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*Central Asia- Caucasus Institute
Silk Road Studies Program*

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THE CENTRAL ASIA-CAUCASUS ANALYST

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KEY ISSUE: A short 75-word statement of your conclusions about the issue or news event on which the article focuses.

BACKGROUND: 300-450 words of analysis about what has led up to the event or issue and why this issue is critical to the region. Include background information about the views and experiences of the local population.

IMPLICATIONS: 300-450 words of analysis of the ramifications of this event or issue, including where applicable, implications for the local people's future.

CONCLUSIONS: 100-200 words that strongly state your conclusions about the impact of the event or issue.

Field Reports focus on a particular news event and what local people think about the event. Field Reports address the implications the event or activity analyzed for peoples' lives and their communities. Field Reports do not have the rigid structure of Analytical Articles, and are shorter in length, averaging ca. 700-800 words.

Those interested in joining *The Analyst's* pool of authors to contribute articles, field reports, or contacts of potential writers, please send your CV to: <scornell@jhu.edu> and suggest some topics on which you would like to write.

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RUSSIA'S STRATEGIC CHALLENGES IN THE SOUTH CAUCASUS: AZERBAIJAN MOVES CENTER STAGE

Roger N McDermott

Russia has emerged from the war with Georgia in August 2008 with considerable long term strategic challenges, both within the South Caucasus and in its dealings with the United States. Whilst Moscow indulges in self congratulation over the failure of Georgia and Ukraine to secure a timetable for NATO membership, believing it has gained a victory over a divided and weakened Alliance and President Dmitry Medvedev expresses his hope that the new Obama administration in Washington will presage compromise over missile defence, Russia will face growing problems in reconciling its self-generated image of resurgence with economic downturn and lack of support from close allies in the CIS.

BACKGROUND: Moscow's wider diplomatic efforts in the South Caucasus have yielded mixed results. The declaration on the Nagorno-Karabakh resolution which was signed by the Azerbaijani, Armenian and Russian presidents on November 2 urges a political solution to the conflict. In Moscow, this was portrayed as a diplomatic triumph partly connected with its victory in August and its newfound penchant to promote peaceful conflict resolution. Amongst its neighbours in the South Caucasus, these views are less credible. Azerbaijani President Aliyev, for instance, according to Azad Azarbaycan TV believes the document showed that the conflicting parties are Armenia and Azerbaijan: an important concession, since Yerevan has maintained that it is an issue between Azerbaijan and Nagorno-Karabakh.

Moreover, interviewed on Italy's Rai International TV channel on November 27, Aliyev said that despite the Moscow agreement, Azerbaijan reserves the right to resolve the dispute by force, if necessary. "No one can find in that (Azerbaijani-Armenian-Russian) declaration a commitment by Azerbaijan to refrain from a military option (of

resolving the conflict). The fact that it says that we think a political settlement must be in place does not mean that we refuse our fundamental rights," Aliyev explained. In fact, he used the opportunity to highlight the fragility of peace in the South Caucasus, which had been underscored as a result of the war in Georgia last August, though he expressed his preference to see a political solution, questioning the international community's intentions or interest in this. "Armenia has been violating the Azerbaijani people's fundamental rights for over two decades and nothing is happening. We hope that attention to the issue will increase, especially after the latest developments in the Caucasus which showed how fragile peace is," Aliyev said. Despite Russian protestations otherwise, the South Caucasus is no less volatile after the Georgia conflict.

The transit of military cargoes to Armenia, which has used Georgian territory to do this since 1994, has been made more complex in the aftermath of the August conflict. This not only has implications for the transit of Russian military hardware and supplies for Russia's base in Armenia, since Georgia will not permit this to

occur using its territory, it also affects Yerevan's procurement options. For example, should Armenia purchase tanks from Ukraine, these would now be subject to Armenia-Georgia bilateral cooperation, as the tanks would be shipped to the Georgian port of Poti and then by rail to Armenia. In this sense, Russia has inadvertently boosted the strategic importance of Georgia within the region. The alternative supply route is through Azerbaijan, but this is subject to longer term fluctuations, and of course Baku can monitor the exact nature of all Russian military cargoes to the base in Armenia. This will remain problematic for Russia's MoD.

IMPLICATIONS: In late November, Azerbaijan's Foreign Ministry raised serious reservations over a recent bilateral defence cooperation agreement reached between Armenia and Georgia. The terms of that agreement appear to give Armenia transit rights through Georgia's territory for non-Russian military cargo. Additionally, the agreement foresees Armenia sending its tanks for maintenance to the Tbilisi tank repair facility, something Baku considers could be a potential security concern for Azerbaijan. While this situation remained unresolved, Tbilisi, buoyed by the reaffirmation of NATO's support for its eventual membership of the Alliance in the aftermath of the NATO foreign ministers' meeting in Brussels 2-3 December 2008, carried out a government reshuffle designed to bring more experienced politicians into the Georgian government. Baku has also stressed its strategic partnership with Tbilisi as a way of ensuring a favourable resolution of concerns over the Armenia-Georgia defence cooperation agreement. Tbilisi, on the other hand, has positioned itself well to raise its own objections about Azerbaijani territory being used as a transit route for Russian military cargo at a time when Russia is an occupying power on

Georgian territory. Moscow has limited leverage in these issues.

Similarly, NATO's role may be changing in the South Caucasus, but it has hardly relinquished its interests as the Kremlin would like to see happen. Turkey's embassy in Baku organized meetings at NATO headquarters on November 17-18 2008, attended by delegations from Azerbaijan, Armenia and Georgia. Although a wide range of issues were discussed, the central focus was how to improve the delivery of NATO's Individual Partnership Action Plans (IPAP). This presaged the mooted idea at the NATO foreign ministers' meeting in December to develop annual action plans, rather than concentrating on the more controversial Membership Action Plans (MAP), which were denied to Georgia and Ukraine. Moscow, contrary to the statements made by its political leadership on the issue of NATO 'backing down' on the MAP issue for Georgia and Ukraine, is in reality powerless to prevent the Alliance from developing more targeted and systemic assistance for its partners in the South Caucasus.

Azerbaijan's first phase of IPAP, endorsed in April 2005, was completed in January 2008. Since April 2008, talks have centered on moving the second phase IPAP beyond its current draft stage. NATO would like to have the new IPAP agreement with Baku published in full in order to promote transparency and defuse unnecessary speculation on Alliance assistance to Azerbaijan's armed forces. NATO wants to further support the transformation of the Azerbaijani military education system and strengthen the professionalism of sergeants amongst other tasks in order to help promote bringing military training and standards into line with NATO standards.

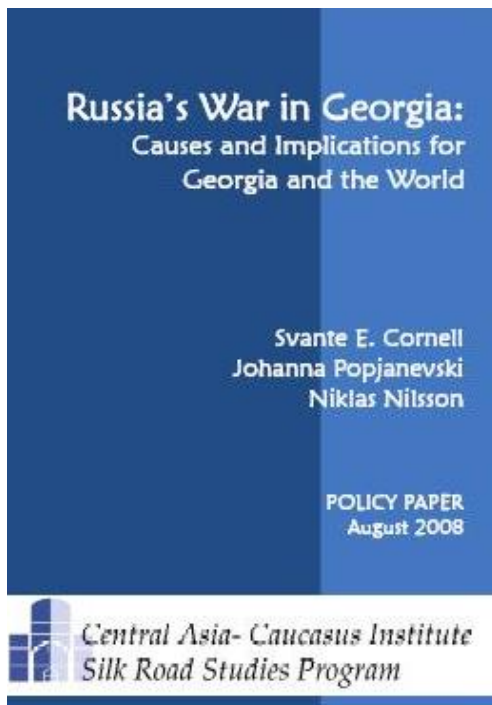
NATO has pressed for the formation of a joint headquarters in Azerbaijan's military structures, which Baku has agreed to implement by late 2009 or early 2010. These advances combined with an

undoubted interest in further modifying IPAP to suit its needs, suggest that Baku is open to closer cooperation with the Alliance. Baku needs assistance in strengthening these aspects of its armed forces, which NATO members are able to provide. NATO is encountering an appetite for 'graduated relations' with the Alliance amongst its partners in the South Caucasus.

CONCLUSIONS: Russia is subject to the impact of the global financial crisis, shoring up the ruble, flight of foreign capital since the war in August, and faces the prospect of a continued slide of world oil prices. It has committed to building new military bases in Abkhazia and South Ossetia which will be expensive and an additional security and financial drain on the Russian state. Equally, its recognition of the 'independence' of the two

breakaway regions in Georgia has not elicited any support from its CIS neighbors. NATO's cooperation with Azerbaijan and Georgia – far from being minimized – is likely to witness deeper assistance individually tailored to the host country needs and promoting defense and security sector reform, while stimulating further Euro-Atlantic integration. Russian power, after the war in Georgia, may be more illusory than real.

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New Policy Paper:

Russia's War in Georgia

By Svante E. Cornell, Johanna Popjanevski, and Niklas Nilsson

This Policy Paper provides a detailed chronology of the time leading up to the war in Georgia, as well as to the war itself, while providing an analysis of its implications for Georgia and beyond.

The Paper can be downloaded free at www.silkroadstudies.org. Hardcopy requests should be addressed to Katarina Lesandric at caciz@jhu.edu.

CHINA'S RECENT ADVANCES IN CENTRAL ASIA

Sébastien Peyrouse

China's successes in establishing itself in Central Asia have been furthered in recent months. After the agreement signed with the Tajik aluminum smelter in spring, during the fall Beijing has once again confirmed its place in the gas and nuclear sectors in Kazakhstan, to Russia's disadvantage but to the benefit of the Kazakhstani authorities, who as a result will gain in autonomy in strategic domains.

BACKGROUND: In May 2008, China followed in Russia's tracks by establishing itself in the development of the Tursunzade aluminum smelter, Tajikistan's main industry. The Tajik Aluminum Company and the Chinese National Corporation for Heavy Machinery (CHMC) signed an agreement for the construction of two factories in the Yavan district that will supply TALCO with raw aluminum for further refinement. The materials required to make aluminum (quartz and coal clay) will be mined from the Chashmasang deposit, situated fifty kilometers from the capital Dushanbe, and which would be able to supply the smelter for the next fifty years. In addition, the Chinese partners are negotiating with TALCO over the construction of a factory for the production of coal and graphite. The project will be financed to the tune of US\$ 30 million by China but will also receive aid from the ADB and the EBCD since the total project will cost about 1 billion US\$. Currently, the inputs for TALCO are supplied from Russia, China, and the Baltic states, and this could be the first time that the smelter is supplied with materials mined in Tajikistan itself. This agreement revived discussions about China's possible participation in the Rogun hydroelectric plant project, on which the Russian company RUSAL has set its sights but withdrew from the project in 2007.

However, the country in which China has recently reaffirmed its place as Central Asia's key energy partner is Kazakhstan. At the beginning of November 2008, CNPC and KazMunayGas signed an export agreement for 5 bcm of gas annually to China. This gas is extracted from the Aktobe sites being exploited by Chinese (AktobeMunaiGas) and to date has mainly exported gas to Europe via Russian gas pipelines. Both companies also confirmed the two-phase construction of a Sino-Kazakhstani gas pipeline, which will form part of the great Sino-Central Asia gas pipeline. It will travel over 1,300 km from the Uzbek border to the Khorgos border post and will include five compression stations along its path. Several sections are to be constructed: one between the Uzbek border and Shymkent, another between Almaty and Khorgos, and lastly above all a North-South section which will link the Beyneu-Akbulak deposits to Shymkent via Kzyl-Orda, with a first-phase capacity of 5 bcm by 2011 and full capacity of 10 bcm per year from 2014-2015. Half of the 10 bcm will go to China, while the other half will be reserved for domestic Kazakhstani consumption. The development of the Sino-Central Asian gas pipeline will therefore enable Astana to get significant transit rights for both Turkmen (Ashgabat is going to deliver 30 bcm to China) and Uzbek (probably 10 bcm) gas.

Lastly, some days later, China confirmed its nuclear partnership with Kazakhstan. The Kazakhstan National Atomic Energy Agency, Kazatomprom, has signed two agreements with the China National Nuclear Corporation (CNNC) and China Guandun Nuclear Power



(People Daily)

Company (CGNPC) which make provision for multiple bilateral collaborations. Several joint-ventures under 51 percent Chinese control will be created to supply Beijing with natural uranium and, after 2013, to collaborate in enriching it. Kazatomprom has been supplying nuclear fuel to Chinese reactors since 2007: it sells China natural uranium, which China enriches before sending on to the Ulbinsk factory, located at Ust-Kamenogorsk in east Kazakhstan for its transformation into fuel.

Kazatomprom's director Mukhtar Dzhakishev announced that from now the company aims to participate directly in the construction of Chinese nuclear power plants so it can gain experience in this sector and offer its services to countries other than China. There are also plans for the joint exploitation of uranium deposits in Kazakhstan: those of Irkol (Kzyl-Orda region) which has estimated reserves of 750 tons, and Semizbay (Akmolinsk region) with reserves of 500 tons for CGNPC, and Zhalpak (South-Kazakhstan region) whose reserves are put at 750 tons for CNNC.

IMPLICATIONS: The implications of this strengthening of China's presence are multiple. China is succeeding in making inroads into Central Asia at Russia's expense: Moscow seems to have had difficulties keeping the promises it made to the Tajik authorities to take partial control of the hydroelectric sector, and that of aluminum, which is linked to it. In Kazakhstan, China, which has already produced a massive rise in Central Asian gas prices and ended the Moscow-imposed regime of low prices, is resolute about challenging Gazprom's monopoly. The prospect of China-Kazakhstan cooperation in gas is not limited to 10 bcm of the Beyneu-Shymkent section: the possibility of extending the pipeline's capacity enabling it to carry a share of production from the immense Karachaganak site is also mentioned regularly, causing concern in Gazprom. The Russian company is also concerned about the increasing loss in importance in Beijing's eyes of the Sino-Russian Altay pipeline project, relative to the growing importance of the Central Asian scene.

On the Kazakhstani side, one can notice the transformation of Kazatomprom into a holding

capable of managing the whole nuclear cycle from the mining of primary resources to the construction of reactors including the enrichment of uranium. In fact, since 2006 Kazakhstan has had a 10 percent stake in the shares of the American maker of nuclear reactors, Westinghouse Electric Co., via Toshiba. The Ulbinsk metallurgy factory, which currently only operates at 30 percent of its capacity, could then become a key piece of Kazakhstani strategy, which is to respond to the ever growing demand of China and Japan for nuclear energy. Kazakhstan's considerable uranium resources (almost 20 percent of known world resources, estimated at between one and one-and-a-half million tons) justifies its global ambitions since it could produce, according to official figures, 15,000 tons of uranium by 2010, 27,000 tons by 2020, and maintain this level until 2050.

KazMunayGas' rapprochement with China has a triple effect in the energy domain: Kazakhstan will win the rights to transit Turkmen and Uzbek gas, accentuate Gazprom's feeling of no longer being the master of the game, and put an end, at least in part, to the gas shortages in the southern regions of the country. Indeed, the Beyneu-Shymkent-Almaty section will enable a three- or fourfold increase in the quantity of gas available in the Zhambul and Alma-Ata regions as well as in the city of Almaty itself. The Kazakhstani authorities will therewith be rid of a related problem, that of the difficult partnership with Tashkent concerning the delivery of gas. Uzbekistan in effect tends not to provide regular deliveries or to play at gas blackmail in its relations with Kazakhstan. Astana also hopes to avoid the critiques issuing from a section of the political class, which is concerned about Beijing's grip over the Kazakhstani energy sector and denounces the

sale of national resources to the Chinese neighbor. This is the case, for example, with the project for the Ekibastuz electricity plant in the Pavlodar region and the high-voltage line Ekibastuz-Xinjiang, which have no provision for connection to neighboring Kazakh consumers. The power stations will thus increase Kazakhstan's export potential but not remedy domestic consumption shortages. The Sino-Kazakhstani gas pipeline will avoid this criticism as it will also service the local population.

CONCLUSIONS: Though Russia's still evident dominance in Central Asia cannot be thrown into question, China is nevertheless continuing to make inroads and to capture parts of the market in the region. Weak states such as Tajikistan have everything to gain from the involvement of international actors, whoever they are, while Kazakhstan is enlarging its room for maneuver and continues to make a name for itself as a regional power in key domains such as the nuclear industry, which at present is enjoying more favor due to decreases in the price of hydrocarbons. China's growing presence in Central Asia is thus in direct competition with Moscow's plans for the region. Though for the time being both powers may have managed to fulfill their aims without coming head-to-head, this situation will in all likelihood change in the coming years: China is experiencing exponential growth and devouring primary resources, while Russia is using its economic revival to specialize in primary resources and heavy industry.

AUTHOR'S BIO: Sebastien Peyrouse is a Senior Research Fellow with the Central Asia-Caucasus Institute & Silk Road Studies Program Joint Center. He is the author of *Turkménistan, un destin au carrefour des empires* (Paris, 2007, in French), among other books.

RECONCILING SHARIA WITH REALPOLITIK: THE INTERNATIONAL OUTLOOK OF THE CAUCASUS EMIRATE

Kevin Daniel Leahy

The avowed political objective of the leadership of the Caucasus Emirate is to create an independent, sharia-based state on the territory of the North Caucasus. Let us imagine for one moment that the Emirate actually exists: a new nation-state with definite geographical boundaries resting conspicuously on Russia's southern Caucasus frontier. What kind of relationship would the Emirate seek to cultivate with the 'international community' at large? How interested would world powers be in establishing relations with a state such as the one envisaged by the leaders of the Emirate?

BACKGROUND: To comprehend the sort of state Doku Umarov and his advisors wish to create in the North Caucasus, one is best advised to consult the writings and various public utterances of two specific persons: the head of the Emirate's sharia court, Anzor Astemirov, and the long-time Chechen propagandist, Movladi Udugov. Astemirov and Udugov were influential in persuading Doku Umarov to controversially announce the creation of the Caucasus Emirate last fall. Both insist that sharia law should serve as the ideological underpinning of the Emirate and regard the creation of an Islamic state as their ultimate strategic goal.

Astemirov and Udugov are somewhat unusual among their contemporaries in that they have clearly given some thought to how society in the North Caucasus will be structured once federal forces have been expelled from the region and power is in their hands. With Chechnya's post-war experience from 1996 to 1999 clearly in mind, they reason that sharia law is the only means of preventing discord among the mujahedin once military victory has been secured. Astemirov has stated his belief that the chaos in Chechnya during the inter-war years

was caused by the mujahedin 'mov[ing] away from the Law of Allah...from the Sharia'. This estrangement, he argues, was facilitated by the Chechen leaderships' post-war disposition to adopt political institutions and characteristics commensurate with Western democracies. As Udugov has accurately noted, Mohammed was no democrat, and according to Udugov's (and Astemirov's) pithy logic anything the Prophet eschewed should be eschewed by ordinary Muslims also.

Thus, procedural phenomena associated with Western democracies such as elections, referenda and the crafting of new laws are 'absurd' and have no place in the sharia-based state envisaged by Umarov, Udugov and Astemirov. In the considered opinion of all three, the Caucasus Emirate, should it ever become a reality, should be governed according to divinely ordained law – that is, sharia law – because, as Udugov contests, 'human beings are not capable of devising a just law'. While political elites in Moscow, Washington and Europe would scarcely behold the creation of such a political entity with delight, the prospect of these parties eventually seeking normal

diplomatic relations with the Emirate is certainly not out of the question.

Historically, Russia has shown itself adept at forging auspicious diplomatic relations with neighbouring Islamic regimes, particularly



*Doku Umarov, Anzor Astemirov,
Movladi Udugov.*

when the geo-strategic circumstances of the moment have demanded it. In September 1998, Russia's then-prime minister, Sergei Stepashin, held productive talks with the leaders of the so-called 'Kadar zone', a de facto confederacy of villages in Dagestan that had proclaimed sharia law and rejected the authority of the local pro-Moscow government. Stepashin even acted as

an 'honest broker', working to diffuse tensions between the representatives of the Kadar zone and the authorities in Makhachkala. In terms of contemporary international relations, the United States and many European countries (including Russia), on foot of certain well-documented economic and geo-strategic exegesis, currently enjoy excellent relations with Saudi Arabia – a state which bases its judicial system on the dictates of the sharia.

IMPLICATIONS: One of the most striking features of Umarov's declaration of the Caucasus Emirate last year was how he listed the United States, Great Britain and Israel as enemies of the Emirate owing to their military involvement in Iraq, Afghanistan and Palestine, respectively. Movladi Udugov has long argued that the West is effectively allied with Russia on the basis of 'strategic opposition to the revival of Islam'. But would this fundamental conviction be enough to forestall the development of conventional diplomatic relations between the Emirate and the 'international community'?

The leaders of the Emirate argue that any state that is not governed by sharia is, by definition, an affront to God's will; that Western society is abominable and should be rejected by Muslims in all its manifestations. They also reject the political strategy, favoured by orthodox Chechen nationalists like Akhmed Zakayev, of petitioning the West to aid the rebels politically and diplomatically in their struggle with Russia. In Udugov's opinion such overtures are futile and absurd, a case of Muslims complaining to one set of infidels about another set of infidels. The leaders of the Emirate preach the mantra of military and political self-sufficiency. As Astemirov has insisted: '...victory and help come only from Allah

and...not from England, not from America, not from Russia, not from anybody else.'

But the fact that the Emirate's leadership refuses to lobby non-Islamic foreign powers for political assistance does not necessarily mean that they will be unable or unwilling to relate to these parties if and when they finally establish their own sovereign state. From their viewpoint, peaceful co-existence with foreign 'infidel' states is not out of the question. Udugov has cited a precedent, outlined in the Koran, of the Prophet Mohammed signing a treaty with a non-Muslim party. Importantly, the Prophet only decided to sign this treaty from a position of strength. Umarov, Udugov and their colleagues are reluctant to enter into dialogue with 'infidel' regimes as mere applicants, devoid of the political capital necessary – specifically, a sovereign state of their own – to ensure that their voice will be listened to. They are, however, willing to ally themselves tactically with certain non-sharia-based regimes on grounds of military-political expediency.

Prior to the outbreak of hostilities between Russia and Georgia in South Ossetia last August, Udugov appeared to offer Tbilisi – a government that aspires to European Union and NATO membership and regards the American-European neo-liberal model as a political panacea – military assistance in any future conflict it might have with Moscow. In this case, Georgia's enthusiasm for Western-style democracy replete with presidential and parliamentary elections and universal suffrage – 'these disgraceful things,' to quote Astemirov – was consciously ignored by Udugov on the

basis of old-fashioned political realism. According to Udugov's line of reasoning, a concrete alliance of mutual self-interest with Georgia's 'infidel' Saakashvili government is better than fruitlessly complaining to disinterested Western statesmen about Russia's behaviour in the North Caucasus.

CONCLUSIONS: The leadership of the Caucasus Emirate has demonstrated the ability to bring rational analysis to bear on any given situation. By offering Georgia a military alliance last April, for example, Udugov exhibited perhaps the most fundamental characteristic of a rational mindset – the ability to compromise. By considering their geo-strategic predicament through the lens of realpolitik, Udugov and Astemirov realise that Western powers currently have no interest in seriously addressing the situation in the North Caucasus. Simply put, there is no geo-strategic incentive for them to do so: Russia remains reconciled to dealing with this regional conflagration as an 'internal matter' and the conflict does not directly affect Western interests. Of course, were the Emirate to become a reality, its projected geo-strategic location would automatically make it an important regional actor in the eyes of Western governments, particularly those in Europe. The North Caucasus is in close proximity to strategically important energy conduits (the Baku-Tbilisi-Ceyhan pipeline, for example) tasked with bearing precious hydrocarbons destined for Western economies.

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CURRENCY CHANGES IN TURKMENISTAN: ECONOMIC REFORMS ON THE WAY?

Rafis Abazov

The government of Turkmenistan officially confirmed that it will go ahead with the currency denomination with the exchange rate of 5,000 Turkmen manats per one U.S. dollar. All previously issued banknotes will be exchanged for notes with a higher level of security protection and new symbols on January 01, 2009. When the first announcement came, people began emptying shelves and stalls remembering their past negative experiences with currency reforms. On many occasions, the locals have begun converting their savings into hard currency. The panic gradually settled, but many questions remained. Will the currency exchange lead to wider financial reforms? Will it achieve the full convertibility of the manat? Or will it turn out to be a simple replacement of the old banknotes?

BACKGROUND: Since its introduction in November 1993, the Turkmen manat has never been fully convertible. The currency exchange market in the country was severely restricted, as ordinary citizens could not exchange manats into foreign currency at Turkmen banks. Only large state-control enterprises and foreign firms had access to the currency exchange under the state-imposed and tightly controlled exchange rate. The only way for private individuals to obtain Euros, U.S. dollars or Russian rubles was to turn to the black market, where the exchange rates were driven by demand. For the last few years, the official exchange rate for the Turkmen currency had been fixed at around 5,000-5,500 manat per dollar, while it has been possible to unofficially exchange the manat at a black market rate that fluctuated between 23,000-25,000 manat per US\$ in 2004-2007.

In sharp contrast to neighboring Uzbekistan, the Turkmen government did not enforce draconian restrictions or legal penalties for these types of illegal financial operations, and it was always quite easy to obtain foreign currency in the Turkmen black market.

Turkmen officials have been fully aware of the shadow financial operations and of the two-tier exchange rate system, but they opted to turn a blind eye to the unauthorized currency traders. In the end, the traders exchanged currencies at specially designated streets in the center of Ashgabat or other large cities around the country. Customers would arrive on those streets in cars, sometimes even carrying government or diplomatic registration plates, at any time of the day or night and could exchange almost any reasonable amount of money. The transactions would usually take a few minutes and surprisingly, there were almost no reports of cheating or fraud. Local experts revealed that on some occasions, hundreds of thousands of dollars changed hands in a day.

This informal two-tier system helped establish a status quo and in a twisted way a sense of predictability and financial stability. It also made it easier for the Turkmen government to protect the domestic textile and garment industries from the inflow of cheap Chinese products, as the two-tier exchange system made

those imported goods quite uncompetitive in the Turkmen retail market. Yet, at the same time, this system undermined the local export-oriented small and medium-size enterprises (SMEs). The main problem was that at the moment when these enterprises exchanged their profits earned in foreign currencies to manats at the official rate, they suffered significant losses. Local entrepreneurs had little initiative to establish and run export-oriented businesses. Some economists argue that due to the development of this system the Turkmen economy lacked diversification, and exceedingly relied on a single source of hard-currency income – energy exports. However, the experiences of the 1970s and 1980s in the oil-rich Arab countries indicate that this economic model makes national economies extremely vulnerable to energy price fluctuations at the international markets.

IMPLICATIONS: In order to address this problem, the government under President Gurbanguly Berdimuhamedov's leadership announced that it would gradually eliminate the black market exchange system by establishing a single exchange rate for the manat. Since January 2008, it has directed tens of millions dollars to the currency exchange market to support the so-called commercial exchange rate. By the summer of 2008 the manat's commercial rate has stabilized at about 15,000 per US\$ both in the black market and in the state-controlled exchange system. Thus, the denomination of the national currency has been seen as the next step toward abandoning the informal two-tier exchange system and strengthening the manat.

The Turkmen government has envisioned that national currency denomination combined with reforms in the financial and banking systems and the move toward establishing a single exchange rate for the manat will have a

substantial positive effect on the macroeconomic environment and, in the words of M. Gulmuradov of the Turkmen Ministry of Finance, "will create people's trust in the national currency." However, the experiences in currency denomination in some countries, like Russia and Ukraine, indicate that at least at the initial stage, the national currency might come under significant pressure from market forces and might fluctuate considerably, creating many problems.

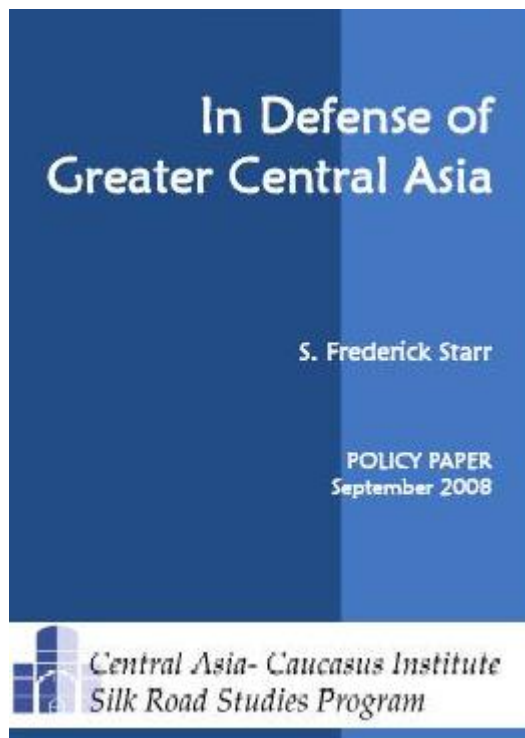
First, there might be a strong short-term inflationary pressure, as the independent retailers would inevitably raise the prices for many goods and services in order to protect themselves from the market risks related to the uncertainty in the exchange rate. The pressure to raise prices would be especially intense in the sectors where goods and services are imported and paid for in foreign currency. Second, there might be a sizable short-term run for hard currencies, as happened in many transitional countries in the past. In many CIS countries, where banking systems were weak and financial situations were uncertain, citizens often opted to preserve their life-savings in mattresses in cash. Third, currency denomination and establishment of a single exchange rate often creates a significant pressure on the domestic manufacturers. The single exchange rate significantly eases the import of foreign goods that would inevitably compete with locally produced goods, especially textile, garment and agricultural products.

CONCLUSIONS: The decision to denominate the national currency and to establish a single exchange rate is a step in the right direction, as it would help overcome some distortions in the national financial system and would strengthen the national banking system. Unfortunately, these reforms coincide with the global financial

and banking crises that create a huge pressure on the manat and on the economic stability in the country. There is also a pressure on the country's currency reserves, as the energy prices (the single most important source of revenue) are falling significantly in the international market. Therefore, it is very important for Turkmenistan's government to understand the difficulties, not to reserve the economic reforms and not to return to economic isolation. It is also important to introduce a wide range of financial reforms, especially in liberating the currency exchange and developing a strong private banking system. The national bank needs to stay firm in supporting the manat, as there would be a temptation to return to the previous economic isolation policies by simply ceasing to sell hard

currency in the state-controlled banks. Finally, the government should provide initiative and support to the export-oriented small and medium enterprises and begin diversifying its economy in order to overcome its dependency on energy exports.

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New Policy Paper:

In Defense of Greater Central Asia

By S. Frederick Starr

The idea of an open Greater Central Asia that is an economic and transport center rather than a periphery, and a self-determined subject of international affairs rather than a pliable object, stands in contrast to the territorial colonialism of yore and to the energy-driven colonialism which threatens the region today.

The Paper can be downloaded free at www.silkroadstudies.org. Hardcopy requests should be addressed to Katarina Lesandric at caciz@jhu.edu.

FIELD REPORTS

WORLD'S FAMOUS SANTA CLAUSES UNITE IN KYRGYZSTAN

Erica Marat

Starting in winter 2007, the Kyrgyz Ministry of Culture began active promotion of Kyrgyzstan's image as the new residence of Santa Claus. In February 2008, over 200 soldiers from the National Guard (mostly responsible for military parades, celebrations, etc) dressed in Santa Claus costumes performed a theatrical play in mountains close to the Issyk-Kul Lake. Several mountaineers dressed in various costumes, representing international equivalents of Santa Claus, climbed the mountains as well.

The idea originated in Sweden, in a casual note by SWECO logistics company about Kyrgyzstan's convenient location for Santa Claus to operate around the world on Christmas Eve – the country is located in the center of Eurasia, and is mostly mountainous. The idea, however, was quickly picked up by the Kyrgyz Ministry of Cultural Affairs that organized events to attract more tourists, especially those interested in adventure traveling, skiing, high mountains and winter resorts.

According to Ryskul Borombayev, director of the National Cultural Center in Bishkek, Kyrgyz officials had to act fast during January-February 2008, shortly after SWECO's note. Kyrgyz Santas were joined by international prototypes: St. Nicholas, Russian Ded Moroz, Iranian Haji Feruz, Uzbek Karbobo, and Kazakh Ayaz Ata.

The event was organized ad hoc, lacking any immediate follow-up or strategic planning. But despite this, the campaign proved to be fairly successful since several western mass media outlets,

including BBC, MSNBC, and Fox News, as well as numerous European, Russian, U.S. and Central Asia news agencies picked it up. Not least, the event raised curiosity regarding Kyrgyzstan.

Kyrgyz officials responsible for cultural affairs rushed to argue that Santa Claus, despite his Catholic background, will fit into Kyrgyz culture well. "Santa Claus, Ded Moroz and Ayaz Ata are all the same man" argued Borombayev, referring to the respected Russian and Kyrgyz versions of Santa Claus. Interestingly, however, Ayaz Ata is a direct translation of Russia's Ded Moroz, whose character was alien before the Soviet regime in Central Asia. It was introduced on Soviet New Year's celebration and remained popular ever since. The image of Santa Claus, in turn, became widely known in the region after the collapse of the Soviet Union and spread with Western culture.

After Santa Claus celebrations in winter 2007-08, the Kyrgyz government allocated additional funds to organize similar celebrations in winter 2008-09. These funds will be spent on building Santa's postbox for people across the world to send their letters containing lists of their wished Christmas presents. A similar festival is scheduled in February 2009 with even greater publicity. This time Kyrgyz high officials are likely to attend the celebrations.

Attempts to strategically develop a national image were made by Kazakhstan as well. The messages produced by the Kazakh government were quite chaotic, lacking one captivating idea. Yet, Kazakhstan, amid a plentitude of messages promoted in the international media about

economic development, rich culture, religious tolerance and democratic development, the one stating “Kazakhstan – the heart of Eurasia” appeared particularly often. The message is more of a geostrategic nature, revealing the Kazakh government’s strive for international recognition of the county’s size (ninth largest in the world by territory), its natural resources and political weight.

In 2005 Kazakh President Nursultan Nazarbayev published a monograph, *V serdtse Evrazii* (In the heart of Eurasia), which explains the philosophy of moving the national capital from Almaty to Astana. The president explained that Astana can rightly be called the center of Eurasia since it is located between Europe and Asia, sharing the cultural heritage of both the West and East. Since then, Kazakh officials regularly use the “heart of Eurasia” slogan in their public speeches. Nazarbayev himself presented his slogan across major Western cities.

Kazakhstan’s active promotion of its image coincided with the country’s strive to chair the OSCE and to attract greater investments from Europe and the U.S.

Unlike Kazakhstan, however, Kyrgyz diplomats avoid promoting the idea of Santa Claus at public events. The Santa Claus initiative in Kyrgyzstan might prove to be short-lived and, if ever popular, be disparaged by neighboring states. But it will surely show the Kyrgyz government and businesses, as well as other Central Asian states, that a consolidated international image is a strategic issue that is more important than national ideology.

The idea to accommodate Santa Claus in Kyrgyzstan is humorous and unexpected, but such positive associations has the potential to raise greater curiosity of Western tourists.

GOVERNMENT RESHUFFLE IN GEORGIA

Johanna Popjanevski

In two separate announcements on December 5 and 9, Georgian Prime Minister Grigol Mgaloblishvili unveiled that four Ministers, Foreign Minister Eka Tkeshelashvili, Defense Minister Davit Kezerashvili, Education Minister Ghia Nodia and Economy Minister Eka Sharashidze, lost their post in the Georgian cabinet.

The reshuffle is the fourth one this year and takes place only five weeks after Mgaloblishvili was appointed Prime Minister and four other ministers (of Justice, Culture, Refugees and Environment) were dismissed. When taking office on November 1, PM Mgaloblishvili introduced an 18-month recovery-plan, focusing on “radical democratic and economic reforms” to restore the pre-war order in the country. He moreover hinted at further changes to the government, stating that more time was needed to review the composition of the cabinet,

refraining however from giving details on the timing or extent of any upcoming reshuffling.

In this latest round, Tkeshelashvili was replaced by Culture Minister and former Deputy Foreign Minister Grigol Vashadze, and former Minister of Justice Nika Gvaramia replaced Ghia Nodia as Minister of Education. Kezerashvili’s post remained vacant until December 9, when it was announced that Georgia’s Ambassador to the U.S., Vasil Sikharulidze, assumed the post of Defense Minister, and that MP Lasha Zhvania replaced Eka Sharashidze as Economy Minister. Sharashidze instead got her former post as head of the presidential administration back. It was also announced that influential MP Nika Rurua replaced Vashadze as Culture Minister, a position the latter has held only for a month.

Mgaloblishvili’s first announcement came only days after the NATO foreign ministerial meeting in

Brussels (on December 2-3), where it became clear that the August war has strengthened rather than weakened opposition to Georgian NATO membership in Europe; making it apparent that radical reform efforts in all spheres are needed for Georgia to re-position itself as a potential NATO member.

The most notable result of the recent reshuffle is the simultaneous dismissal of the defense and foreign ministers, although this move was not unexpected. Kezarashvili, who replaced controversial ex-defense minister Irakli Okruashvili in November 2006, has been attributed a large portion of the blame for the weak performance of the Georgian army during the August 2008 war. 30-year-old Kezarashvili has also been accused of controversial weapons deals with Israel. Kezarashvili is replaced by 40-year-old diplomat Sikharulidze, who became Georgia's Ambassador to the U.S. after having served two years (2004-2006) as deputy Defense Minister under Okruashvili. He moreover has experience dealing with NATO issues, having served both at the NATO division of the Georgian Ministry of Foreign Affairs and as deputy head of Georgia's mission to NATO. Thus, Sikharulidze's appointment appears to signal an intention to increase professionalism in the defense sphere, and to accelerate Georgia's efforts to meet NATO military standards.

Since taking office in May 2008, Tkeshelashvili too has gradually lost domestic support, among other as the Ministry of Foreign Affairs has significant administrative problems. Through the December reshuffle, 31-year-old Tkeshelashvili is replaced by experienced diplomat Grigol Vashadze, who was deputy Foreign Minister between February and October 2008, and was appointed Minister of Culture on November 1. Notably, 50-year-old Vashadze, who served in the Ministry of Foreign Affairs of the Soviet Union between 1981 and 1988, holds Russian citizenship, suggesting first a premium put on diplomatic experience, and perhaps

also a need for understanding of the functioning of the Russian bureaucracy.

Over the last week, additional events have shaken the Georgian political scene, whose relationship to the cabinet reshuffle remains open to debate. On November 5, it was announced that Georgia's UN envoy, Irakli Alasania, had resigned from his post, which he has held since March 2006. Alasania, who served as deputy Minister for State Security in 2002-2004, and later as chief negotiator in the Georgian-Abkhaz talks, is a well-respected figure, commonly referred to as a future presidential candidate. Alasania's resignation has triggered media speculations that he will lead the newly established alliance between the two opposition parties Republicans and New Rights. Alasania himself has refrained from commenting on the issue, stating that he will reveal his motives and future plans upon return to Tbilisi. Given expectations on him and his personal temperament, Alasania is nevertheless likely to move slowly and avoid rash moves.

The recent cabinet reshuffle in Georgia is likely to have a positive impact on domestic policy-making in the coming months. Facing increasing international pressure to speed up reform processes, President Saakashvili and PM Mgalobishvili have lately emphasized the need to undertake radical reforms to meet international standards. However, while the introduction of a more experienced administration is an important step in bringing about such reforms, and, indeed, sends a positive signal to Georgia's allies, the decision to once again change the composition of the government may lead to questioning of the leadership's personnel policies. It may also be viewed as an attempt to distract attention from Alasania's potential return to domestic politics. It therefore seems that one of the key questions regarding the new cabinet is whether it will be provided with enough time in office to execute planned reforms, which are critical for Georgia's continued good standing with its Western partners.

TAJIK LABOR MIGRATION AND ITS CONSEQUENCES FOR WOMEN

Sergey Medrea

In late November, the Tajik Committee on Women and Family Affairs organized a roundtable to discuss issues related to women in the context of migration. Two questions were especially debated and discussed: whether migration is appropriate and suitable for women and what its social consequences are. According to unofficial estimates, internal living conditions cause around 1.5 million Tajik citizens to work and live outside the country, women constituting one third of all migrants. They work in construction, catering, farming, manufacturing, and other sectors. Yearly, labor migrants of both sexes send tens of thousands dollars back home in remittances, which in 2007 constituted 45.5 percent of Tajikistan's overall GDP, according to World Bank statistics. Such massive labor migration has serious structural, social and economic consequences for Tajik society in general; however, the specific effects of migration for the situation of women are seldom discussed and therefore tend to be overlooked.

Many men, especially from Tajik villages and small cities where the possibilities to find proper sources of income are minimal, migrate to Russia and Kazakhstan for work and sometimes stay abroad for years. Women are thus left at home to fend for themselves, take care of in-laws, feed children, keep households, and harvest crops on family plots of land. The boundary between what is otherwise considered men's and women's work narrows or disappears completely. Labor migrants work according to a seasonal cycle and usually come back home only for the winter season, if they can afford it, and in the early spring go back to work for the rest of the year. Women in such families thus run the households alone for most of the year, a situation which has two main effects: first, it empowers women by increasing their role in the family; and second, it creates acute problems of gender imbalance.

Some Tajik villages, due to such massive migration in the male population, have only women and a few very old or young men, which makes it hard for young women to find a partner. In very traditional communities, there are cases where women agree to become men's second or third wives, a practice which is not abandoned within Islam, but banned by secular Tajik laws. Many men who seek work abroad never return home, some choosing to stay and raise new families in the receiving countries. There is an increase of cases of women committing suicide as a result, despite the social stigma connected with such actions. Indeed, many women are unable to find a way to continue living with several children when their husbands leave them for other women. However, a growing number of women also migrate to Russia themselves to earn their living, following their brothers or spouses.

Female migration is growing in numbers not only to Russia and Kazakhstan, but also to some Middle Eastern countries, such as the United Arab Emirates (UAE). Migration to the UAE is rarely done for regular work, but mainly for prostitution. Women who go to the UAE for prostitution are of all ages, from being very young to some in their late forties. While the border control rules to enter the UAE are quite complicated, especially for young unmarried women from developing countries such as Tajikistan, there are always ways to circumvent that. There is a UAE rule applicable to citizens of Tajikistan that women under the age of 31 cannot enter the Emirates without being accompanied by their father, spouse or brother. The woman must also have a ticket to go back to her home country at the time of entering the UAE. However, if women go to Russia or neighboring Kyrgyzstan or Kazakhstan, they can enter the UAE with just a tourist visa, which is easily obtained in any tourist agency (after paying a deposit) in any CIS country. Once in the UAE, women become part of

prostitution networks which ensure their continued stay in the country. One of the usual measures is organizing private charters which take prostitutes out of the country into nearby Oman, Iran or another country and then fly back immediately, granting the prostitutes a new tourist visa. Other ways of renewal are just as simple and have already become routine. Very often, such women stay out of Tajikistan for years, being afraid of being jailed if their activities become known to the authorities.

The UN has warned that the global economic downturn might cause a significant decrease in the amount of cash sent by labor migrants to their home countries. For a country like Tajikistan, heavily dependent on remittances, the impact is likely to be

especially powerful. This would mean fewer jobs available for migrants in the receiving big countries, such as Russia, Kazakhstan, and the United States. Particularly male migrants who work in the construction sector, which was hit especially hard by the global economic crisis, face increased difficulties in finding jobs. As yet, according to the Russian central bank, remittances of Tajik citizens working in Russia increased by 51 percent in the third quarter of 2008 compared to the second quarter, with no signs of a decrease. But further contractions in the labor market could have drastic consequences for those who come back looking for new job openings next spring.

TURKMENISTAN BOOSTS ITS ROLE IN REGIONAL ENERGY COOPERATION

Roman Muzalevsky

The recent Turkmenistan Summit among the leaders of Turkey, Azerbaijan and Turkmenistan paved the road for further regional energy cooperation, raising the possibility of Turkmenistan joining the Nabucco gas project that connects the Caspian sea with Europe. The cooperation will determine Turkmenistan's and the EU's potential to diversify energy export and import portfolios respectively, and define the roles of Turkmenistan, Turkey and Azerbaijan in promoting regional energy security.

With estimated gas reserves of 23.1 trillion cubic meters, Turkmenistan is the second largest gas producer in Central Asia, further aiming to expand its energy potential. At the Summit held on November 29, 2008, at the initiative of the Turkmen president, the leaders of Turkey, Turkmenistan and Azerbaijan agreed to enhance regional energy cooperation, with Turkmenistan potentially partnering with the Nabucco pipeline project. In this case, a trans-Caspian seabed pipeline will connect Turkmenistan and Azerbaijan, further

bridging Europe and Central Asia. The EU's Nabucco project aims to supply Europe with around 30 billion cubic meters (bcm) of gas from the Caspian annually, circumventing Iran and Russia.

At the Summit's opening ceremony, the Turkmen leader Gurbanguly Berdimuhammedov thanked his colleagues for visiting Turkmenistan and emphasized common historical, cultural and brotherly relations among the three countries. The meeting addressed the diversification of energy exports in the Caspian region and the construction of a transport corridor connecting Europe and Asia. The leaders also called for further development of trade and economic relations and enhanced scientific and cultural cooperation in the region. "Turkmenistan, Azerbaijan and Turkey have an enormous potential for cooperation, and the time itself dictates for us the necessity to utilize it to the fullest extent," - Berdimuhammedov said. He also thanked the two presidents for their support of Turkmenistan's foreign policy course and international initiatives, and presented to them a

construction plan for the Avaza tourist zone on the Turkmen shore of the Caspian. The plan is intended to further develop Turkmenistan's tourist industry and provide economic opportunities for the local population.

Azerbaijan's President Ilham Aliyev emphasized the importance of building regional partnerships that meet the interests of all three states. "The current meeting provides us with an opportunity to discuss a wide range of issues and specify partnership priorities that meet the interests of the whole region," - he said. Azerbaijan and Turkmenistan resumed their bilateral commission on economic cooperation and negotiations earlier in 2008 to resolve disputed boundary lines and energy fields in the Caspian. The two countries also settled the issue of Azerbaijan's debt to Turkmenistan for the latter's gas supplies to Azerbaijan, opening a new page in bilateral and regional relations.

Turkish President Abdullah Gul, in turn, expressed his interest in regional energy cooperation and emphasized the importance of a constructive partnership in the Caspian region for improved regional security. "We welcome all new initiatives of Turkmenistan aimed at strengthening universal peace, security and stability and creating new opportunities for expanding the constructive partnership," Gul stated. Turkey and Turkmenistan also decided to steer their traditional dialogue toward a more constructive and productive partnership. According to official Turkmen figures, Turkish companies are currently involved in more than 800 projects in the fuel and energy sectors, communications, transportation, and construction in Turkmenistan.

Turkmenistan, adhering to the tenets of neutrality and a multi-vector foreign policy, strongly promotes the diversification of its energy exports. "Turkmenistan is committed to the policy of

multiple routes for energy supplies to the world markets and stands ready to consider any proposals from its business partners," Berdimuhammedov said. As several regional players are interested in energy cooperation with Turkmenistan, the country is well positioned to improve its economic development and energy security and to diversify its exports. Besides Turkey, Azerbaijan, and the EU, Turkmenistan's long list of energy cooperation partners also includes Russia, China, and South Korea.

Turkmenistan and Russia's Gazprom have recently agreed on the construction of a new pipeline. But there are doubts about the project's viability, potentially leaving Russia with the existing gas imports at 40-42 bcm annually. Turkmenistan is also negotiating two joint ventures with China's National Petroleum Corporation, and is expected to export 30 bcm of gas to China annually over the next 30 years. Turkmenistan and South Korea also intend to explore energy cooperation, with South Korea promising its support to the country's economic development. Berdimuhammedov also reaches out to other potential partners. "We also support the construction of Turkmenistan-Afghanistan-Pakistan-India, Trans-Caspian and other export routes for Turkmen natural gas," - he said.

The recent Summit provides Berdimuhammedov with a new and powerful agenda in regional cooperation, enhancing the roles of Turkmenistan, Turkey and Azerbaijan in constructing a more secure regional energy and transportation infrastructure. Continuing commitment of the three countries will reveal Turkmenistan's regional role and potential as an energy producer and link between East and West.

NEWS DIGEST

MEDVEDEV PRAISES U.S. STANCE ON GEORGIA MAP

28 November

Russian President, Dmitry Medvedev, said he was pleased with the U.S. decision to drop its push for granting NATO Membership Action Plan to Georgia and Ukraine. "I am pleased that finally common sense has prevailed – although, unfortunately, it happened at the end of the present U.S. administration's [term in office]," Medvedev told journalists during the visit in Havana on November 27. "In any case, it is the current state of affairs; whatever the reason is – whether the Americans have listened to the Europeans or something else, the most important is that this idea is no longer pushed forth so ferociously and senselessly as it has been done within past several years," Medvedev added. Condoleezza Rice, the U.S. secretary of state, said on November 26, that there was no need at this stage to discuss granting MAP to Georgia and Ukraine. She, however, also said that Britain had an alternative proposal on how to proceed with the NATO's Bucharest summit decision, which says that Georgia and Ukraine will become NATO members sometime in the future. Davit Bakradze, the Georgian Parliamentary Chairman, said on November 28, that Medvedev's remarks did not reflect the U.S. position in full. "To see only the part of this statement [by Rice], which says that no MAP can be granted and not to see the other part, which speaks about joining NATO through using other mechanisms, is an attempt to accept desirable as reality," Bakradze told journalists. In his remarks on the matter, Medvedev also said: "Let these countries [Georgia and Ukraine] themselves decide what they want. I have already numerously said – let them hold referendums first - no such [referendums] have been held – and then move wherever they want to." 77% of voters in Georgia said in the January 5 plebiscite that they favoured NATO membership. (Civil Georgia)

SAAKASHVILI TESTIFIES BEFORE WAR COMMISSION

28 November

President Saakashvili testified before the parliamentary commission studying the August war on November 28. He told the commission that his decision on August 7 to launch a military operation was "inevitable" because the Russian troops were already advancing into breakaway South Ossetia and because the Georgian-controlled villages inside the breakaway region were under heavy shelling. Saakashvili said that the August war to a certain extent had "complicated" restoration of the Georgia's territorial integrity, but on the other hand, he said, it made the process even "easier" because the war demonstrated that Russia was not at all "peacekeeper" but "an aggressor." "Today everyone recognizes that Russians are occupiers and whatever inconvenient this truth might be for the world, that is the fact. This is a new reality for Georgia," he said and also added that Georgia was neither loser nor winner in this war, because the struggle was still ongoing. He strongly denied allegations voiced by Georgia's former ambassador to Russia, Erosi Kitsmarishvili, and said it was "a mistake" to appoint him on that post. Foreign diplomats accredited in Tbilisi were invited by the Georgian authorities to attend the hearings. (Civil Georgia)

UZBEKISTAN CLOSSES BORDER WITH TAJIKISTAN, WITH NO EXPLANATION

1 December

The Uzbek government has closed all border checkpoints with Tajikistan without any explanation. A Tajik government official told RFE/RL's Tajik Service that it was not informed by Uzbek officials about the closure, which began on November 27. Some analysts say the border is being closed ahead of Uzbekistan's Constitution Day on December 8. Tashkent has in the past closed its border checkpoints with neighboring countries on the eve of official holidays, such as Independence Day, or a presidential election. Uzbekistan introduced a visa regime with Tajikistan in 2001 that

made travel between the two countries more difficult. There have not been any flight connections between Uzbekistan for several years. Ethnic Tajiks are estimated to make up between 5 and 10 percent of the population of Uzbekistan. (RFE/RL)

GEORGIAN INTELLECTUALS DO NOT TRUST GEORGIAN PARLIAMENTARY COMMISSION PROBING AUG EVENTS

1 December

The work of the Georgian parliamentary commission probing the August crisis in the Caucasus is another "PR-action" of authorities, says the Georgian Academy public organization, bringing together Georgian intellectuals. "Current the authorities are ready to declare all those who do not agree with their version of the beginning of the war in the Tskhinvali district as Russian spies and betrayers," the organization said in a statement published on Monday. According to the document, the creation of provisional parliamentary commission was aimed at the goal of hiding the real circumstances and results of the August events. "As to [Georgian President] Mikheil Saakashvili's attendance of the Friday commission's meeting and his almost five-hour 'confession,' it is quite apparent that it did not served the interests in establishing the truth, but was another PR-action indented for internal and external use," the statement reads. The parliamentary commission was created in order to "hide the criminal mistakes of current Georgian authorities, that is why this commission is out of trust," the Academy said. (Interfax)

CRIMEAN TATARS RALLY FOR RETURN OF ANCESTRAL LAND

2 December

Some 2,000 repatriated Crimean Tatars gathered in front of the Crimean Supreme Council in the Ukrainian city of Simferopol to demand the return of land they were forced to leave several decades ago. Daniyal Ametov, a leader of the protest, told RFE/RL's Ukrainian Service that the demonstration is against Crimean authorities for "their responsibility in creating the land problems for the Crimean Tatars." The protesters ended the rally after negotiations with local legislators, but promised to gather again on December 15 if their demands are not met. Crimean Tatars are considered an indigenous nation of the Crimean Peninsula. Tens of thousands were deported by Soviet authorities to Central Asia in the 1940s.

Deportees and their families began returning to Crimea in the 1990s, demanding that their lands and properties be returned to them. (RFE/RL)

GEORGIA WILL FINALLY BECOME NATO MEMBER - PARLIAMENT

2 December

Any of the patterns of Georgia's integration with NATO, proposed by the Alliance's member-states, is acceptable for Georgia, Georgian parliamentary speaker David Bakradze said. "Georgia's integration with NATO could proceed along two lines," Bakradze said to journalists on Tuesday. The first one, proposed by the United States and Britain, envisions the country's integration with NATO without getting the Membership Action Plan (MAP). But MAP is mandatory in the plan proposed by Germany, he said. "Most of our allies support the British plan of Georgia's accession to NATO," he also said. "What matters most to Georgia is not the mechanism to be used in the accession, but that Georgia will finally become a NATO member by all means, something even skeptical-minded countries say," he noted.

NATO spokesman James Appathurai, however, said to Imedi television station in Brussels on Tuesday, that it would be premature to speculate on what decision the foreign ministers would make, although, importantly, NATO remains adherent to the resolution of the Bucharest summit that the doors of the Alliance remain open to Georgia. NATO's foreign ministers are expected to begin discussing prospects of Georgia and Ukraine's integration with the Alliance in a few hours in Brussels. (Interfax)

POTI PORT BECOMES WHOLLY OWNED BY UAE'S EMIRATE

2 December

Georgia's Black Sea port of Poti has become wholly owned by the Investment Authority of the UAE's Ras Al Khaimah (RAK) emirate after purchasing 49% of stake from the Georgian state for USD 65 million. Eka Sharashidze, the Georgian economy minister, signed the agreement with RAK Investment Authority (RAKIA) on December 2. RAKIA took over the port's controlling stake for USD 90 million in April, 2008 and pledges to develop free economic zone on 300 hectares of land in Poti and in addition to build a new port terminal on a 100 hectare site. (Civil Georgia)

TAJIKS SEIZE BIGGEST DRUGS HAUL SINCE INDEPENDENCE

3 December

Tajik security forces have seized more than 500 kilograms of drugs in the biggest drugs haul since independence from the Soviet Union, the Interior Ministry has said. The impoverished country lies on the main trafficking route out of neighboring Afghanistan, the world's top producer of opium and its refined form, heroin. The ministry said a Soviet-era truck loaded with 530 kilograms of drugs was intercepted while traveling from the Tajik capital, Dushanbe, to the northern city of Khujand. "The driver...has been arrested. Hundreds of kilograms of hashish and dozens of heroin were discovered in the truck's body," said a ministry spokesman. "It is the biggest haul in terms of volume that has ever been seized in Tajikistan." Since the collapse of the Soviet Union in 1991, Tajikistan has struggled to contain heroin smuggling from Afghanistan, with poverty and unemployment making it an easy conduit for trafficking. After passing through Tajikistan, batches of heroin are spirited to the north across Central Asia and Russia until they reach the streets of London or Paris where a kilogram of heroin can fetch as much as \$300,000. (Reuters)

UZBEK POLICE DETAIN WOMEN ON EXTREMIST CHARGES

5 December

Police in Tashkent detained 28 women this week for alleged religious extremism, and their relatives have alleged that the detainees were abused in custody. An unnamed source in the Tashkent police told RFE/RL's Uzbek Service that two of the women are regional leaders of the banned Hizb ut-Tahrir party. The arrested women are reportedly related to people who have been sentenced for involvement in Hizb ut-Tahrir activities in the past. Shahlo Sultonova, the mother-in-law of one female detainee, told RFE/RL that police tortured her daughter-in-law in an effort to get her to make a confession. She added that the detained group of women was filmed for a pornographic video and were warned that similar videos would be shot if they did not confess to a crime. The chief of the police investigation on the case confirmed that the women had been arrested but gave no further details. (RFE/RL)

AFGHAN JAIL OPERATION KILLS EIGHT PRISONERS IN KABUL

5 December

Eight prisoners were killed and 15 others were wounded after Afghan security forces clashed with inmates during a search operation in an Afghan prison near Kabul, an official said. Violence broke out on December 4 when security forces started to search inmates suspected of holding knives and guns in the Pul-i-Charkhi prison on the eastern outskirts of Kabul. "The search operation is still going on and the situation is under control," Deputy Justice Minister Mohammad Qasim Hashimzai told Reuters, adding that three policemen were among the wounded. On December 4, a prisoner from inside Pul-i-Charkhi told Reuters by telephone Afghan security forces used gun fire against the inmates, many of whom are suspected insurgents, as they resisted the search operation. A series of bloody riots have taken place in recent years at Pul-i-Charkhi jail and some months back Taliban insurgents freed several hundreds of jailed Taliban militants in an attack on a prison in the southern province of Kandahar. Separately, two soldiers from the NATO-led International Security Assistance Force (ISAF) were killed in a roadside bomb explosion in southern Afghanistan on December 4, an ISAF statement said. Some 14 militants were killed by U.S.-led coalition and Afghan forces in the southern province of Helmand during operations against suspected insurgents, U.S. military said. (Reuters)

AFGHAN, PAKISTANI PRESIDENTS MEET IN TURKEY

5 December

Afghan President Hamid Karzai and Pakistani President Asif Ali Zardari are meeting in Istanbul for the second set of talks sponsored by Turkey in an effort to bring the two neighbors closer. The two leaders are expected to concentrate on developing a joint strategy to improve security in their joint border region. Pakistan's western Federally Administered Tribal Areas and the adjoining North West Frontier Province have become strongholds for the hard-line Taliban, who are waging insurgencies in both countries. In the past, Afghanistan has accused Pakistan of not doing enough to stop militants crossing the border to carry out attacks in Afghanistan. But the working relations between Afghan and Pakistani presidents have improved markedly since Zardari assumed office in September. Turkey, which has 860 soldiers

serving in the NATO-led International Security Assistance Force (ISAF) in Afghanistan, is keen to use its political clout to promote regional cooperation. In the earlier round of Turkish-sponsored talks, in April 2007, Karzai and then-Pakistani President Pervez Musharraf met in Ankara and pledged to step up joint efforts against the Taliban. Sebghatullah Sanjar, Karzai's chief of policy, told RFE/RL that because Turkey is a Muslim country with good ties to both Pakistan and Afghanistan, it is in a position to play a constructive role. "This time again -- continuing his efforts from the past - the Turkish president is trying to help the peace process in Afghanistan," Sanjar said. "That's why he has invited the Afghan and Pakistani presidents to Turkey. I am hopeful that it will be a significant summit and will contribute to promoting peace and stability in Afghanistan." The Turkish effort follows on the heels of recent Saudi efforts to broker peace between the Taliban and the Afghan government. Over the past seven years, Karzai has repeatedly blamed "elements in the Pakistani security establishment" for fomenting trouble in Afghanistan -- either by supporting the Taliban and Al-Qaeda or turning a blind eye to their cross-border activities. The charges resulted in a bitter relationship between Karzai and Musharraf, who often engaged in a public war of words through their media statements. But the Karzai administration says it now has strong reasons to believe that the current Pakistani president, his administration, and the parliament are serious about seeking a solution to the terrorist threat in the region. Karzai and Zardari will also meet separately with Turkish President Abdullah Gul and Prime Minister Recep Tayyip Erdogan to strengthen their respective economic and political ties to Turkey. (RFE/RL)

BTC ROUTE SEISMICALLY ACTIVE

5 December

Portions of the Azeri route for the Baku-Tbilisi-Ceyhan oil pipeline were constructed over seismically active areas, a geological study said Friday. BP-Azerbaijan, the overseer of the BTC pipeline, funded a study by the Institute of Geology of the National Academy of Sciences of Azerbaijan, AMEA, to examine the geodynamics of the pipeline route, the Azerbaijan Business Center reported. "Following the work we revealed seismically dangerous areas along the pipeline," AMEA Director Akif Alizade said. A final report to BP Azerbaijan is expected by Dec. 20. AMEA said it

plans to expand its survey to the BTC sections in Georgia and Turkey if BP Azerbaijan is satisfied with the initial report. Oil from the Azeri-Chirag-Gunashli field in the Azeri sector of the Caspian Sea feeds BTC. In November Kazakhstan said it would ferry 120 million barrels of oil per year through the pipeline, marking the first time oil from outside Azerbaijan was slated for BTC. The 1,099-mile pipeline is the second-longest crude oil route in the world. (UPI)

PEOPLE SMUGGLERS "THRIVE" ON IRAN-AFGHAN BORDER

7 December

People smugglers are thriving on both sides of the Afghan-Iranian border, a United Nations report has said, running operations that are costing some \$200 million a year in lost visa revenue. Since 2002, 858,000 Afghans have voluntarily returned home from Iran, despite wage levels in Iran that are four times higher than in Afghanistan, the UN said. Around 1 million Afghan refugees still live in Iran. The report, funded by the United Nations High Commissioner for Refugees (UNHCR) and the International Labor Organization (ILO), found that almost 80 percent of returning Afghans questioned in a survey had paid a smuggler to get them to Iran. "A thriving smuggling network supports an irregular labor migration flow to Iran.... This network has thrived despite restrictive policies put in place by the government of Iran," Nassim Majidi, the report's project manager, told a news conference. "What was very interesting to us was that the smugglers were on both sides of the border," Majidi said. Most smugglers were working from Nimroz in southwestern Afghanistan, but were cooperating with colleagues in Iran, he said. It costs Afghan migrants around \$360 to hire a smuggler to traffic them into Iran, compared with the \$740 price tag for a visa to Iran, the UN-ILO report said, earning the smugglers some \$94 million a year. "Smugglers do not create migration, it's the need of migration that creates the business.... I think we can fully understand people are looking to find jobs to support their families," Marc Vansteenkiste, chief technical adviser of the ILO, told the news conference. The report, which questioned 784 Afghans in four provinces who had returned from Iran since 2002, also noted the impact Afghan migrants in Iran have on their home economy through remittances. It estimated that \$500 million worth of remittances from Afghans working illegally in Iran, 98 percent of whom are men, are

sent back to their families in Afghanistan each year, equivalent to 6 percent of the country's GDP. Vansteenkiste said talks were under way with countries such as South Korea, Qatar, and the United Arab Emirates to take unemployed, semi-skilled or skilled Afghan men to work in the construction industry. (Reuters)

TALIBAN URGES WESTERN TROOPS TO LEAVE AFGHANISTAN

7 December

Taliban chief Mullah Mohammad Omar has urged Western forces to take a "golden opportunity" to leave Afghanistan before thousands of their troops were killed in the Islamist group's renewed insurgency. Omar, believed by Western intelligence to be hiding in the mountainous border area between Afghanistan and Pakistan, also said a planned increase in U.S. troops would fail to curb violence and would instead fuel the insurgency. "I would like to remind the illegal invaders who have invaded our defenseless and oppressed people that it is a golden opportunity for you at present to hammer out an exit strategy for your forces," Omar said on the day of Eid al-Adha, the Islamic festival of sacrifice, in his yearly message. "The current armed clashes which now number into tens, will spiral up to hundreds of armed clashes. Your current casualties of hundreds will jack up in to the thousands," he added in an e-mailed statement. Civilian casualties caused by foreign air strikes have become the biggest source of tension between President Hamid Karzai and his Western backers. Omar said any increase in civilian deaths would help boost the Taliban's insurgency. "The more you destroy our people's houses, the more you martyr our people, the more you will face the wrathful reaction of our mujahedin," he said. Taliban suicide attacks killed at least 200 civilians last year, undermining public faith in the ability of the government and international troops to bring security to a country that has seen more or less continual war for the last 30 years. The United States is sending an extra 3,000 troops to Afghanistan in January and is considering plans to dispatch up to 20,000 more in the next 12 to 18 months. "The rationale will not seem cogent even to your own people, and because of your blind bombardments, which usually result in the murder of defenseless Muslims, men, women, and children, you will not escape the wrath of the Islamic Ummah," he said. Omar also blamed the global financial crisis on the United States and said it had

left a "negative impact on the globe," resulting in "the collective duty of all" to derail what he called "this war-mongering trend." (Reuters)

IRAN TEST-FIRES NEW MISSILE FROM WARSHIP

7 December

Iran's military test-fired a new surface-to-surface missile from a warship as part of exercises along a strategic shipping route, state media have reported. Iran launched six days of naval war games on December 2 in the Sea of Oman and the Persian Gulf region amid tension with the United States and Israel, which have not ruled out military action if diplomacy fails to end a row over Tehran's nuclear work. Iran has said that, if pushed, it could close the Strait of Hormuz at the entrance to the gulf and through which about 40 percent of the world's traded oil passes. "The surface-to-surface Nasr-2 missile was tested in the [Sea of] Oman operational region," state radio reported, adding that the test took place on December 6. "The Nasr-2 was fired from a warship and hit its target at a distance of 30 kilometers and destroyed it," the official news agency IRNA said, adding it was the first test of the new, medium-range missile. The West accuses Iran of seeking to build nuclear warheads, a charge Tehran denies. It insists that it wants to master nuclear technology to generate electricity so that it can export more of its huge oil and gas reserves. Washington, which has its Fifth Fleet based in the Gulf Arab state of Bahrain, has pledged to keep shipping lanes open. Experts say Iran's navy would be no match for U.S. technology but could still create havoc in the waterway. (Reuters)

AZERI CRUDE DOWN FOR JANUARY THROUGH BTC

8 December

Transports of crude oil from Azerbaijan through the Baku-Tbilisi-Ceyhan pipeline are expected to drop by 213,000 barrels per day in January, officials said. Officials with the BTC pipeline consortium said Azeri crude would reach the terminal Ceyhan port on the Mediterranean at a rate of 580,000 barrels per day starting with January deliveries, the Platts news agency reported Monday. BP-Azerbaijan and the State Oil Co. of Azerbaijan hold controlling shares in the BTC pipeline consortium. Azeri crude production dropped from top production levels of more than 900,000 bpd in October following disruptions at the Azeri-Chirag-Gunashli field complex in the Caspian Sea. BTC officials said the

declines in production were not due to operational obstacles, however. Kazakhstan, meanwhile, said in November it would make its debut in BTC by bringing 120 million barrels of crude per year through the 1,099-mile pipeline. (UPI)

OSCE KARABAKH MEDIATORS HOPING FOR SNIPER WITHDRAWAL

8 December

The French cochair of the OSCE Minsk Group says that Armenia and Azerbaijan are expected to pull their snipers away from the front line dividing Azerbaijani and Armenian forces in Nagorno-Karabakh by the new year. Bernard Fassie told RFE/RL's Azerbaijani Service today that the move is seen as a confidence-building measure which Yerevan and Baku agreed to in signing the Moscow declaration in early November. Fassier says France, Russia, and the United States called on Azerbaijan and Armenia to fulfill measures such as withdrawing their snipers in a declaration signed by the Russian and French foreign ministers, Bernard Kouchner and Sergei Lavrov, as well as U.S. Assistant Secretary of State Daniel Fried, on December 4. Fassie said "We are expecting a positive answer from all the people in charge of this question in order to preserve as many lives as possible." He added that Baku and Yerevan are expected to finalize work on the basic principles of a settlement by the middle of next year in order to start work on a peace agreement. (RFE/RL)

BERLIN, PARIS URGE UZBEKS TO LET RIGHT GROUPS

9 December

Germany and France have written a letter to the government of Uzbekistan, urging it to allow a Human Rights Watch (HRW) representative to work in the country. In the letter, a copy of which was seen by Reuters, French Human Rights Minister Rama Yade and German Deputy Foreign Minister Gernot Erler said Uzbekistan should grant work accreditation to HRW representative Igor Vorontsov. Human Rights Watch said in July that Uzbekistan had barred Vorontsov from the country despite the fact that the EU had made accreditation of an HRW representative a condition for the lifting of sanctions on the Central Asian state. "We would like to inform you that this decision has caused considerable disappointment and serious concern for us," Yade and Erler said in their letter. "We would be very grateful if you could find a quick solution, through which Human Rights

Watch can send an accredited representative to Tashkent as soon as possible, allowing it to continue its work in Uzbekistan," the letter, dated November 20 and addressed to Uzbek Foreign Minister Vladimir Norov, said. Human Rights Watch has said Vorontsov was denied work accreditation and told by the Uzbek authorities while he was abroad that he would not be allowed to return to the country. Rights groups have been upset by a gradual easing of EU sanctions on Uzbekistan despite a lack of progress on rights. The European Union agreed in October to end most remaining sanctions on gas-rich Uzbekistan, citing progress in human rights. The 27-member bloc imposed sanctions on Uzbekistan in 2005, including visa bans on top officials, in response to the killing of demonstrators in the town of Andijon that May. A separate arms embargo on Uzbekistan remains in place. (Reuters)

PROMINENT CIVIL RIGHTS ACTIVIST RELEASED FROM TURKMEN JAIL

9 December

Prominent Turkmen civil rights activist Valeri Pal has been released from prison. Pal was released after Turkmen President Gurbanguly Berdymukhammedov signed a decree granting amnesty to him on the eve of Neutrality Day, usually marked in Turkmenistan on December 12. Pal is a computer engineer who assisted Turkmen rights activists in using Internet technology to distribute information from Turkmenistan around the world. He was detained in February and found guilty of embezzlement three months later. Pal was sentenced to 12 years in prison. More people are expected to be released due to the presidential decree. Farid Tukhbatulin, chairman of the Turkmen Initiative for Human Rights, a Turkmen group working in exile in Europe, was quoted by Reuters as saying Pal "is seriously ill, but at least he is at home now." The nature of Pal's illness is not clear. Pal's release comes ahead of December 14 parliamentary elections in Turkmenistan, a one-party state that tolerates no dissent but which says the vote will highlight its commitment to democratic reform. (RFE/RL)

SHOTS FIRED AT OSCE PATROL VEHICLE

10 December

An OSCE patrol's armored vehicle was fired at close to the Georgian village of Khviti, few kilometers away from the South Ossetian administrative border, the Georgian Interior

Ministry said. It said that the shots were fired “from the direction of the territory controlled by the [South] Ossetian side.” OSCE Mission in Georgia has confirmed that the firing took place. “A firing incident has taken place involving an unarmed OSCE monitoring patrol,” OSCE mission’s spokesperson, Martha Freeman, told Civil.Ge. “The full details are being looked into.” Both OSCE mission and the Georgian Interior Ministry said that there were no casualties as a result of the incident. The Georgian television showed pictures of the OSCE patrol’s SUV, which was hit by bullets. Vladimer Jugeli, a local police chief, said the OSCE vehicle was hit by ten bullets. (Civil Georgia)

HEAD OF GEORGIAN CHURCH MEETS MEDVEDEV

10 December

Ilia II, the Patriarch of the Georgian Orthodox Church, met with Russian President Dmitry

Medvedev in Moscow on December 9. Ilia II is visiting Moscow where he paid final farewell to Russia’s late Patriarch Alexy II. Ilia II conducted a prayer at the funeral ceremony in Moscow’s Christ the Savior Cathedral. “I have met with President Medvedev. He is very well disposed towards [resolving] those problems which we have [in relations]. I think we will have good results,” Ilia II told a group of journalists in Moscow after the meeting. The Kremlin issued a one-sentence press-release saying that the meeting was held. The Georgian television station, Rustavi 2, reported that the meeting lasted for 45 minutes. The Georgian Orthodox Church delegation visited Moscow a month ago and met with Russia’s Deputy Foreign Minister, Grigory Karasin, which was the first official contact between the two countries after the August war. (Civil Georgia)