

## **U. S. Economical Strategic Interests in Central Asia: Current Situations and Expectations for the Future**

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*This paper discusses and probes the international economics theories and their implications in terms of US and Central Asia region by analyzing what the benefits that both sides can get by international trading and cooperation. It demonstrates the significance of Central Asia region to US and the significance of US to Central Asia region as well as US domestic economies and the economical connections with Central Asia region, trade history, and so on. It stresses the development of economical relationships between the two parties, analyzes Central Asia region economical situation and the rationale that they keep good economical connections with the US in terms of international trading and cooperation, as well as regional trading and cooperation. It highlights what the US's major strategic economic interests are in the Central Asia region and why these interests are important to the US. Lastly, it discusses the current situation and problems that need to be solved and how can occur.*

### **THE STRATEGIC IMPORTANCE OF GREATER CENTRAL ASIA TO U. S.**

The Central Asia region consists of five countries, namely Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. These five Central Asia republics border Russia to the north, Iran and Afghanistan to the south, Xinjiang of China to the east, and Azerbaijan to the west. The current economic situation around the world has forced every nation to use strategic plans for the future. The United States and the Central Asia region have become trading partners for economical gains based on each side's comparative advantage gradually over time (Tian, 2009 b). International economics are extremely valuable and concentrate in production, trade and investment. When countries trade internationally, there is an exchange of goods, services, and capital with the intent to promote further relations without many restrictions. In most cases including the United States and Central Asia, the idea of comparative advantage is a large factor. This can be described when countries trade goods and services that the other does not have. When countries specialize in manufacturing a certain good, they are able to make it faster and cheaper, but in turn do not have certain other goods. This is where international trade comes into play. Each country will trade their specialized good to another country for a good they do not have, which is a smart solution economically for nations. This will allow each participant in the international trade to focus on products that they are good at producing, and as an outcome, the participants will benefit from the trading. The current economic situation of the United States has dropped as of late. It is still the most powerful in the world though, while the Central Asia region is a new economy that has grown at an

amazing rate in the past years. The United States and the Greater Central Asia region have not been economic partners in the past years but in the current time, each needs the other for strategic reasons. The United States looks at the Central Asia regions' abundance in crude oil and resources that they are in great need of, while the Greater Central Asia region sees the United States as the greatest nation in the world whom they can rely on if their economy begins to fall as the rest of the world has done. The international trade partnership of the United States and Central Asia region is based on need, taste, production, income, demand and supply of each economy (Luecke and Rothert, 2006; Tian, 2009 c).

In order for the United States and Central Asia to both benefit from each other as much as possible, it is necessary for the two to open up their borders more and welcome trade and investment from the other. Increased trade with this region of the world will not only allow access to new goods for both sides, but it will also allow both the United States and the Greater Central Asian Republics to become more specialized. Each will no longer need to create products that the other can provide. The Central Asia region with its abundance in natural resources and raw materials will most certainly specialize and export these goods, while the United States has more flexibility. The Central Asia region needs to import many finished goods from the United States that is highly industrialized. This has already slightly started, but needs to go further in order for us, the United States to grow, from an economical standpoint. What referred to above, in terms of trade already having begun are the Trade and Investment Framework Agreement (TIFA). This was an agreement signed in 2004 by the United States and all five Central Asian Republics, which once again are Kazakhstan, the Kyrgyz Republic, Tajikistan, Uzbekistan, and Turkmenistan. However, this is not enough, because as stated in the title of the agreement it is just a framework, something for both sides to build off in the hopes of future growth (Luecke and Rothert, 2006; Marantis, 2009; Tian, 2009 b).

Since TIFA was signed, a few steps have been made in the right direction for increasing our trade and investment with the Central Asia Region, but not nearly, what we had hoped for at this point when signing it back in 2004. As of recent, the United States has looked at what had been done and decided where to make some changes, with better results in mind. One of these changes is going away from a direct regional approach to solving the problems, and instead going forward with each nation individually. In the past five years, the United States has only had group talks with the five Central Asian Republics, which focused on the goals of the region. Starting this year, though, we, the United States, will not only be meeting as a group for the annual TIFA meeting, but also individually with each nation. This can help the United States focus in on what not only needs to be done in the region, but also what can be done in each country, that has its own unique needs. This will allow for the countries that have something to offer the United States that the other countries cannot, to do so. In addition, the United States will obviously have a different agenda with a Kazakhstan, which has a Gross Domestic Product over \$135 billion, versus Kyrgyzstan or Tajikistan, which have GDP's barely over \$5 billion. In order for this idea to work though, it will not only require the Central Asian Republics to comply with our needs, it will also require the United States to change as well. Only, when both sides are willing to compromise will the greatest overall benefits be reaped (CIA, 2009; Luecke and Rothert, 2006; Tian, 2009 c). That being said, if the United States and the Greater Central Asia region are able to work out a good, fair trade system, each side will see great benefits that will boost economies on both sides. A prime example of this happening is through United States investments in the Central Asian Republics. As said by Under Secretary for Political Affairs William J. Burns,

The United States provides technical assistance and training to build vibrant networks of NGOs, increase judicial capacity, and develop municipal government in Central Asia. Our assistance funds the education of journalists and provides civic education to more than 130,000 students in Kazakhstan, Kyrgyzstan, and Tajikistan to help develop the next generation of engaged, active citizens. Such programs generate more accountable and transparent governance. This in turn will lead to greater investment and greater long-term prosperity, which is deeply in the self-interest of our friends in Central Asia and around the world (Burns, 2009).

Now, should this all of this happen as Burns says, the United States would profit from its investment, encouraging more investment from the United States and around the world. This, in turn, would lead to the aforementioned republics growing in stability as nations and as a part of the world economy. Finally, a period of peace and prosperity could begin to grow and flourish throughout the world economy with the Greater Central Asia region in a state that it would have only hoped for prior to joining in on world trade. The United States could also stabilize its economic downturns from recent years and return to its place atop the list of world economic powers.

## **U. S. DOMESTIC ECONOMIES AND ITS CONNECTIONS WITH CENTRAL ASIA REGION**

The economical connections between the United States and the Greater Central Asia region are beneficial for both. The two economical parties and their interest are primarily strategic, as the United States finds themselves rather dependent on the constant success, stability and development of the Central Asia region. The outlook for this region has the potential to have a great impact on the United States government and in general the United States security. As of late, American interests have aroused in Russia and China, which have launched a coordinate campaign to get rid of the United States. The United States have been accused of organizing revolutions to get rid of the regions power. The Central Asia region is attempting to preserve the status quo of the area and erode America's action in the region. Every economy should have the goal to profit and become successful; the United States in Central Asia region is no different. Their ultimate goal from the partnership is to benefit themselves by importing the materials they have to offer at a lower price than they can produce themselves (Luecke and Rothert, 2006). Another goal of the United States in the Central Asia region is continue the development of the democratic, independent and stable states that are part of the political and economic reform. This reform plays a vital role within the development of the modern societies that are attempting to integrate world economy. One of the goals being listed is security. The counterterrorism operation has provided the United States with the stability that is needed to undertake the reforms in their long-term interest with the Central Asia region. The development of the region's economic potential allows for the market economic reforms and for foreign direct investment that is beneficial towards the United States. This is a way to improve the well-being of the people and allows diversity to take place. With the United States opening up Central Asia's states access to the markets and their economy, it will diversify their customer base and gain access in global markets. The United States driving force is said to be anti-monopoly, where the Greater Central Asia region is believed to be monopolistic. If the United States is able to create a strong relationship with the Central Asia region, there is a chance of expansion in this area. This not only helps American businesses grow and become a global company with braches all over the world but it benefits the Central Asia region as well by providing employment for the people as well as a means for production which would lower the amount they would need to import. The international trade between these two economies is positive for both (Luecke and Rothert, 2006; Mitchell, 2008; Tian, 2009 c).

The connection between the United States and Central Asia is also necessary for both. What each economy has, the other one needs. Since September 11, 2001, the United States has become somewhat dependent of the Central Asia region, mainly due to security reasons. The United States has gone as far as paying Kyrgyzstan \$180 million to keep an air force base open. Unfortunately, for the United States, only three nations in the Central Asia region allow troops from America to have bases, which has made security even more of an issue. Although the relationship began less of an economic issue, lately that has changed. These agreements were smart economically for both parties. The United States began a positive relationship where they would be able to build and expand upon, while creating a better sense of security. The Central Asia region has received a large amount of money to help their economy on the other side. One large factor that comes into play with Americans being in these countries is exporting and importing. The Central Asia region is landlocked with a difficulty reaching the rest of the world. They need to travel through other countries to reach the open sea, which for centuries hindered their global economy. With the advances of technology and with the United States in the picture, importing and exporting became a much easier process, which helped bolster the economy of this region. In the following table, it shows that

the smartest option for trade is by air. Air trade has become the best option for two main reasons: Central Asia region's geographic location makes it difficult to trade with international partners any other way, and air trade is much faster than road, rail or sea (Burns, 2009; Luecke and Rothert, 2006).

**TABLE 1**  
**INDICATIVE TRANSPORT COSTS FOR LARGE VS. SMALL EXPORTERS**

	Freight for large exporters using full units (40' container, full planeload)			Freight for small exporters using parcels of 1 ton			Typical transit time in days by		
	Road	Rail & Sea	Air	Road	Rail & Sea	Air	Road	Rail & Sea	Air
Dushanbe (TAJ)	230	83	1,300	500	400	2,500	15	28	7
Tashkent (UZB)	175	70	1,250	300	300	2,000	12	23	4
Almaty (KAZ)	180	72	1,150	300	300	2,000	13	21	4
Ashgabat (TKM)	200	77	1,200	400	350	2,300	14	28	6

Source: World Bank, Tajikistan Trade Diagnostic Study

Prior to September 11, 2001, the United States was not involved in Central Asia much at all. Since the terrorist attacks on the Twin Towers in New York City however, it has appeared that another interest for the United States is the defense of the United States and of Europe from Islamic terrorism. The United States wants to achieve an open door policy for the United States firms in regard to marketing. The United States interest in Central Asia had primarily been for economic reasons. Most likely its reason had been due to a concern about Russian imperialism and its influence within the region along with goals such as democratization. Although there had been little contact between the countries prior to September 11, America did attempt to define national interest back in the 1990's while it had sought to prevent emerging threats. They had attempted to achieve global peacemaking efforts in a variety of ways in the region because this would be beneficial towards the United States government and economy. In doing so, the United States had built military and political relations with the Greater Central Asian states because they believed this would influence regional governments in a variety of strategic ways. The United States involvement in the region is a direct outgrowth of past activities compared to the past that was very limited including the contacts with other countries. It is described as a "stop and go" process due to high concerns related to reliability, human rights and domestic and foreign policies. The United States have created the Operation Enduring Freedom or OEF which allows for immediate need of United States military involvement and for the United States government which allows for attainable access to several locations that American forces have not been before. This not only helps the United States military and security but it enables more economic freedom and opportunities to expand in the region. These locations allow for successful operations in which prior to this agreement, it did not happen. The United States' decisions have influenced access to more regional states and regional powers that support the United States effort to counter terrorism (Oliker, 2009; Tian, 2009 b and c).

With these efforts taking place, it will have many implications for the United States' policies towards both short and long-term for the Greater Central Asia region. Many of the United States' programs outstretch from beyond the Operation Enduring Freedom, and are predominantly non-military. The United States strives for closer ties between themselves and Central Asia in part for Caspian energy. This is a large amount of oil that will be sold on the global market as gas, which will be sold locally with no impact on the United States. America has not gained much involvement with trading between itself and the Greater Central Asia region overall however. This will be difficult to have a large change in the future because of security reasons. The United States has strategic reasons for which it needs to build and maintain closer ties with the Central Asian states. Economists believe that United States ties could help to stem Chinese, Russian and Iranian influences within the region and affect the economic development and security assistance with other great powers on the global scale. This can be achieved through committing to long-term involvement and engagement with countries throughout the world. Lately, the United States has been working with Kazakhstan to develop an elite peacekeeping agreement that would benefit the American economy, along with its connections with the Greater Central Asia region (Blank, 2007; Luker,

2006; Oliker, 2009).

The United States involvement through the OEF support within Central Asia has been proven to be very beneficial towards the United States economy. With this fact, it all has been worth the cost of additional aids and payments because the United States economy has been benefitted from them. The United States should and needs to remain in contact and continue its close relations with the Greater Central Asian states. The Operation Enduring Freedom experience has been able to prove that it is necessary for the United States to keep itself involved in its close relations because it allows them to set up shop throughout the world that is beneficial for the American market economy. One of the reasons for the military presence in Central Asia is its interest in energy. It is projected that this region is capable of producing 10% of the world's oil, due to the Caspian oil that is widespread. This oil is easily accessible and it would only be a matter of time before the United States government would be able to get its hands on it. In Kazakhstan, the United States has become extremely interested in trade because Kazakhstan's largest export is crude petroleum oils. The total trade flow is over \$7,013 million, while the smaller Kyrgyzstan exports around \$48 million non crude petroleum oils. Apparently, the Central Asia is an important area that the United States has focused on (Luke, 2006; Oliker, 2009; Tian, 2009 b).

It is important for the United States to remain involved with the Greater Central Asian states but is questionable on how they will continue to. The United States military presence helps the stability of the government and provides the region with the ability to democratize. The United States policy does state that they have continued to pressure the Tashkent on political and economical reforms, but this pressure has cause for them to feel more empowered towards the opposition. The United States have placed a military force within the region and this was viewed as being United States supports towards the Central Asian region. This was a form of partnership and they eventually developed a written agreement, which caused for a low profile on the United States forces that were located in the region. On top of this, they wanted their neighbors and Russia to be aware of this partnership because they wanted it to be viewed and seen as being a threat towards opposing countries that could pose as a problem (Blank, 2007). It is clear that the United States involvement in the Greater Central Asia region has proven to be beneficial towards its government and market economy. The United States has proven to be strategic with its negotiations within the region and does it in a way that in both the short-run and long-run will hopefully end up being a success. The United States wanted to develop democracy, and independent and stable states that are part of the political and economic reform. They were successful in doing this. The Greater Central Asia region's future outlook has great potential in which the United States government and security can benefit from in the long-run. The terrorist attacks that took place on September 11, 2001 has caused for much of the interaction between the two regions. The interaction has caused for greater diversity and has allowed for an open door policy and a peacekeeping agreement. The OEF has been proven to be one of the many reasons of all this continued success. It has been able to prove that the United States can access the Greater Central Asia region along with it being critical for battling other threats. Finally its vital location has allowed for easy trade, because it is a transit route and this can highly impact the United States market economy (Luecke and Rothert, 2006; Tian, 2009 b and c).

## **CENTRAL ASIA ECONOMICAL SITUATION AND ITS CONNECTIONS WITH THE U. S.**

For many foreigners, this area and these countries may not be familiar, but the Greater Central Asia region has recently especially became a significant economic area due to its tremendous growth. Due to its success and growth, many major economies around the world, apart from the United States have become very interested in economic partnership. Not only do the nations all over the world near and far to the Greater Central Asia region need to create positive trading connections, but this area needs to gain these economic partnerships as well to continue to grow. Regional and international trade and cooperation are important for this area to keep on developing. The Central Asia region is an economy that has many weaknesses but does have its strengths. Although it is poorly developed compared to nations like the United States, it does still have a large part in the international economic trade world. In order to be successful, the Central Asia region needs to look at the leading economic nations, their trade agreements,

policies, their strengths and weaknesses, and attempt to adopt some of their strategies. The goal of the Central Asia region in international trade is to gain money and grow by specializing in certain goods, and using comparative advantage to the maximum (Luecke and Rothert, 2006; Tian, 2009 b).

In the Central Asia region, Kazakhstan is not only the largest country in size, but it is also the leading economic force of this area. In the table below labeled Table 7, Kazakhstan is clearly shown as being the most dominant economic force of Central Asia region, as it imports and exports a substantial more amount than the rest of the Central Asia region. Kazakhstan is also one of the most oil-rich nations in the world, and with most of the world's livelihood largely based around this good, Kazakhstan has been able to grow substantially since 2000. From the year 2000 until 2008, Kazakhstan's Gross Domestic Product had risen by an average of 10% annually (Haras, 2009). Gross Domestic Product is a basic overall measure of a nation's overall economic performance, which takes in the market value of all final goods and services within a year. Kazakhstan's growth is tremendous compared to the growth of the major economic forces around the world. During this same time, the United States only averaged an annual Gross Domestic Product growth of 3%. These times of great prosperity are possibly ending however. It is expected that the economy is only going to grow around 5% in the next few years, which compared to other nations is still very impressive, but much of a slowdown. The reason for this slowdown is a result of the global economic crisis that is taking place (NationMaster.com, 2009).

**TABLE 2**  
**CENTRAL ASIAN COUNTRIES: COMPARISON OF INTERNATIONAL TRADE**

	Kazakhstan	Uzbekistan	Tajikistan	Kyrgyzstan
Exports IMF-DTS (million US\$)	12,921	1,894	791	582
Exports ITC (million US\$)	12,926	1,760	552	582
Imports IMF-DTS (million US\$)	8,510	2,484	881	717
Imports ITC (million US\$)	8,409	2,159	582	717

Source: Data from IMF and ITC

Luckily, for the Central Asia Region, their geographic location has partially secluded themselves from the effects of the crisis that is occurring around the world. Apart from Kazakhstan, the countries of Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan are much smaller nations that are more geographically isolated from the rest of the world. Not only are they isolated due to their location on Earth, but they are more economically isolated as well. So far, the world predicament has yet to have much of an impact on these nations. However, the economic troubles of Kazakhstan and the rest of the world are beginning to leak into these nations too. There are hundreds of thousands of workers from Kyrgyzstan, Tajikistan, and Uzbekistan that work in Kazakhstan and also Russia, especially in the construction field who are losing their jobs and being sent back home (Burles, 1999; Haras, 2009). In Kazakhstan itself, where the country was in denial that the global crisis would hit home, now is facing many problems. In October 2008, the prime minister, Karim Massimov was given the power to oversee the economy and take any steps to stabilize it. Recently, these problems have surfaced, as large mining companies have had to cut production and layoff thousands of workers, or put them on leave for half pay. In order to combat these issues, the government decided to place \$15 billion into the economy which equals about 15% of the Gross Domestic Product. These issues steps will hopefully smooth out the problems, but these nations that believed they were safe from the global financial crisis are now beginning to see the effects. These layoffs and job cuts not only hurt the economic situation of this entire region, but also can cause social tension and a morale decline for all the people (Haras, 2009).

In order to combat these issues, regional and international trading and cooperation especially with the United States are necessary. In terms of regional economic cooperation, the Greater Central Asia region has gone through some problems. The surrounding area has caused regional connections to be difficult. Afghanistan, which borders this region to the south, has gone through a continuous war since 2001, when the United States invaded it following the terrorist attack that occurred on September 11, 2001. Trade with this region has become almost impossible. There have been signs of improvement for trade both

regionally and internationally for the Greater Central Asia region however. Relations with the United States have strengthened, the former prosperous Silk Road which passes through Central Asia has slowly to return to its prime, the collapse of the U.S.S.R., and the fact the China has started to open up its trade with the entire world all show signs of economic future success in this area (Burles, 1999; Tian, 2009a).

One area that Greater Central Asia region needs to look to invest their regional trade and cooperation is with China. Gradually, China has been able grow in influence in this area because it is more economically, geographically, and politically a better choice for this region. These five countries are land locked with no source of trade by sea (Burles, 1999). A relationship with China opens up trade and relations with the entire world much easier. This region is looking for a large more stabilized economy that they can rely on, in these current times of uncertainty, while China on the other hand is looking at this region for an expansion in economics as well as enabling contact to some much important energy resources that are prevalent in this area. China is only second to the United States in the amount of oil imported into their country (NationMaster.com, 2009). With China's large economy and especially their automobile industry expanding, China is in need of the excess billions of tons of oil the Central Asia region has to offer. China and these five countries have what the other one is in need of, which makes their relationship ideal. As much as China had attempted to develop relations with the Greater Central Asia Region, geographic distance, political and social differences, as well as other developed countries like the United States competing for partnerships, creating a stronghold on this great economic area will be difficult (Burles, 1999; Tian, 2009 c).

Infrastructure is one of the problems that are holding back regional and international trade and cooperation for the Greater Central Asia Region. In order for both parties to be more successful, the transportation of goods in this area needs to be more efficient. The infrastructure of the less developed areas needs to be improved, including building or improving roads, railways, ports, and other modes of transportation. Economies around the world who are interested in trade with the Central Asia region see these infrastructure problems and see the difficulty are importing and exporting goods and may not become partners. The Central Asia region needs to build up their infrastructure and improve in the speed of trade if they want to establish international trade partners. In order for the economy of this area to flourish, nations who are hoping to be trading partners needs to have efficient ways of getting the goods. With an improvement of the infrastructure of the region as a whole, it will be beneficial for all in the long run. Due various historical, political, and economical factors, the United States has been playing a role as the "world police", which brings benefits but also creates problems to the US. Currently, the US has its military forces in Iraq and Afghanistan. Both of these countries are near the Greater Central Asia Region, with Afghanistan bordering three of the countries. As much as China is attempting to become economic partners with this region, America is trying just as hard. The Central Asia region itself needs to create a relationship with America just as much too. The U. S. needs to maintain a good relationship with this region both politically and economically (Burles, 1999; Jawad, 2009).

First politically, America is at war in these two countries and neither nation is too pleased with their invasion. America is despised by a great number of people near, around, and inside the Greater Central Asia Region. In order to relieve some of the tension and hate that has built up due to these wars, America needs to create a stable and honest partnership with the Central Asia region. If they are able to do this, not only will this region see America in a new way, but hopefully so will other surrounding areas. Economically, the United States has much to gain in the Central Asia region, as America is the largest importers and consumers of crude oil in the world, which just happens to be what this region has a large amount of resources. The United States imports over 12,000 barrels of crude oil per day, which is more than double Japan who is second. The United States also consumes over 20,000 barrels of crude oil per day, almost three times as much as China. It is obvious that the United States has a necessity for oil (McComick, 2008; Luecke and Rothert, 2006). As much as the Central Asia region has been extremely prosperous in recent years, the global financial crisis is beginning to hit this area too. As much as this land locked region hoped that would be safe from the decline it has not happened. More than any other time, the Central Asia region needs the United States for prosperity and economic growth. America is by far the world super power in many ways. Despite the recent fall of the economy, America still has the largest

GDP, over \$14 trillion and almost ¼ of the total gross world product, around three times larger than any other country. It also has low unemployment rate, while having a huge purchasing power, over 20% of the entire world (NationMaster.com, 2009). The Central Asia region needs to have strong bonds with the United States, because it is the most significant country in the world in international trade. America imports more than any other country, and is one of the three highest in exports too. The United States also more than doubles any other country even China in the consumption of crude oil.

During this time of economic uncertainty and a concern in the eyes of many about oil, and even gas prices in America and around the world, the Central Asia region and America need each other. The Central Asia region can use the United States as an example for their region. By becoming partners, this region can lean on the American economy during these troubled times, in case they are not able to hold their own. In addition, they will be able to use America’s massive purchasing power and need for the resource that they have a surplus of to their advantage. This region has more resources than they can use, and by becoming partners and selling their excess to the top world power, they now can feel safe from the global crisis. As long as there is still a large resource available in their region and a demand for it, the United States will always be willing to be partners and help build the economy of the Central Asia region. Both sides of this trade partnership are winners and both need each other desperately during this economic time (Luecke and Rothert, 2006).

### THE U. S. MAJOR ECONOMICAL INTERESTS IN GREATER CENTRAL ASIA REGION

More recently, the Obama Administration has listed five objectives of what it terms an enhanced U.S. engagement policy in Central Asia. These five objects are: 1) to maximize the cooperation of the states of the region with coalition counterterrorism efforts in Afghanistan and Pakistan; 2) to increase the development and diversification of the region’s energy resources and supply routes; 3) to promote the eventual emergence of good governance and respect for human rights; 4) to foster competitive market economies; and 5) to increase the capacity of the states to govern themselves, and in particular to prevent state failure in Tajikistan and Kyrgyzstan, including by enhancing food security assistance. Evidences of such kind of enhanced engagement include the establishment of high-level Annual Bilateral Consultations (ABCs) with each of the regional states on counter-narcotics, counter- terrorism, democratic reform, rule of law, human rights, trade, investment, health, and education, the increased foreign assistance to the Central Asian countries (see Table 3 for detailed information, Nichol, 2011).

**TABLE 3**  
**FOREIGN ASSISTANCE TO CENTRAL ASIA, FY1992 TO FY2010,**  
**AND THE FY2011 REQUEST (MILLIONS OF DOLLARS)**

Central Asia Countries	FY 1998 through FY 2008 Budgeted <sup>a</sup>	FY2009 Actual <sup>b</sup>	FY2010 Estimate <sup>b</sup>	FY2011 Request <sup>b</sup>
Kazakhstan	1,655.55	22.422	18.885	18.3
Kyrgyzstan	93.5	58.932	131.37 <sup>d</sup>	46.925
Tajikistan	819.48	35.765	48.299	47.089
Turkmenistan	298.5	8.851	16.35	13.325
Uzbekistan	885.31	8.555	12.04	12.14
Regional	89.18	15.0 <sup>c</sup>	23.4 <sup>c</sup>	19.1 <sup>c</sup>
Total	4,711.52	149.525	250.339 <sup>d</sup>	156.879
As a Percentage of aid to Eurasia	14%	19%	41%	26%

Sources: State Department, *Office of the Coordinator of U.S. Assistance to Europe and Eurasia; Congressional Budget Justification for Foreign Operations, FY2011.*

a. Includes funds from the Aid for Europe, Eurasia, and Central Asia (AEECA) account and Agency budgets. Excludes some classified coalition support funding.

b. Includes funds from the Aid for Europe, Eurasia, and Central Asia (AEECA) account and other “Function150” programs. Does not include Defense or Energy Department funds, funding for exchanges, or Millennium Challenge Corporation aid to Kyrgyzstan.

c. Includes only funds from the AEECA account and the State Department’s Child Survival and Health programs.

d. Includes \$77.6 million provided after the April 2010 coup and June 2010 ethnic violence.

The United States has its major strategic economic interests in the Greater Central Asia region. Some of which include “fostering political stability, maintaining access to regional markets, ensuring freedom of navigation, and preventing the rise of any hostile hegemony” (Binnendijk, 1996). The United States sees the Central Asia region as a perfect trading partner due to their amount of raw materials and resources they have a surplus of, while they are also an area for expansion. The location of the Greater Central Asia region is very strategic to the US as it is very close to Russia, Iran and China itself. At this point in time, the United States is involved in the War on Terror, thus it is important to keep surrounding countries on the United States side. However, because the United States is so involved in the Middle East, the U.S. needs “access to airspace and territory in the middle of Asia” among other things “Russia and China view any U.S. Presence in Central Asia as a type of threat to their virtual interests” (Blank, 2007). To retain the military presence of the United States in Asia is a crucial strategic interest to the US, therefore, for the US to maintain power in the Pacific by being able to keep troops in the region is an effective way to enhance its this strategic interest. At same time, to uphold a strong relationship with Japan is also very important to the United States, which enables the U.S. to promote its own economic interests in Pacific region. The U.S. also has its economic interests with China, especially when both countries are working in an “effort to ban nuclear testing, to fight drug trafficking and alien smuggling, and to protect the environment”. China is a nation on the rise who is, and will be very important to the economy. It is important that the United States has and maintains a good relationship with China especially because China is helping the U.S. with so many important economic and global issues (Warren, 1996).

The United States is the largest economy in the world but its growth is extremely slow, only growing around 2% annually in recent years, while China who is now the second largest economy in the world is growing at an amazing 10% annually. The U. S. economy is obviously doing something wrong and sees the Central Asia region as an area that can help with their growth. In order to expand the trade with this area, the United States has encouraged the Central Asia region to become members of the World Trade Organization. Only Kyrgyzstan out of the five nations in the Central Asia region is a member. If the entire Central Asia region joined the WTO, the ability to trade with this region would increase greatly. The United States has spent billions of dollars in the Central Asia region already, mostly in business and the areas of oil and raw materials. In the Central Asia region there are oil deposits that have not even been explored yet (Luecke and Rothert, 2006; Tian, 2009 b and c). With the world market in need of oil, the United States sees this as an opportunity to get a step up of the rest of the world. Because the United States has a shortage in oil in its own country, importing oil is the only option. These areas in the Central Asia region that need exploring demand millions and millions of dollars to start, which the countries in the Central Asia region do not have. The United States can however step in and help fund these projects, while being able to import much of the oil. Each side of the partnership benefits substantially. Apart from the import and export of oil, the United States knows that the Central Asia region lacks the tools, and capital to produce many goods. The United States however can produce these goods and become even a larger trade partner for this area. In the table below, it shows the countries of the Central Asia region and their largest imports and exports of goods. The country of Uzbekistan imports parts and access of motor vehicles, aircraft, and spacecraft the most. Kazakhstan and Kyrgyzstan both have a great need to import cars and machinery, while Tajikistan has a need for chemicals as well as wheat and flour. All of these needs that the GCAR has, the United States specializes in the production of them. The United States has abundance in many of these goods and is able to trade them to the Central Asia region easily (Luecke and Rothert, 2006).

## **CONCLUSION**

The region defined as Central Asia until recent years was of little importance for the United States and most of the rest of the world in many ways. This region consists of the five former Soviet Republics: Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan. This region came into existence due to the fall of the former Union of Soviet Socialist Republics (USSR). The reason the Central Asia region

was able to gain significance in the world from an economic standpoint, was because they were able to gain freedom in their trade. This area is secluded from the world as it is landlocked on all sides. They were also sealed off in trade in almost all areas until 1997, when China joined the World Trade Organization and opened their doors to the world. The United States and the Central Asia region have much to benefit from each other. It is important that each open their borders and invite more trade and investment with each other. This began first in 2004, when the United States and the five Central Asian Republics signed the Trade and Investment Framework Agreement. This agreement has recently progressed more as the United States and each nation meet to discuss the needs and wants for both sides. The United States has much to gain from the partnership with this region, as does Central Asia with the United States. The United States has many economic benefits with cooperation with the Central Asia region, but it goes much deeper than that. Recently, there has been much hatred towards America coming from around this region. The United States believes that going directly to the area and creating strong ties and a positive relationship will promote future partnerships with America, discourage terrorism from the area, increase national security, while improving the quality of life for the region. America has as much to gain in an economic sense as it does with a social and militaristic way. The creation of Operation Enduring Freedom has demonstrated this, which allows the America military to be involved in areas such as Central Asia that they have previously not been before. This presence has long-term and short-term effects for America. The goal is to create long-term trading partners, while in the current time being able to obtain some of the precious raw materials and energy this region has to offer (Gongol, 2005).

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