including Russians, settled the area in early modern times and Germans and Koreans were forced to emigrate here in the Soviet era. This area today has a complex ethnic mix.

In terms of religion, although the five countries of Central Asia and Azerbaijan have been reverting to Islam in terms of everyday culture, each country has adopted a principle of separating politics and religion; thus Islamic rules are not strictly imposed. In contrast, Armenia and Georgia are dominated by the Christianity of the Armenian and Georgian orthodox churches, and both countries have their own cultures with their own languages and characteristics.

Toward True Self-sufficiency

All the countries of Central Asia and the Caucasus must dismantle the systems imposed by the Soviet Union, and establish the systems they require as independent countries. The basic indices relating to education, health and medical care, and social services are generally high in comparison with other so-called developing countries. However, since independence, the inefficiencies of the planned economic system that was applied during the Soviet Union era, the deterioration of facilities and machinery, inadequate maintenance control, insufficient energy, and division of industrial relationships due to the collapse of the Soviet economic zone, have led to disunity across their societies and economies. A priority for these countries is therefore to establish systems and structures appropriate for their status as truly independent countries.

Each country is continuing with efforts aimed at moving from a planned economy to a market economy. However, 10 years have passed since independence, and differences in the speed and progress of transition are becoming clear. The gross national products (GNP) of almost all the countries have not recovered to the levels they were at the time these countries achieved independence. Nation-building must take place in parallel with economic reconstruction for the recovery and betterment of the economy and living standards of the people.

Diversifying Political and Economic Conditions

In terms of economics, disparities in development become great depending on the presence of natural resources or differences in political framework. Kazakhstan, Kyrgyzstan, and the three countries of the Caucasus are moving firmly in the direction of price liberalization, privatization of state enterprises, deregulation, trade liberalization, and other types of structural reform in line with the prescriptions of the International Monetary Fund (IMF) and the World Bank. Among these countries, Kazakhstan and Azerbaijan have been showing steady economic growth thanks to oil development in the Caspian Sea. On the other hand, Uzbekistan and Turkmenistan are distancing themselves from these radical reform programs and following their own distinctive paths. Uzbekistan complied with Article 8 of IMF Agreement in October, 2003, which used to be the pending issue. However, there are a parcel of problems related to further liberalization of economic activities and improvement in the investment environment. Kyrgyzstan suffers from large debts and has to address financial and economic reconstruction. Tajikistan has embarked upon economic reform for sustainable develop-

Examination vehicle visiting Semipalatinsk, Kazakhstan
Supporting Self-sufficiency among the Newly Independent States

In July 1997, Japan’s then prime minister, Ryutaro Hashimoto, announced that Japan would push forward “Eurasia Diplomacy” in Central Asia and the Caucasus, referred to as the “Silk Road Region,” thus strengthening economic cooperation and resources development cooperation. Among such efforts, technical cooperation has drawn much attention. JICA has provided cooperation in four main areas with the aim of supporting self-sufficient development in this region, namely: (1) support for transition to a market economy; (2) socioeconomic infrastructure development; (3) cooperation with social sectors such as health and medical care and education; and (4) conservation of the environment.

Support for a transition to a market economy has been taking the form of advice on macroeconomic and economic development planning policies, master plans on specific topics such as the promotion of small and medium-scale enterprises and banking systems, and intensive technical cooperation. In the field of socioeconomic infrastructure, JICA has cooperated on the upgrading of railways, roads, airports, and water supply systems. In social sectors, institutional reforms in the health and medical care field and policy support on education reforms and maintenance of equipment are under way. Other areas of cooperation include conservation of the environment in technical cooperation as well as basic industries such as agriculture and mining.

In Tajikistan, cooperation has been limited to the acceptance of training participants for supporting the transition to a market economy and democratization. However, as peacebuilding after going through difficulties with reconstruction following years of civil war.

Addressing Priority Issues in JICA Programs

Agriculture is the main industry in this region. Central Asia, most of which generally has a dry climate, is promoting structural reforms in order to be free from the monoculture of cotton production that relied on large-scale irrigation systems during the Soviet era. The Caucasus mainly falls within the Mediterranean climatic zone and farming occurs in line with the climatic and natural conditions of each territory. The region as a whole has plentiful mineral resources, including petroleum, natural gas, and rare metals, and there are several countries where primary manufacturing industries are well developed. Kazakhstan, Azerbaijan, (petroleum for both), and Turkmenistan (natural gas) are rich in energy resources and have developed their respective resources and increased the number and ways of export routes. On the other hand, as a country without its own resources, Georgia seeks to play a certain role for itself as a conveyance route for energy to Europe.

In international relations, all these countries except a few, including Tajikistan and Armenia, kept their respective distance from Russia until June 2001, when four countries of Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) formed the Shanghai Cooperation Organization with China and Russia, and agreed to promote neighborly relations among members, cooperate in a wide range of fields including politics and economics, and work together for regional security and stability. With the terrorist attacks in the US on September 11, 2001, and the subsequent air strikes in Afghanistan, the region passed a big turning point in terms of national security. Threats from radical and extremist Muslims such as the Taliban faded, and Uzbekistan, Tajikistan, and Kyrgyzstan, offered military bases to US and European forces, strengthening their relationship with the US. Turkmenistan, on the other hand, takes an independent course of diplomacy as a permanent neutral country, which has resulted in its being isolated internationally in many fields.

In the Caucasus, Azerbaijan and Georgia are strengthening their links with the West, particularly in connection with petroleum development, whereas Armenia is allying itself with Russia in security matters. In addition, Azerbaijan and Armenia continue to dispute possession of the Nagorno-Karabakh enclave. In Georgia a new president was elected and efforts to rebuild the country have started.
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Review of Priority Areas

As differences in progress and problems in relation to the reforms have begun to emerge clearly 10 years after independence in the region, based on the results of a one-year study by Regional Study for Japan’s Official Development Assistance to Central Asia in 1999, JICA reviewed priority areas for cooperation with Uzbekistan, Kazakhstan, and Kyrgyzstan to provide more appropriate cooperation for each country. Since the economic disparities between rural areas and the capital or large cities have become wider in each country, cooperation for closing regional disparities has been a recent focus, including cooperation for regional development and extension of volunteer activities to rural areas.

Further Efforts to Bolster Security

The underlying ethnic and religious makeup of this region is complex. Unstable political conditions following the collapse of the Soviet Union have led to terrorist activities, civil war, and conflict in some countries of the region. Although conditions have shown some improvement in recent years, utmost vigilance is called for due to the activities of Islamic fundamentalist forces. In order to proceed with cooperation in the region, JICA is planning to give further consideration to public security and safety measures.

Uzbekistan

Support Promotion of Tourism

Utilizing Abundant Tourism Resources

Japan Overseas Cooperation Volunteers

Museum city Khiva

A Japan Overseas Cooperation Volunteer (JOCV) is working at the tourist information office of Khiva, located 750 km west of Tashkent, the capital of Uzbekistan. Khiva’s history goes back more than 2,500 years, when the city prospered as an oasis on the Silk Road. It is an ancient city that became the capital of Khiva Khanate, a nation of Uzbeks in the 17th century, and developed. Double fortress walls were built to prevent foreign invasion, and the city is surrounded by an inner wall called Ichon-Qala, which still maintains its medieval appearance. The entire city was designated as a World Heritage site by UNESCO. Khiva does not have any other industry except tourism, so Ichon-Qala is an important income source for the city.

After Uzbekistan’s independence, Khiva permitted foreigners to stay overnight, which was prohibited previously. As a result, the number of inns is on the rise, but the level of service hasn’t yet reached an international standard to satisfy foreign tourists.

Tourism with hospitality in mind

To improve these conditions, the JOCV invited an expert from the hotel industry in Japan to Khiva as an instructor, and provided lectures and practical training for people involved in tourism in Khiva for three weeks. Every lecture underlined the concept of hospitality as a basic. The instructor stayed in different accommodations in Khiva for two nights each and provided practical training in facility inspection, dining, business routine to the training participants.

Although numerous problems persist in the promotion of tourism in Khiva, we cannot wait to see the city bloom as a world class tourist spot. It was a huge step forward when the JOCV, the expert from the private sector, and citizens of Khiva worked together for one purpose. The future activity of the JOCV along with the people of Khiva will lead to increased tourism in the city.

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