

# Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

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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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*The Central Asia-Caucasus Analyst* is an English language global Web journal devoted to analysis of the current issues facing the Central Asia-Caucasus region. It serves to link the business, governmental, journalistic and scholarly communities and is the global voice of the Central Asia-Caucasus Institute & Silk Road Studies Program Joint Center. The Editor of the Analyst solicits most articles and field reports, however authors may suggest topics for future issues or submit articles and field reports for consideration. Such articles and field reports cannot have been previously published in any form, must be written in English, and must correspond precisely to the format and style of articles and field reports published in *The Analyst* ([www.cacianalyst.org](http://www.cacianalyst.org)) and described below.

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### Submission Guidelines:

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**KEY ISSUE:** A short 100-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:** Field Reports focus on a particular news event and what local people think about the event, or about the work of an NGdO. Field Reports address the implications the event or activity analyzed has 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](mailto:scornell@jhu.edu) and suggest some topics on which you would like to write.

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## SCO FAILS TO SOLVE ITS EXPANSION DILEMMA

Richard Weitz

*For the second year in a row, the existing members of the Shanghai Cooperation Organization (SCO) declined to allow new countries to join the organization as members or formal observers. The stated reason – that SCO members need more time to define the legal issues involved in expanding further – sounds implausible. A more likely reason is that expanding the institution would present serious problems for the SCO. In addition, none of the existing membership candidates is an obvious choice for full membership.*

**BACKGROUND:** The SCO currently has a complex organizational structure with participating countries arranged according to the three general categories of full members, formal observers, and “guests of honor” selected by the rotating host government of the annual SCO leadership summit. The current roster of full members includes only those six states that joined the organization at its founding in 2001.

In June 2004, Mongolia became the first formal SCO observer. At the organization’s July 2005 summit in Shanghai, India, Iran, and Pakistan achieved formal observer status as well.

The specific rights and duties of SCO observers have never been made clear. Their status appears to grant them the right to attend major SCO meetings (such as the annual leadership summits), but not the right to vote when decisions are made. In addition, the representatives of the full SCO members often hold meetings among themselves that exclude observer participation. At the most recent Bishkek summit in August 2007, for example, the heads of the six full SCO members met first among themselves before inviting SCO observers as well as the honored guests to join them in an expanded session.

The precise number of countries seeking to obtain full membership or observer status in the SCO is also uncertain. Immediately before the June 2006 Shanghai summit, Chinese Assistant Foreign Minister Li Hui claimed that “a lot of countries in Asia and other

continents have applied, demonstrating the SCO is broadening its influence.” In August 2007, Kyrgyz Foreign Ministry official Astanbek Osmonaliev likewise said that a number of governments were requesting at least observer status. In both cases, however, the SCO members declined to expand the number of formal members. The putative reason was that the members had not yet worked out the legal basis for such expansion.

At present, the leading membership candidates are the four SCO observer countries plus Afghanistan and Turkmenistan. None of these candidates is an obvious choice. The most enthusiastic aspirants for full membership, Iran and Pakistan, are the least desirable entrants. The potentially most valuable new members, India and Turkmenistan, remain ambivalent about their ties with the SCO. Turkmenistan is not even a SCO observer and would have to leapfrog over the others in order to gain full membership.

The Mongolian government has not indicated any strong interest recently in becoming a full SCO member. In any case, most existing members appear to consider Mongolia too distant from Central Asia to warrant full membership. In contrast, Afghanistan’s proximity to the other SCO nations has created problems for any membership aspirations its government might entertain. The other countries attribute many of their security problems to the narcotics traffickers and terrorists based especially in southern Afghanistan.

Of the remaining countries, Iran and Pakistan seem most eager to become full SCO members. Iranian and SCO objectives overlap in several areas, especially energy. Yet, any proposal to grant Iran full membership would prove highly controversial given Iran's policies toward Israel, nuclear proliferation, and regional terrorism. Thanks to strong Chinese backing, Pakistan received formal SCO observer status at the same July 2005 summit as Iran. The other governments, however, appear to worry about Pakistan's links with the Taliban insurgency in neighboring Afghanistan and other regional extremist groups.

**IMPLICATIONS:** Besides the problems with each of the plausible candidates for new membership, however, the entire process of expanding the SCO could entail additional drawbacks. The tremendous disparities in existing members' populations, geographic size, military strength, and economic resources have already made it difficult for SCO nations to negotiate and implement effective cooperative measures. The SCO still lacks the internal cohesion and capabilities found in strong multilateral security institutions such as NATO and the EU, whose members share a common ideology (a commitment to liberal democracy) as well as common security concerns (counter-terrorism). The need to reconcile conflicting national laws, regulations, and standards has repeatedly delayed the implementation of many SCO agreements.

Current SCO members disagree over such important issues as the desirability of a Western military presence in Central Asia, the extent to which governments should assist another member state to suppress domestic unrest, and the SCO's role in traditional defense matters. Further expansion could easily widen the range of views held by SCO governments on these contentious issues.

For example, granting Afghanistan, India, or even Pakistan full membership to the organization could exacerbate differences regarding the desirability of the long-term role of the U.S. military and NATO in Central Asia. These governments rely on the considerable Western military presence in Afghanistan to prevent a resurgence of the Taliban and its regional terrorist allies. Giving India and Pakistan full

membership, moreover, might require the SCO to address Kashmir and other divisive South Asian issues.

Insofar as the SCO continues to expand the degree of cooperation among members' military forces, transforming the current observer countries (except perhaps Mongolia) into full members could complicate mutual defense cooperation since they lack the common Soviet military legacy found in Russia, China, and the former Soviet republics of Central Asia. In addition, Afghanistan, India, Mongolia, and Pakistan all have close or improving ties with Washington, especially in the defense and intelligence field.

Two problems arise in the case of offering Turkmenistan full membership. First, the current government has not yet made a decision to break completely with former President Saparmurat Niyazov's principle of eschewing formal membership in the SCO. Second, the SCO's current group of formal observers – India, Iran, Pakistan, and Mongolia – might not welcome Turkmenistan's immediate membership status. For these reasons, one would expect Turkmenistan either to receive designation as a formal SCO observer itself or, building on Berdymukhamedov's attendance at the Bishkek summit, to gradually expand its engagement with the institution by cooperation on energy, counterterrorism, or other issues of mutual interest.

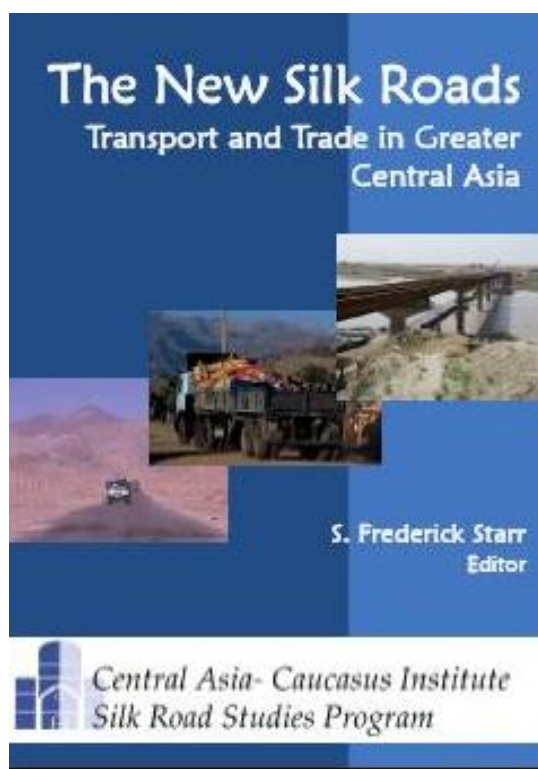
Since such considerations have led the existing full SCO members to continue their moratorium on new members, they have tried to provide observer countries increased opportunities to participate in the organization's activities. A few days before the Bishkek summit convened, Russian Deputy Foreign Minister Alexander Losyukov told the media that the SCO had no intention to turn into a "closed club" and that, among its members, there was a "readiness to expand mutually advantageous cooperation with the observer states in various areas." To assist this process, the governments were "working on a mechanism for SCO dialogue cooperation with all interested countries and multilateral structures." Losyukov proposed a wide range of areas for possible functional cooperation, including those dealing with security, economics, and humanitarian issues.

In his formal address at Bishkek, Russian President Vladimir Putin itemized a number of specific projects where Russia “would welcome the involvement of observer states.” His list included a planned SCO disaster prevention center, a virtual SCO University, and various projects in the public health, transportation, information, and telecommunications sectors. Putin also discussed the Regional Anti-Terrorist Structure, calling on the SCO to “lay down a legal framework for developing contacts with SCO observer countries.”

**CONCLUSIONS:** Energy seems an especially promising area for future cooperation with some other non-member countries. At Bishkek, Russian Foreign Minister Sergei Lavrov stated that “it is quite possible that the energy club being created will be open to companies from observer countries.” President Mahmoud Ahmadinejad reaffirmed Iran’s interest in helping create a regional “energy club.” Foreign

Minister Khurshid Kasuri of Pakistan, representing another SCO observer nation at the summit, also expressed his country’s interest in participating in regional energy cooperation. Even India, which has distanced itself from the SCO’s security and political initiatives, still seems interested in cooperating with the organization in meeting its energy needs. Not coincidentally, the Indian delegation to the annual SCO summit was headed, for the second year in a row, by its petroleum minister, Murli Deora.

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# “JIHADIZATION” OF ISLAMIC RESISTANCE AND GLOBAL IMPLICATIONS

Dmitry Shlapentokh

*The increasing Jihadist trend in the Chechen resistance has important implications for general U.S. policy toward Islamic extremists. This latter concern may explain the recent invitation from the State Department (some suggest that it was Bush's personal invitation) to several muftis from the Russian North Caucasus to visit the United States. Even the nationalistic and more moderate members of the Chechen resistance are at odds with Islamists. This provides a common basis for such seemingly irreconcilable enemies as Iran and the USA, as well as a few remaining areas where Russia and the USA can cooperate.*

**BACKGROUND:** The history of the Chechen resistance clearly shows changes in ideology and pattern. Islamic fundamentalism influenced the resistance early on, but it did not dominate the Chechen rank and file at the beginning of the struggle against Russia. Moreover, most members of the Chechen resistance have been inspired by a nationalistic animus. The discord between the two groups increased especially after the beginning of the second Chechen War in 1999. In 2006, the differences became clear in public debates between Ahmed Zakayev, who was in London as the representative of the Chechen government in exile, and Movladi Udugov, who at the time was a sort of major propagandist. Both published articles on Kavkaz Center, the major Internet locus of the Chechen resistance. Zakayev implied that the present struggle is not an isolated event and is related to the centuries-long Chechen struggle with Russia. The goal of the Chechen resistance is an independent Chechen state fully recognized by the international community.

Udugov strongly disagreed, arguing that Zakayev had made a fundamental mistake by aligning himself with Chechens as such and regarding their defense as the major goal of the resistance. This narrow nationalist view should be discarded. Udugov's approach, surprising at first glance, could be compared structurally with the views of radical Russians by Russian Marxists at the beginning of the twentieth century. Lenin, for example, would

hiss at the notion of abstract Russians. For him, Russians were divided into two groups: the exploitive elite and the toiling masses. Lenin not only proclaimed that he had dedicated his life to the liberation of the masses, but also stated (appealing of course to Marx) that the Russian masses, especially the workers, had much more in common with other workers than with native Russian capitalists.

Udugov followed the same line of thought. He did not understand why Zakayev insisted that Chechens should love other Chechens just because of similar ethnicity. Udugov saw many Chechens who, in his mind, evoked nothing but disgust. These people either are foreign to the idea of the Chechen struggle, or openly collaborate with the Russians. Even more important, they are Muslims only in name. There are ethnic Russians who are ardent Muslims. It is these people who should be regarded as brothers, not those who are just related by blood or ethnicity.

According to Udugov, another problem with Zakayev's plans is his desire to create a Chechnya similar to states of the West, which Udugov terms unacceptable. The modern West is not much different from present-day Russia, which is ruled by an oppressive, corrupt regime. An independent Westernized Chechnya would have the same problem: a corrupt, rich, indulged elite that would oppress the common folk. One need not engage in a bloody struggle to achieve this predictable result.



The goal should be not a Westernized but an Islamic state, based on strict following of Islamic doctrine and free from the oppressive elements of non-Islamic society.

**IMPLICATIONS:** This jihadist streak in the Chechen resistance's political ideology has increased and apparently radicalized. The development of Chechen radical thought in this direction can be seen in the response of the Chechen resistance to Saddam Hussein's execution. Authors on various Russian-language Islamic Internet sites stated clearly that those who executed Hussein were people who followed the bidding of the U.S., the brutal heathen aggressor. But Hussein was not a martyr. The reason for this rather sober view was clear: Hussein not only terrorized Muslims but was himself not a Muslim. His godless nationalism prevented him from understanding the real meaning of the original American friendship. He did not understand that a heathen power should not be trusted and paid dearly for it.

Indeed, it was not the nationalistic and essentially godless Bathist resistance that attracted contributors to Chechen Internet publications, but Waziristan, the quasi-state in Pakistan under Taliban influence. One Kavkaz Center contributor framed his vision of the Taliban in his general philosophy of history, a peculiar mixture of Islam and the teachings of Ali Shariati, Sayyid Qutb, and implicitly Marx. The world is dominated by heathen anti-Islamic forces. These states have entirely negative social attributes, such as oppression of the poor by the rich. It is not the proletariat, guided by social doctrine grounded in atheistic thought, that could end this world of misery. Only radical, revolutionary Islam can do so. This radical Islam would include all those who follow Allah regardless of ethnicity (here allusions to Shariati or even Marx and Lenin could be seen.)

For Marx, a self-organized proletariat would liberate itself and, finally, humanity. For Lenin, the proletariat should be led by a revolutionary party; since left alone the proletariat would not be able to accomplish their revolutionary mission. For the contributor in question, who in many ways takes his lead from Shariati, the radical Islamists will

liberate all Muslims and ultimately Islamicize humanity. This new, just society will be entirely different from modern capitalist societies, with their atomized individuals and sharp divisions between rich and poor; it will be a society of brotherly solidarity and mutual help, without strong social divisions. Such a society is not a pipedream; it is already developing in the society of the Taliban. Radicalized areas of Pakistan could also be a good example.

The radicalization of the Chechens, and of the North Caucasian resistance in general, has led to increasing alienation between jihadist and nationalistic fighters. This can be seen, for example, in Internet correspondence between Chechen fighters and supporters in Waziristan. The latter saw Waziristan as the springboard of the global jihadist revolution. Interlocutors from Chechnya fully supported this view and shared the account of the events in Chechnya that, among other things, revealed distrust of nationalism. A Chechen fighter stated that one reason the Chechen resistance had not achieved what it could have achieved was the erroneous beliefs of numerous members. These people were inspired by nationalistic feeling and saw their conflict with the Russians as similar to the national liberation movements of the past, when peoples tried to break free from colonial rule. Nothing good can come from nationalism and worshipping one's ethnicity. The results of the liberation movements of past decades show that the end result of even the most virtuous movement is just a re-creation of other repressive states. Furthermore, those who put their trust not in Allah but in nationalism are not a people ready for death. For this reason, the nationalistically inspired members of the resistance are poor fighters. Moreover, they are ready to collaborate with the Russian government. Quite a few have already joined Kadyrov's forces and, implicitly, become the enemies of the fighters – those who are inspired not by nationalism but by Allah.

**CONCLUSIONS:** This increasing radicalization of Islamic forces has manifold implications for Russian authorities. On one hand, the increasing

radicalization of the resistance movement of at least part of Chechnya, the North Caucasus in general, implies increasing tension or open hostility between Islamists and nationalists. The contributors to the North Caucasian resistance's Internet publications express concern that Zakayev is ready to provide amnesty to some of Kadyrov's men and does not regard all those in Kadyrov's forces as sworn enemies. They become outraged when Zakayev hints that the Chechen resistance could negotiate with Russian authorities.

On the other hand, the spread of universal jihadism implies that the terrorist underground will outgrow the confines of Chechnya, even of the North

Caucasus, and most likely spread in various ethnic groups, including ethnic Russians. For the United States, it also implies a continuous integration of Chechen jihadism in the global extremist network. Chechnya could become one of the centers of the global jihadist movement, just like the tribal areas of Pakistan. This concern with the spread of Islamic extremism in the North Caucasus might be a reason why groups of muftis from the North Caucasus visited the USA.

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## THE CHINA AND EURASIA FORUM QUARTERLY

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New issue of the

### *China and Eurasia Forum Quarterly*

The August 2007 issue of the China and Eurasia Forum Quarterly, edited by Dr. Niklas Swanström, is online.

The issue contains articles by Johannes Linn, Alyson Bailes, Robert O. Freedman, Magnus Norell, and Marlene Laruelle, among other.

The issue is freely available online through [www.silkroadstudies.org](http://www.silkroadstudies.org).

# KYRGYZ GOVERNMENT GRAPPLES WITH WHEAT SHORTFALL, INFLATION

Nurshat Ababakirov

*Kyrgyz officials' delight at hosting the SCO summit on a 'decent' level proved to be not long lasting, as this fall, which usually brings cheap prices for essential products, has become known for a 'bread crisis.' Due to the shortage of wheat in the country, the prices of bread and other basic products have increased dramatically. This alarming reality, quite capable of spurring discontent among the people, nagged the Kyrgyz government to approach inflation quite seriously. Given the fact that inflation is caused by myriad factors, it is hard to project that the government will be able to tackle it soon. If prices keep moving upward, affecting the vulnerable population such as unskilled workers and pensioners, analysts agree it will add more heat to political turbulence in this fall.*

**BACKGROUND:** It is apparent that the quick surge of inflation was first caused by external factors, while internal factors have reinforced it and disclosed the Kyrgyz government's lack of preparation for potential economical downward slopes. Externally, the main trigger was the rise in prices of wheat in Kazakhstan and Russia, which are currently preparing themselves to a general shortage of wheat supply in the world, chiefly caused by drought in Ukraine, Europe and Canada. As became clear, Kazakhstan, the third-largest grain producer in the region, as well as Russia, are on the doorstep to introduce licenses for grain exports to reduce speculative trading and to restrain domestic food prices. According to the London-based International Grains Council, in the middle of 2008 global wheat reserves will drop to their lowest level in more than 25 years.

The fact that Kyrgyzstan imports about 80 percent of its grain from Kazakhstan signifies the eminent vulnerability of the Kyrgyz economy. Such circumstances were dictated both by the low quality of domestic grain, and the unwillingness of Kyrgyz farmers to cultivate wheat due to its lack of profitability. Thus, Kyrgyzstan produces less grain than it needs. Furthermore, a considerable portion of what Kyrgyz farmers grow is fodder grain, which is not eatable and mainly used for breeding livestock.

Although the National Bank estimated the inflation rate at 9 percent, economic experts are convinced that the actual rate is around 20 percent. Thus, many come to believe that the actions of the government will entail little decreasing effect on inflation in the short run, if any at all. First of all, it is obvious that state's reserves of grain are limited and grain grown within Kyrgyzstan is not enough to cover the needs of its people. Nonetheless, apart from wheat, states that are economically better off also seem to absorb the agricultural products and construction materials of Kyrgyzstan, leaving little for Kyrgyzstan's internal market. And, last but not least, at the end of 2006 Uzbekistan almost doubled the gas price for Kyrgyzstan, from US\$55 to US\$100 per 1000 cubic meters, which directly tightened ordinary people's spending.

**IMPLICATIONS:** Apparently the rise of the prices of wheat in neighboring countries like Kazakhstan and Russia took the Kyrgyz government by surprise. Ordinary people see this as the government's inability to predict the evolution of prices in neighboring states, and as its mistake in not supporting agriculture. Agriculture comprises 35-40 percent of the country's GDP and engages about 50 percent of Kyrgyzstan's labor force. Nevertheless, many farmers are dissatisfied with the government, which in their view does not ensure lower prices for petrol and fertilizers.

The government's first reaction was to release 150,000 tons of low-price grain from state stockpiles into the domestic market, money from which will be used for purchasing more grain from Kazakhstan. As experts observe, grain levels in the market purely depend on demand and private sector suppliers in Kyrgyzstan and Kazakhstan. Therefore, the government currently makes attempts to bring local bakeries up to the legal market by lowering license requirements, and consequently allowing them buy cheap grain from the government. The government is also discussing the possibility of increasing the value-added tax threshold for individual bakeries in an effort to increase the number of bakeries for greater competition. Additionally, the government tries to encourage the purchase of grain from Kazakhstan by permitting people to bring in up to 20 tons of grain and flour with relieved scrutiny and lower taxes. However, the latter measure may prove quite barren if the Kazak government decides to install export licenses on wheat.

However, according to many local experts, such measures will bring only a short-term effect on prices, unless the government pours adequate funds into domestic production, abandons the erratic approach of state spending, and stops releasing too much cash into circulation for momentary purposes. For example, last year the government printed additional money, raising circulation by 40 percent in an attempt to strengthen the national currency. It was also suggested that hosting the SCO summit in August generated unforeseen expenses. As a matter of fact, official statistics seem to earn little trust – the National Bank and State Statistical

Committee asserted that the inflation rate is no higher than 9 percent, quite lower than the actual figures estimated by observers – reinforcing the belief that the government fails to take into account a good part of money not engaged in production such as remittances sent to Kyrgyzstan by migrant workers in Russia and Kazakhstan. The number of labor workers abroad is thought to have reached one million, a fifth of the total population, and the sum they will send home by the end of the year will likely amount to US\$ 1 billion. Once in Kyrgyzstan, the money is usually turned into real estate, partly providing the answers to why prices of apartments in Bishkek, the capital city, doubled in the last couple of years.

**CONCLUSIONS:** Although the Kyrgyz government, led by the experienced economist Almazbek Atambaev, tries to boost the national economy by privatizing sluggish or undeveloped state companies, cutting huge electricity losses, reforming the fiscal system, and haggling with foreign gold mining companies for more favorable contracts, inflation seems to have more forces behind than what would allow it to disappear easily. These economic endeavors promise to bring benefits in the long run. For the short run, the government has no choice but to increase social spending in order to protect the lower social strata from high prices, which in turn will decrease the chances for economic problems turning into political protests.

**AUTHOR'S BIO:** Nurshat Ababakirov is a Bishkek-based freelance writer.



# CHALLENGES AND DILEMMAS OF THE EUROPEAN NEIGHBORHOOD POLICY IN THE SOUTH CAUCASUS

Daniel Linotte

*The European Neighborhood Policy (ENP) is more than two years old. A recent report published by a Brussels think-tank indicates that a new ENP concept – labeled “ENP plus” – may emerge. In the “ENP-plus” context, the South Caucasus is losing weight from enlargement perspectives. In addition, the “ENP plus” political dimensions in terms of democracy, human rights and freedoms seems to be weakening, which could reflect tensions on energy markets and, as a result, better accommodate some EU partner governments, resulting in a policy that would be detrimental to values the West is eager to promote.*

**BACKGROUND:** The Centre for European Policy Studies, CEPS, a Brussels-based think-tank, recently published a document on the “European Neighborhood Policy Two Years on: Time indeed for an ‘ENP plus’”. That paper analyzes and comments official ENP documents. Fifteen “ENP plus” policies are listed. Considering membership, the paper refers to EU documents underscoring that ENP is definitely distinct from enlargement and does not entail accession prospects. The only country mentioned in the enlargement section is Ukraine. There is no reference at all to the South Caucasus countries, i.e. Armenia, Azerbaijan and Georgia. The divisions within the EU about Ukrainian membership – with Poland and Sweden seen as the supportive constituency – are stressed as well as issues related to the absorptive capacity of the EU, and the need for in-house institutional reforms for which concrete progress cannot be guaranteed. In addition, the CEPS paper underlines that new EU documents give a seemingly diminishing importance to democratic rules and human rights in EU partner countries.

The political conditions and ambitions of EU partner countries are presented in the annex. A line is drawn between “willing” and “passive” countries with respect to EU membership, and participation in ENP – in addition, Russia is categorized as “reluctant”, and requires special treatment, not as a

normal neighbor but as a strategic partner; Belarus remains totally excluded from ENP because of its repressive political regime. Considering the South Caucasus, Georgian authorities are seen as very eager to join the EU and transatlantic structures, and were apparently expecting much more from the EU in terms of aid, trade and conflict resolution – fatigue could emerge because of growing disappointment. In the CEPS report, Armenia is perceived as showing a great interest in EU matters, but the country has made too little progress in the political and judicial spheres to envisage much closer relations, and is in maintaining strong ties with Russia – recent information also shows that Armenia might in fact become less interested in a strengthening of ties with the EU (and NATO). Azerbaijan is seen as passive regarding the EU. The Azerbaijani official position might reflect rich energy resource endowments, which do permit more options in terms of domestic and foreign policies.

**IMPLICATIONS:** The reference to Ukraine only, and the exclusion of the South Caucasus countries from the discussion on membership could indicate a new orientation that would be confusing for EU partner countries. The lower importance that seems to be given to fundamental values could also prove counterproductive in the long-term. Considering enlargement *per se*, Ukrainian domestic political

prospects remain unpredictable, whereas in the case of Georgia at least, there is more political unity within the ruling bodies of the country. Following the eviction of President Shevardnadze, Freedom House indicates significant progress in the fight against corruption at all levels and the transparency of the electoral process; such outcomes reflect the more active role of civil society and the pro-Western orientation of President Saakashvili's policies, that have at the same time weakened the role of the Parliament and the independence of the media, and strained further relations with the two separatist regions of Abkhazia and south Ossetia. The case of Armenia is less promising, as little progress on democracy, the rule of law and the quality of national and local governance is reported. Relations between the ruling political leaders and the opposition remains tense, which creates uncertainties in a country that should attract more investors and businesses. One may assume that stronger linkages with the EU, including more financial aid, technical assistance and preferential treatment for trade in goods and services, would have enhanced democratic rules, the quality of governance and economic performances in both Armenia and Georgia, and stimulated a much higher interest on EU matters in Armenia.

The Azerbaijani case creates real dilemmas: the lack of an EU vision for that country may weaken civil society, and the quest for a genuine democracy and open society. On the other hand, the opposite policy – too high and clear ambitions for Azerbaijan on the EU side – could stimulate negative reactions from the government, with more pressures and controls on the media, NGOs and political opponents. In that respect, little progress is observed on most dimensions – violence against journalists is common and political opponents are often intimidated, contradicting the standards of the Council of Europe to which the country belongs. Corruption remains a significant problem at all levels. Furthermore, a growing competition between

the West, Russia and China in unfolding over access to the abundant energy resources in the Caspian Sea region, and control over strategic transit routes, which implies that Azerbaijani rulers might have an effective leverage on their partners when bargaining the political opening and advance of the country, and the supply of oil and gas. In addition, the proximity of Iran reinforces the strategic position of Azerbaijan while also subjecting it to challenges from the South.

**CONCLUSIONS:** The deliberations on an “ENP plus” reflects the difficulties of including, under the same label, countries that belong to quite diverse and different regions in terms of political and economic development – namely North Africa, the Middle East, the South Caucasus and the Western CIS. It underscores the EU's internal challenges about the deepening of the integration process and the need for a new Constitution after the last two eastward enlargements. Nevertheless, further disappointments in the “willing” countries of the South Caucasus should be avoided. Considering the EU absorptive capacity, one may wonder if it is relevant for small-size countries like Armenia and Georgia. Whenever possible, the EU and the Council of Europe should support Azerbaijan to move ahead with the democratization process of the country and the protection of the rights of all citizens; Azerbaijani civil society must also continue to receive attention. In conclusion, the future ENP should be expected to integrate growing tensions on energy markets and the need to better secure energy supply, and the willingness of the EU to promote key values in terms of democracy, human rights, fundamental freedoms, good governance and transparency.

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## FIELD REPORTS

### JUDICIAL REFORM IN GEORGIA

*Nino Kalandadze*

The Rose Revolution of 2003 not only brought about a new breath of freedom to Georgia, but also triggered wide ranging social and political reforms. These reforms have served to place Georgia on an unalterable course for institutionalizing a democratic process and an open, transparent government. One area that has received special attention is modernizing the Georgian judicial process to place the country within the established parameters of law that members of the European Union follow.

Before 2003, generations of Georgians were forced to accept a Communist system that made a mockery of the term “justice.” Judges were appointed not to weigh evidence in a fair and equal manner, but to ensure the survival of a corrupt state system of governance. After Georgia gained independence in 1991, these same judges lorded over a justice system that was fundamentally broken and corrupt. Low salaries guaranteed that “justice” was for sale to the highest bidder. The new democracy that was being forged was hobbled by corrupt and incompetent judges. Rebuilding Georgia’s judiciary would become the central focus of a four-year effort whose results are now being realized. To begin with, courts are no more plagued by the rampant corruption of the Shevardnadze era. This did not solve all problems: it still is proving extremely difficult to find decent, educated, qualified personalities able to make independent rulings and willing to execute justice in the country.

During the past several years, the President and Parliament have placed special focus on overhauling the Georgian judicial process and detention facilities. To date, 126 new judges have been appointed according to stricter guidelines that call for intensified training and rigorous interviews. Georgia is about to adopt standards of higher legal education in accordance with the Bologna Process. Graduates in three categories of legal professions – judges, lawyers and prosecutors – will have to pass, upon completion of academic studies in the graduate school, a Unified Certification Exam. One additional innovative element is the establishment of a High School of Justice designed to provide prospective judges with an intensified 18-month course in legal process and procedures. Shortly, only legal experts who passed the Unified Certification Exam will be admitted to the High School of Justice to become judges.

To focus resources and increase the efficiency of the court process, court districts are being enlarged and new magistrates and court personnel have been added to allow for the speedier trials that more fully protect the rights of the accused. Another important part of the ongoing reform of the court system concerns reforms of the instances of courts. Claims subject to a “first instance” ruling have been separated from the appellate and cassation courts. The admissibility to these courts has been streamlined. In particular, cassation petition is allowed, among other instances, if the case is

essential for development of the court and establishment of court practice.

The Georgian Parliament has mandated dramatic increases in the financial and material support to the courts. The budget of the judiciary has tripled in the course of the last three years, to over \$20 million. Salaries and pensions for judges have increased. This has served to substantially improving the working conditions of judges. Today, judges have basic research tools such as Internet access and special digital networks to track cases and legal decisions.

A major focus of judicial reform is aimed at strengthening the independence of courts. New constitutional guarantees have been introduced. In the past, decisions pertaining to the judiciary such as the appointment of judges, their promotion and dismissal was the sole jurisdiction of the President. Today, the President not only no longer chairs the Council, but is not even a member, and a self-governing body of justices – the Conference of Judges – elects half of the members of the High Council of Justice. To eliminate conflicts of interest and deter any politicization of the judiciary, the Minister of Justice, who sat on the High Council of justice, has been dropped from the Council and the Parliament no longer appoints permanent members to the Council. These changes now serve to bring transparency and independence to the judiciary and prevent any accusations of political interference or manipulation into overseeing the judicial system.

The law on disciplinary responsibility and disciplinary prosecution of judges has been substantially amended. “Grave breach of law”, which constitutes a felony, is now explicitly defined and clarified to mean a violation of the Georgian Constitution, an international agreement or treaty, or an obligation under Georgian law that caused (or could have caused) substantial damage to a participant in the legal process. If a judge faces

charges of professional wrongdoing, an independent Disciplinary College, elected by the Conference of Judges from members of the High Council of Justice and made up of judges, at least half of whom, and those from the legal profession, is responsible for investigating and deciding what punishment, if any, should be handed down.

To further strengthen the independence of the judiciary, several other legal guarantees have been introduced. In particular, the law on *ex-parte* communication has been adopted, insuring judges from attempts by outside actors to influence them. It also obliges judges to report immediately to the High Council of Justice on any attempt to influence the court regardless of whether it is done by a State official, member of the Executive branch, lawyer or common citizen. This law explicitly forbids contacting a judge regarding any specific claim under his or her review.

Georgia has made significant strides in moving from a corrupt judicial bureaucracy to a system that is designed to protect the defendant and ensure fair treatment under the law. The key to continued progress is ensuring vigorous oversight by a democratically elected parliament, transparency, and the continued recruitment of qualified individuals into the legal profession.

The foundation of any democracy is its adherence to the rule of law and the protection of individual rights. Georgia has made substantial progress in four short years, but the need to push forward and devote more resources, time and attention to this keystone of democratic governance is widely understood. The Georgian nation has seen how corruption and political manipulation of the judicial process can serve as tool to enslave a nation – and is determined to prevent that from happening again.



## BERDIMUHAMMEDOV LAUNCHES TURKMENISTAN – CHINA GAS PIPELINE PROJECT

*Chemen Durdiyeva*

On August 29, President Gurbanguly Berdimuhammedov visited the Lebap velayat (region) to establish a new etrap (district) and launch the implementation of the grand Turkmenistan-China gas pipeline project. In addition to the latest reforms in the country, establishing a new district with all the modern facilities, and launching the long-time negotiated pipeline project provide prospects to raise productivity in this gas-rich part of Turkmenistan.

Creating new districts and adopting policies directed at improving the welfare in the remote areas, boroughs, and other rural areas of Turkmenistan have taken up particular concern in President Berdimuhammedov's presidential agenda. Within this framework, the project of a new etrap with all the up-to-date facilities has recently been launched in the northern region of Dashoguz velayat. Similarly, the construction of modern administrative buildings, schools, hospitals, cultural centers and apartment houses is underway in Esenguly etrap, the country's most impoverished district located in the area of the Balkan velayat with the richest oil and gas deposits. Speaking of the newly created district on the right bank of the Amu-Darya river, Berdimuhammedov signed a resolution on developing 15,000 extra hectares of virgin land and vowed to provide all the necessary means for its implementation. It is expected that the development of extra arable land and favorable conditions for livestock farming in this region could, by implication, create new job opportunities and attract people to settle.

Launching the Turkmenistan-China gas pipeline along the right bank of the Amu-Darya river marked another significant event of the president's visit to this riverbank region. After the official opening ceremony of the newly created district, Berdimuhammedov met with Mr. Chen Demin, the Deputy Director of the National Development and

Reform Commission of China. Together with Mr. Demin, President Berdimuhammedov laid the symbolic foundation to the pipeline. Reaffirming the interests of the Chinese National Petroleum Corporation, Mr. Chen Demin assured the prompt pace of the pipeline's construction and exploration of new oil and gas fields as well. It was noted that Turkmenistan, in its turn, would provide all the necessary conditions favorable for exploratory and extraction operations by Chinese firms in the eastern regions of Turkmenistan.

The construction of this long-term gas pipeline project was agreed at a bilateral meeting of the first president of Turkmenistan, Saparmyrad Niyazov, and the Chairman of the People's Republic of China, Hu Jintao, in Beijing on April 3, 2006. The pace of the negotiations took a new phase with president Gurbanguly Berdimuhammedov's trip to China in July 2007. According to the terms of the bilateral contract, the Turkmenistan-China pipeline will carry 30 billion cubic meters of blue fuel to China for 30 years, starting from 2009. It is noteworthy that China is the second country after Russia that is striking a long-term deal with Turkmenistan. Recently, the exploratory operations of the commission of the Chinese and Turkmen specialists found several new locations of gas condensates, and were able to estimate gas deposits in the amount of 1.3 trillion cubic meters. The pipeline, roughly 7,000 km in total length, will cross the territory of Uzbekistan and Kazakhstan. According to official sources, 188 km will go through Turkmenistan's territory, 530 km through Uzbekistan, 1,300 km over Kazakhstan and more than 4,500 through China's territory.

Speaking on the process of developing the infrastructures and opening up new trade routes from the right side of the Amu-Darya river at the border with Uzbekistan, Berdimuhammedov also called on expediting the construction of a bridge

being built by Ukrainian firms over the Amu-Darya river. It is also noteworthy that the Lebap region's Seidi refinery, one of the two giant oil refineries in Turkmenistan, is about to undergo a significant modernization and reconstruction process. In May, Turkmenistan committed to open up a new gas pipeline to Russia, reconstruct the existing Central Asia-Center pipeline, and has for some time been

negotiating to implement the Trans-Afghan Pipeline that will take the Turkmen blue fuel up to India. Addressing the foreign media outlets regarding the country's gas production, President Berdimuhammedov said that Turkmenistan will pursue every possible way to diversify its gas export routes, and that the country possesses enough resources for this.

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## ANOTHER CONSTITUTIONAL REFORM LOOMS IN KYRGYZSTAN

*Erica Marat*

On September 14, Kyrgyzstan's Constitutional Court annulled the Constitutional reforms endorsed by parliament in November and December last year. The Court recognized only the constitutional changes made in February 2003 as a result of a national referendum. According to the Court, by endorsing both the November and December constitution, the parliament exceeded its capacities, as constitutional changes can only be made as a result of a referendum. The President subsequently decided to hold a referendum on the constitutional amendments on October 21st.

The Constitutional Court responded to a petition made by two MPs, Melis Eshimkanov and Kabai Karabekov. Most opponents of the current constitution blame former prime minister Felix Kulov for failing to facilitate a constitutional referendum already last year. By responding to the MPs' petition, the Court and its Chair Cholpon Bayekova received a positive approval from the public. The Court was also

able to regain its authority, which was subject to skepticism when it approved the December 2006 constitution changes.

Some of the most important constitutional changes made in November and December last year include carrying out parliamentary election with a mixed voting system, whereby 50 percent of seats will be distributed according to party lists; if one party wins over 50 percent of seats in the parliament, it will form the government, otherwise, the president will be entitled to form the government; parliament will be increased from 75 members to 90, with by-elections to fill the new seats, the Security Council will be under the government's control, the parliament will have more powers regarding economic issues, etc.

Both president Kurmanbek Bakiyev and prime minister Almazbek Atambayev are seeking to promote their own projects. For Bakiyev, if he wants to stay for another term, having a weak

parliament is vital. However, Atambayev and the opposition are eager to increase the parliaments' rights. Bakiyev will either continue to postpone the referendum or make an informal pact with the parliament that is likely to include accepting its stronger rights in case his second term is secured. In November, constitutional changes were adopted by a simple majority of 42 parliamentarians out of a total of 75, while in December, 51 MPs voted for a more pro-presidential constitution.

While the opposition, including the For Reforms bloc, is interested in organizing a referendum to adopt a new constitution, the president wants to postpone any serious debate on constitutional reform. At the same time, proponents of a referendum are criticized for their rush as, according to one opposition representative, "constitutions cannot be adopted overnight, but require thorough consideration".

In November 2006, the For Reforms bloc organized week-long demonstrations before the president and the parliament voted for a new constitution that would secure a stronger parliament. Since some For Reforms members were influential and wealthy parliamentarians, the constitutional changes were branded as the "revolution of the bourgeoisie". However, in December, the president came up with his own constitutional project and forced the government to adopt it.

Both constitutional changes set out a series of important political events. First, Bakiyev was able to eliminate Kulov by threatening to

dissolve the parliament because of several inconsistencies in the November and December constitutional projects. Second, by losing his prime minister position, Kulov's popularity fell rapidly as he tried to remove Bakiyev in April 2007.

Only a limited number of people in Kyrgyzstan are genuinely interested in constitutional reforms. Most Kyrgyz citizens see the current battle over a constitution as state actors' wish to secure their own political and economic positions.

The entire mayhem around the constitutional reform diverts attention from the economic situation in the country. The recent price increase for food products, up to 30 percent, may stir more public unrest against the government. The government and parliament failed to prevent severe shortages of wheat which caused panic among the population and rapid price hikes. Inflation for food products and fuel is likely to continue increasing in 2008 up to 6-9 percent, at least.

If constitutional changes are adopted with the October referendum, this will set an important precedent for further leadership as it will show that reforms to the main law will have to pass through popular approval instead of backroom dealings.

## ASTANA STRUGGLES TO REGAIN GRIP ON OIL SECTOR

*Farkhad Sharip*

Kazakh Prime Minister Karim Masimov, addressing the Eurasian energy forum in Astana on September 6, signaled to the West that the government will no longer tolerate even the slightest breach of contract and environmental regulations on the part of foreign oil companies operating in the country. The prolonged row between the Kazakh government and the Italian ENI oil consortium over the Kashagan oilfield illustrates the seriousness of Kazakhstan's intentions to put an end to what officials call "uncontrolled activities of foreign investors".

Prospects for the largest oil reserves in Kazakhstan, the Kashagan oilfield estimated to hold 2 billion tons of oil, looked bright in 1997 when Kazakhstan signed a production sharing agreement with an international consortium including Royal Dutch Shell, Exxon Mobil Corp., Total, Conoco Phillips, Inpex Holding Inc. and the KazMunayGaz national oil company. In February 2001 Italian Agip KCO, a subsidiary of ENI consortium, was selected as the Kashagan Project operator. President Nursultan Nazarbayev put forward five conditions on which the oilfield could be effectively developed. These included first oil delivery in 2005, the use of local workforce, equipment and services, the utilization of gas by-products, the observance of environmental safety regulations, and the acquisition of a greater share by KazMunayGaz national company in the consortium.

Seven years on, it turns out, none of these obligations were fulfilled. More than that, oil production was repeatedly delayed. Last June the government voiced concerns over the Kashagan project and expressed doubts over ENI's technical capabilities to meet production targets. Agip KCO got under fire from the Environmental Protection Ministry for alleged pollution of the Caspian basin.

It appears, however, that what the Kazakh government is really aiming at is not environmental

problems, the utilization of released gas at the oilfield or purchase of Kazakh equipment and services. The basic purport of the government's unrelenting pressure on ENI-Agip is to tighten its control over the Italian oil company in particular and over foreign oil companies in general, by way of gradually returning foreign-operated oilfields under government control. Karim Masimov stressed this point at the Eurasian energy forum, sending a clear message to western companies that Kazakhstan will adopt harsher tactics in dealing with foreign oil companies, and punish them for non-fulfillment of their investment and production obligations. He told journalists that Kazakhstan will no longer be satisfied with an 8.33 percent share in the Kashagan project, and KazMunayGaz, the leading national gas and oil company, should become co-operator of the project. But he evaded the question about the exact amount of share KazMunayGaz would obtain in Kashagan. Government officials believe ENI has a slim chance to retain its position as operator, but everything hinges on the outcome of ongoing talks between the Kazakh government and the Italian company, which is likely to drag on until the end of the year.

The Italian company was repeatedly inspected by authorities on suspicion of tax evasion. Kazakh finance minister Daulet Yergozhin announced that the final results of inspections will be made public in October, but the estimated environmental damage caused by ENI in Kazakhstan stands at \$40 billion. Apparently, the already chilly relations between Kazakh authorities and the Italian company were further aggravated after ENI responded negatively to Kazakh demands to increase the planned output of profit-oil from 10% to 40%. The cause of production delays at Kashagan cannot be explained by harsh climatic conditions or technical problems alone. It seems that Agip was taken hostage by its own ambitious plans to increase

oil production from the initially projected 100,000 barrels a day the end of 2005 to 450,000 barrels a day. This revised plan proved to be beyond the capacities of the company, and accelerated the collision with the government.

Whatever may be the root cause of the row around Kashagan, the prolonged tension between the Kazakh government and Agip looks like the beginning of the end of the Italian company's activities in Kazakhstan. Even if Agip remains as a co-operator, KazMunayGaz will likely control all financial aspects of the project, leaving for its Italian partner responsibilities for oil production and technical problems. Prime Minister Karim Masimov unambiguously declared the intention of Kazakhstan to change the project operator if ENI balks at Kazakhstan's demands. "We have a plan B for Agip KCO if it refuses to accept our conditions", said Masimov, transparently alluding to that possibility. Independent sources name Total and ExxonMobil as possible substitutions for Agip KCO.

Government members are divided as to how reconcile tough penalties for ENI with the need for western investment and technical assistance in oil sector. More than half of the \$50 billion western investment accumulated since 1993 in Kazakhstan comes from the oil and gas sector. Presumably, Kazakhstan will not go so far as to strip the Italian company of its license for developing the Kashagan oil field. Masimov stressed that despite the

complicated nature of the confrontation around Kashagan, the Kazakh government leaves the door open for further cooperation with foreign oil companies, including ENI. Astana closely follows the European reaction to government pressures on the Italian company. The unsettled dispute will probably urge Italian Prime Minister Romano Prodi to reschedule his visit to Kazakhstan, planned for October. But repercussions of the row between the Kazakh government and ENI roll far beyond European borders. Practically, given the continuing trend for diversification of oil exports in Kazakhstan and globally growing demand for energy sources, no foreign oil company operating in Kazakhstan – European or American – is immune from government pressure.

In many ways, the scandalous saga of Kashagan follows the Russian pattern, when Royal Dutch Shell, operating at the Sakhalin-2 oilfield, had to cede its controlling package to Russia's Gazprom. It is hard to expect that Kazakhstan will soften its tough position on Kashagan. The snowballing conflict with ENI, paradoxically as it may seem, raises Kazakhstan's profile internationally and domestically. It warns foreign countries that Kazakhstan is no longer economically weak country to be treated like a beggar. Within the country, putting the squeeze on foreign oil companies takes the steam out of the brewing anti-government sentiments among the population over selling out the nation's resources to foreigners.

## NEWS DIGEST

### **TURKMEN SCHOOLCHILDREN BANNED FROM COTTON HARVESTING**

**10 September**

Turkmen President Gurbanguly Berdymukhammedov has banned sending schoolchildren to work as cotton pickers. Schoolchildren should not be involved in field harvesting, the Turkmen president said in his speech at a meeting of the Turkmen government that discussed the situation in respect to cotton harvesting. The president's speech has been published by Turkmen newspapers on Monday. Turkmen law and the international conventions prohibit use of adolescents' labour, the Turkmen president declared in connection with a harvesting campaign that began in Turkmenistan. The former Turkmen president, Saparmurat Niyazov, also banned schoolchildren from harvesting cotton, but local administrations did use children's labour. Workers of regional enterprises and servicemen have been regularly sent to cotton harvesting fields. The Turkmen president underlined that beginning from 2008 servicemen and workers of law enforcement bodies would be doing agricultural work on their own farms only. According to official statistics, a total of 152,000 tons of cotton have been harvested in Turkmenistan. By September 9, 2007 the cotton harvest has grown by 14, 600 tons, including 728 tons harvested by agricultural machinery. (Itar-Tass)

### **TURKMEN PRES ANNOUNCES TRANSITION TO MARKET RELATIONS**

**10 September**

President Gurbanguly Berdymukhammedov of Turkmenistan has announced a transition of the country's economy to market relations. "During this period, we should create a stable macro-economic system of regulation, reduce the load on the state budget," he said at a meeting of the government devoted to the results of eight months of the year. The president's speech was published in all newspapers. The head of state urged "to more effectively use state property, financial resources, raise the educational level of leaders and office

employees." The president announced a decision to create a scientific and research institute of strategic planning, as well as a higher school of state management with the attraction of leading scientists and world level specialists. "We'll have a transition to international standards of financial account that will enable us to ensure the transparency of the holding of financial operations, improve investment possibilities for foreign investors," Berdymukhammedov said. "Reforming and restructuring of state enterprises will make it possible to improve the management of the state sector of economy," the president stressed. (Itar-Tass)

### **ARMENIAN TV STATION TO BROADCAST IN ARMENIAN ONLY**

**10 September**

Armenia's Public Television Channel is to broadcast in Armenian only, the channel's Executive Director Armen Arzumanyan said. "There will be no return to the Russian language on air of the Public Television of Armenia," following the introduction of the laws "On language" and "On television and broadcasting". "I have not seen a national TV channel broadcasting in several languages," he said. Meanwhile, all Russian films are broadcast in Russian with Armenian subtitles, he said. "We do not exclude that we will make satellite broadcasts in Russian, English and French," he said. (Interfax)

### **AZERBAIJANI OFFICIAL DEPLORES INTERNATIONAL COMMUNITY'S FAILURE TO CHASTISE ARMENIA**

**11 September**

Azerbaijani presidential-administration official Novruz Mamedov told RFE/RL's Azerbaijani Service on September 10 that he cannot comprehend why the international community is reluctant to take "concrete political steps" towards Armenia, which he accused of backtracking every time negotiations on resolving the Karabakh conflict reach a decisive moment. Mamedov also said there are no obstacles to a further meeting between

Armenian President Robert Kocharian and his Azerbaijani counterpart Ilham Aliyev to discuss a settlement of the conflict. The two presidents have met only once this year, on the sidelines of the St. Petersburg Economic Forum in June, and Armenian Foreign Minister Vartan Oskanian said last week that a further meeting would make sense only if the OSCE Minsk Group co-chairmen make progress during their September 15-17 visit to the region in narrowing the remaining differences between the two sides. Meanwhile, Azerbaijani Foreign Minister Elmar Mammadyarov was quoted by the Azerbaijani Press Agency on September 10 as saying that he sees no point in trying to negotiate a new Karabakh cease-fire agreement, rather than a political solution to the conflict. Mammadyarov further expressed approval for arranging further meetings between representatives of the Armenian and former Azerbaijani communities of the NKR. (RFE/RL)

#### **GEORGIAN FOREIGN MINISTER VISITS WASHINGTON**

**11 September**

Gela Bezhuashvili met in Washington on September 11 with U.S. Secretary of State Condoleezza Rice to discuss U.S.-Georgian relations, the process of Georgia's integration into Euro-Atlantic structures, and the situation in Iraq, where Georgia has some 2,000 peacekeeping troops. Bezhuashvili met later the same day with U.S. Secretary of Defense Robert Gates, who affirmed Washington's support for Georgia's hopes to progress from Intensified Dialogue with NATO to a Membership Action Plan, which constitutes the final phase before an official invitation is extended to join the Alliance. (Caucasus Press)

#### **TAJIK PRESIDENT MEETS WITH VISITING KAZAKH LEADER**

**13 September**

Tajik President Emomali Rahmon met on September 12 with visiting Kazakh President Nursultan Nazarbaev, who arrived in Dushanbe at the start of an official state visit, RFE/RL's Tajik Service reported. The leaders on September 13 are due to formally sign a new bilateral agreement on the creation of a \$100 million state investment fund aimed at promoting greater Kazakh investment in Tajikistan. The presidents also discussed Kazakhstan's plan to construct a \$60 million hydroelectric power plant on the Khingob River in eastern Tajikistan. Nazarbaev arrived in Tajikistan

after concluding a similar state visit to Turkmenistan, where he discussed energy issues with his Turkmen counterpart Gurbanguly Berdymukhammedov. (RFE/RL)

#### **KAZAKH INVESTIGATION REVEALS ENVIRONMENTAL DAMAGE FROM RECENT ROCKET CRASH**

**13 September**

An official study conducted by a special Kazakh state working group, released on September 12, revealed that the recent crash of a Russian Proton-M rocket resulted in a serious toxic fuel spill far "exceeding the maximum permissible level." The study was conducted by a working group of specialists from the Kazakh ministries of health, environment, agriculture, and emergency situations, with support from the National Space Agency. It recommended "the application of temporary technological regulations for the detoxification of contaminated soil." The crash of the unmanned Proton-M rocket occurred on September 6 after its launch from the Baikonur Space Center. No one was injured in the incident, but debris from the rocket was spread over a small contained area in the more remote central Karaganda region, including some of the rocket's fuel payload of more than 200 tons of heptyl, a highly toxic rocket fuel. Kazakh Emergency Situations Minister Viktor Khrapunov also reported that "elements" of the Japanese satellite that was on board the rocket were found and turned over to Russian officials on September 11 "for storage." After the crash, an immediate ban on launches from the Baikonur Space Center was imposed, although it was later lifted. Two similar Proton rockets crashed at Baikonur in July and October 1999, leading to a similar suspension. More recently, the crash of a Russian RS-20 "Dnepr" rocket in July 2006 caused environmental damage estimated at over \$1 million. The Baikonur Space Center is one of the world's leading space facilities and is regularly used to launch commercial and military satellites, as well as missions to supply the International Space Station. (RFE/RL)

#### **AZERBAIJAN INFLATION TO BE AT LEAST 15% IN 2007**

**14 September**

Inflation in Azerbaijan will be at least 15% in 2007, said Christian Petersen, a senior economist for the World Bank. The World Bank has its own forecasts for inflation in Azerbaijan, he said. We think that

inflation will be at least 15% by the end of the year, Petersen said at a press conference on Friday. Inflation in Azerbaijan hit its peak of 17% in annual terms last January, Petersen said. Azerbaijan inflation was 8.3% in 2006. The government is forecasting inflation at 9% in 2007. Azerbaijan's inflation was 9.7% in January-August 2007 and 15% in August in annual terms, the country's Federal Statistics Committee reported. (Interfax)

#### **TWO VERSIONS OF KYRGYZ CONSTITUTION ADOPTED IN LATE 2006 DECLARED ILLEGAL**

**14 September**

The Constitutional Court in Kyrgyzstan has declared the national Constitution adopted by the parliament in December 2006 illegitimate and invalid. The Constitutional Court in Kyrgyzstan has ruled on a petition filed by two opposition parliamentarians, Kabai Karabekov and Melis Eshimkanov, who asked the court to declare the parliamentary regulation that enabled parliamentarians to adopt two new versions of the Fundamental Law in November and December 2006 unconstitutional. The parliamentarians demanded that the Constitution of December 30, 2006, be declared illegitimate and invalid. (Interfax)

#### **KYRGYZ DEPUTY INITIATES PETITION DRIVE TO DISSOLVE PARLIAMENT**

**14 September**

Dooronbek Sadyrbaev initiated a petition drive on September 12 to demand the dissolution of the Kyrgyz parliament, according to Kyrgyz television. Sadyrbaev said the drive is an attempt to combat the "immorality" of the parliament and a demonstration of the need to enforce the rules of the legislature. Deputy parliament speaker Erkinbek Alymbekov strongly opposed the petition, warning that it threatens stability and stressing that "although the parliament is not ideal, it is doing its job" and "needs to serve out its constitutional term and pass the necessary laws on improving the electoral system in order to hold elections by party lists in 2010." Another deputy, Karganbek Samakov, also criticized the initiative and defended the parliament for having "passed more than 500 laws" that he defined as critical "for the good of the country." Sadyrbaev has long been an outspoken, although sometimes erratic critic of many of the government's policies. Earlier this month, he

claimed that an attempt was made to kill him by an unnamed "criminal authority." (RFE/RL)

#### **RUSSIA TO BOOST INVESTMENT IN ARMENIA**

**14 September**

Russian investment in Armenia's economy is expected to reach \$500m by the end of 2007, Russian Transport Minister Igor Levitin, who is also the co-chairman of the Russian-Armenian intergovernmental economic cooperation commission, told a press conference in Yerevan today. Levitin noted that Russia and Armenia had established a good partnership and friendly relations, but there was still room to increase investment. He also noted that transportation problems still hampered developing economic ties between the two countries. In turn, Armenian Prime Minister Serzh Sargsian added that this year had seen improvement in the economic relations between the two countries thanks to governmental efforts and expressed hope for even greater success for years to come. According to Armenia's National Statistics Service, Russia's total investment in the country stood at \$74m in H1 2007, \$38m of which were direct investment. (RosBaltConsulting)

#### **GUNMEN AGAIN ATTACK POLICE POST IN INGUSHETIA**

**14 September**

Unidentified gunmen opened fire from mortars during the night of September 13-14 on the Nazran city police headquarters, Russian media reported. Police pursued the gunmen as they retreated and a shoot-out ensued, but no casualties have been reported on either side. On September 13, Ingushetian President Murat Zyazikov, Russian Deputy Interior Minister Colonel General Arkady Yedelev, and presidential envoy to the Southern Federal District Dmitry Kozak attended a meeting in Nazran to discuss the recent upsurge in violence and how to counter it. Echoing his superior, Rashid Nurgaliyev, Yedelev said that there are enough Interior Ministry troops in Ingushetia to "restore order." Kozak for his part subjected harshly criticized the Ingushetian Interior Ministry, accusing its officers of corruption, failing to take timely action, not coordinating their activities with the federal Interior Ministry contingent deployed to Ingushetia in July, and collaborating with the armed



resistance, the daily "Kommersant" reported on September 14. (RFE/RL)

### **RUSSIA AGAIN DEMANDS GEORGIA RELEASE ARRESTED PEACEKEEPERS**

**14 September**

The Russian Foreign Ministry posted on its website (<http://www.mid.ru>) on September 13 a statement condemning what it termed the illegal detention by Georgia of Tariel Khachirov and Vitaly Valiyev, two Russian members of the North Ossetian contingent deployed in the South Ossetian conflict zone. Georgian police detained the two men late last month, and they were sentenced to two months' pretrial detention on charges of having abducted seven Georgians, all of whom were subsequently released. The Russian statement noted that Georgia has denied the men access to a Russian consular official and has not produced any evidence that they committed any crime. (RFE/RL)

### **CRIMINAL CASE AGAINST DAUGHTER OF KYRGYZ EX-PRESIDENT DROPPED**

**17 August**

The Kyrgyz National Security Committee has dropped a criminal case against the daughter of the ex-president of Kyrgyzstan, Bermet Akayeva. Kyrgyz law enforcement bodies had accused the ex-president's daughter on three counts of the Criminal Code - obstructing justice, theft, concealment and destruction of documents and contempt of court. In April, 2007 the daughter of the ex-president put forward her candidacy for the post of deputy from the Keminsky constituency- her father's birthplace. Akayeva's rivals filed a lawsuit against Akayeva for violating the election rules. At first, a local court passed a resolution in Akayeva's favor, but in a few hours overruled its own resolution. Finally, the Kyrgyz Supreme Court confirmed that Akayeva was expelled from the election campaign legitimately. Ikramilin Aitkulov, lawyer for Bermet Akayeva, said Monday that several weeks ago he filed an appeal, asking to drop a criminal case against Akayeva on the grounds of absence of evidence of Akayeva's guilt. Investigators of the Kyrgyz National Security Committee satisfied the appeal. While an investigation continued Akayeva had been kept under house arrest. She was banned from leaving Bishkek and going out of her apartment after 10.00 p.m. (Itar-Tass)

### **UN EXPECTED TO EXTEND AFGHANISTAN FORCE**

**18 September**

The U.N. Security Council is expected to extend the authorization of the NATO-led force in Afghanistan ahead of a high-level meeting on Sunday to focus on promoting national reconciliation in the country. The final draft of a resolution extending the mandate for a year, which was circulated late Tuesday by France, reiterates the U.N.'s concern about "the increased violent and terrorist activities by the Taliban, al-Qaida, illegally armed groups and those involved in the narcotics trade." The NATO-led alliance has raised its troop level to almost 40,000 in the face of an emboldened insurgency led by the country's former Taliban rulers that has demonstrated the fragility of Afghanistan's fledgling Western-style democracy. The United States maintains about 13,000 troops in a separate counterinsurgency force. The violence, centered in the Taliban heartland in southern Afghanistan, is the deadliest since a U.S.-led invasion toppled the Taliban's hard-line regime after Sept. 11, 2001 for harboring al-Qaida leader Osama bin Laden. More than 4,300 people — mostly militants — have died in insurgency-related violence this year, according to an Associated Press tally of figures from Western and Afghan officials. Secretary-General Ban Ki-moon and Afghan President Hamid Karzai are co-chairing a high-level meeting at U.N. headquarters on Afghanistan on Sunday. The U.N. chief said Tuesday it would focus on increasing the U.N. role in the country, improving coordination of different political entities, helping promote an Afghan national dialogue and reconciliation, and encouraging a regional dialogue. (AP)

### **YEREVAN'S RECOGNITION OF NKR WILL ALLOW BAKU TO BRAND ARMENIA AGGRESSOR**

**18 September**

Heritage party's initiative on NKR recognition by Armenia is nothing but a populist move, Armenian political scientist Levon Melik-Shahnazaryan told a news conference in Yerevan. "The party leader, Raffi Hovannisian did not make statements of the kind at the post of Foreign Minister in 1991. Armenia's recognition Nagorno Karabakh's independence will allow Azerbaijan to brand Armenia as aggressor," he said. Armenia and Karabakh should jointly work for recognition of

NKR by third states, according to him. As to the terms of the Nagorno Karabakh conflict settlement, Mr Melik-Shahnazaryan said, "In 10-15 years Europe will lose interest in Azerbaijan as a supplier of energy sources and then strong Armenia can make the international community reckon with it," he underscored. On 28 August Heritage party leader Raffi Hovannisian introduced in the Armenian National Assembly a draft bill "On recognition of the Nagorno Karabakh Republic." (PanARMENIAN.net)

### **PAN-OSSETIAN CONGRESS HELD IN TSKHINVALI**

**18 September**

A congress of the Ossetian people opened in South Ossetia's first city Tskhinvali on Tuesday. Georgian State Minister for Conflict Settlement David Bakradze called it a "Soviet-type theatrical." He told reporters on Tuesday that "holding such artificial congresses one more shows a very serious crisis that Tskhinvali authorities are having in terms of support from the local population." The fact that South Ossetian authorities pin hopes on the visit of "politically motivated people shows in what difficult situation the Tskhinvali authorities are because of a lack of support from the local population," Bakradze said. He added that the "more people visit Tskhinvali the quicker they will make sure in what critical condition the government of Eduard Kokoity is." An ITAR-TASS correspondent in Tskhinvali said the congress of Ossetians from different parts of the world was for the first time held in South Ossetia. A main event of today is to be a political report by Doctor of Historical Sciences, Professor Ruslan Bzarov from (Russia's) North Ossetia on Independence of South Ossetia: A Guarantee of Security and Reliable Future of the Ossetian People, forum organizers told ITAR-TASS. "About 500 delegates and 200 guests from more than 60 Ossetian diasporas and communities have come to the republic, including from Morocco, Brazil, the US, Canada, France, Syria, Turkey, Ukraine, Kazakhstan, Georgia, China and Estonia," an organizing committee member said. Presidents of South and North Ossetia, elders and representatives of Ossetian diasporas were elected to the congress' presidium. The congress will continue for two days. The first pan-Ossetian congress took place in 1992. It was later held once in three years. (Itar-Tass)

### **CHECHEN TOP WARLORD KILLED IN SPECIAL OPERATION IN DAGHESTAN**

**18 September**

A top Chechen warlord, Rappani Khalilov, has been killed in south Daghestan, Russia's troubled North Caucasus region, the Interior Ministry said Tuesday. The leader of the Shariat Jamaat Islamist group, Khalilov was believed to have been behind two bomb attacks in Daghestan, in Kaspiysk (2002) and in Buynaksk (1999). The bombings claimed the lives of over 100 policemen and military personnel. Khalilov and another member of the group, Nabi Nabiyeu, from Azerbaijan, were killed in a 12-hour operation carried out on Monday by Russian special forces in the town of Novy Sulak, in the Kizilyurt district of the republic. The battle started at 6.30 a.m. local time (2.30 a.m. GMT), when the two gunmen, holed up in a local residence, began to offer "armed resistance," a Federal Security Service (FSB) spokesman said. The house the Islamists were sheltering in was subsequently destroyed by armored military vehicles during the battle, and Khalilov's death was later confirmed by the FSB. "While searching through the rubble, the bodies of two gunmen, one of them identified as Rappani Khalilov, were found," the spokesman said. He added that two members of the Russian special forces had been slightly wounded in the operation. The Federal Security Service also said that Khalilov had had close ties with international terrorist organizations. Although the active phase of the North Caucasus anti-terrorism campaign officially ended in 2001, periodic bombings and clashes between gunmen and federal troops still disrupt Chechnya and nearby regions, including Daghestan, Ingushetia, Kabardino-Balkaria, and Karachayevo-Circassia. (RIA Novosti)

### **SUICIDE ATTACKER WOUNDS EIGHT AFGHAN POLICE**

**19 September**

A suicide bomber with explosives strapped to his body attacked a police patrol in southern Afghanistan, wounding eight policemen, officials said. The incident took place in the Garmsir district of Helmand province, one of the country's most insurgency-hit regions and its main opium-producing area, provincial police chief Mohammad Hussain Andiwal told AFP on Wednesday. "Eight police were wounded in the suicide blast, three of them are in critical condition," Andiwal said. The blast tore the attacker's body apart and pieces of

flesh littered the gravel road where the bombing occurred, witnesses said. There was no immediate claim of responsibility but the Islamic extremist Taliban movement, ousted from government by US-led forces in 2001, regularly uses suicide and roadside bomb attacks. Separately Afghan soldiers killed three militants and wounded two others in a "clean-up" operation in the central province of Wardak, a defense ministry press statement said. (AFP)

### **KYRGYZ LEADER SIGNS DECREE ON CONSTITUTIONAL REFERENDUM**

**19 September**

Kyrgyz President Kurmanbek Bakiyev signed a decree calling a referendum on a draft of the republic's new Constitution. Bakiyev, in an address to the nation, said the proposed Fundamental law was based on recommendations of various working groups, including the Opposition's suggestions. He underlined that the formation of parliament by Party lists was the major feature of the document. The referendum also includes a draft of the new Election Code, as previous parliaments were formed by single-mandate constituencies. Bakiyev stated he was a supporter of strong political parties, but that the existing parties in the republic did not bear responsibility for the situation. The president announced his intention to create a new party, to which he would lend his support - the party of Creativeness and Responsibility. (Itar-Tass)

### **U.S. OFFICERS INSPECT RUSSIA'S RADAR STATION**

**19 September**

A team of U.S. military experts was on Tuesday inspecting a Russian-operated radar that Moscow has proposed as an alternative to Washington's plans for a missile defence shield in Europe. Russian opposition to the U.S. missile shield plan has soured the countries' relations. Moscow says joint use of the Qabala radar in ex-Soviet Azerbaijan is a way out of the dispute, but Washington has treated the offer with caution. Russian officers were giving a U.S. delegation led by Army Brigadier General Patrick O'Reilly a guided tour of the radar site, a giant concrete block with a sloping face that stands on a hillside overlooking rolling countryside. O'Reilly is deputy director of the Pentagon's Missile Defence Agency. "It is a tour of the facilities and a

briefing by the Russians about their capabilities," a U.S. official told Reuters. It was the first time U.S. military experts are known to have visited the 20-year-old radar. Washington is in talks with the Czech Republic and Poland to locate radars and interceptor missiles on their soil. It says the system will protect against missile attacks from what U.S. officials call "rogue states" such as Iran and North Korea. Russia says the U.S. plan is a threat to its security. In language some observers said was reminiscent of the Cold War, Russian President Vladimir Putin said if the plan goes ahead Russia will once again aim its missiles at European targets. Qabala, among the world's biggest radars, has a 6,000 km (3,750 mile) range and scans the Indian Ocean, the Middle East and most of North Africa. Russia pays Azerbaijan \$7 million a year to rent the station 230 km (144 miles) north of Baku. Russian officials say the station can give early warning of any missile attacks, particularly from the Middle East and that the data can be shared in real time with the United States. U.S. President George W. Bush said the Qabala offer was "innovative", but his officials have made clear it could not be a substitute for the missile shield in Europe. (Reuters)

### **REBUILDING OF HISTORIC ASIA TRADE ROUTE AGREED**

**19 September**

China and seven countries in and around central Asia have reached a preliminary agreement to build a \$19.2bn modern-day equivalent to the historic 'Silk Road' trade route between China and Europe. The plan was agreed by senior officials in Manila this month and is expected to receive formal endorsement at a November ministerial meeting in Tajikistan. It is backed by the Asian Development Bank, the European Bank for Reconstruction and Development, the Islamic Development Bank, the International Monetary Fund, the United Nations Development Programme and the World Bank. The ADB says less than 1 per cent of the more than \$1,000bn (£721bn, £500bn) of trade between Europe and Asia is now transported through central Asia, a region that used to be at the heart of the trade route. "This is a region that is at the geographic centre but has been totally overlooked as a viable overland route by some of the new powerhouses of world trade," said Xianbin Yao, deputy director general of the ADB's central and west Asia department. The road and rail investments agreed to by Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyzstan,

Mongolia, Tajikistan and Uzbekistan are to begin next year, for completion in 2018. The plan is not to follow the exact routes taken by the Silk Road, which was a series of roads and trails. Instead, the hope is to develop six corridors combining rail and road services from China to Europe, as well as from Russia to southern Asia and the Middle East. On the European side, the corridors will end in Turkey in the south and in Russia in the north. Russia has been invited to join the project but has yet to do so. Almost a third of the investment is expected to take place on Chinese soil and is therefore likely to involve funding from Beijing, which has been allocating growing resources to its remote western regions. Kazakhstan, central Asia's fastest-growing economy, is also expected to be an active participant as it tries to become a hub for container traffic between China, Asia, the Gulf states and Europe. Kazakhstan already has plans to spend \$26bn on transport infrastructure by 2015 as it tries to modernise its 14,000km railway network and expand the Caspian port of Aktau. (The Financial Times Limited)

#### **CASPIAN PIPELINE SHAREHOLDERS AGREE TO HIKE TRANSPORT TARIFFS 19 September**

Shareholders in the only oil pipeline on Russian territory not controlled by the Russian government agreed to increase transport tariffs and restructure the operation's debt, the Caspian Pipeline Consortium said Wednesday. The agreement appeared to settle a long-running dispute over the financing and operation of the 940-mile pipeline

connecting major oil fields in western Kazakhstan with the Russian Black Sea port of Novorossiisk pipeline. The pipeline is the only one to run through Russia that is not controlled by the state-controlled monopoly OAO Transneft. CPC shareholders voted to approve an increase in crude transportation tariffs for the Russian stretch of the pipeline to \$38 a ton -- the equivalent of \$5.18 a barrel -- from \$30.24, as of Oct 1. As well, interest rates on loans to the consortium will be reduced to 6 percent from 12.66 percent at present. The U.S. Chevron Corp. is the biggest oil company involved in the Caspian Pipeline Consortium, with a 15 percent stake. The governments of Russia and Kazakhstan have the largest interest with 24 percent and 19 percent, respectively. Other shareholders include Exxon Mobil Corp., Royal Dutch Shell PLC, and Russia's OAO Lukoil. Russia and Kazakhstan -- and its Western partners -- have long been at loggerheads over plans to double the pipeline's capacity to 1.34 million barrels per day. The expansion is vital for Kazakhstan to increase its oil exports to some 3 million barrels per day in the next decade. Russia, however, has resisted the move, which would put millions of tons of oil in competition with its oil for the limited number of tankers allowed from Novorossiisk through Turkey's overcrowded Bosphorus. Russia controls nearly all export routes for Central Asia's substantial oil and gas reserves, and has maneuvered to keep U.S. and European government from laying the groundwork for new export pipelines, such as a Western-backed pipeline under the Caspian Sea. (AP)