

# Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING  
VOL. 9 NO. 21  
31 OCTOBER 2007

## Contents

### Analytical Articles

- TER-PETROSYAN CHALLENGES ARMENIA'S KARABAKH ELITE** 3  
Blanka Hancilova and Olga Azatyan
- CHINA'S RECENT ENERGY GAINS IN CENTRAL ASIA: WHAT DO THEY PORTEND?** 6  
Stephen Blank
- THE POLITICAL CONSIDERATIONS BEHIND GRIGORI RAPOTA'S APPOINTMENT** 8  
Kevin Daniel Leahy
- SECOND CASPIAN SUMMIT FAILS TO RESOLVE CONTENTIOUS ISSUES** 11  
Richard Weitz

### Field Reports

- TASHKENT REAL ESTATE BOOM NO LONGER IN LOCAL HANDS** 14  
Benjamin Abner
- NEW INCIDENT IN GEORGIAN-ABKHAZ CONFLICT ZONE STRAINS  
RUSSIAN-GEORGIAN RELATIONS FURTHER** 15  
Johanna Popjanevski
- UZBEKISTAN-TURKMENISTAN: LATEST SIGN OF GROWING  
REGIONAL COOPERATION IN CENTRAL ASIA** 16  
Erkin Akhmadov
- THE BATTLE FOR TAJIKISTAN'S WHITE GOLD** 18  
Sergey Medrea

- News Digest** 20

# THE CENTRAL ASIA-CAUCASUS ANALYST

## Editor

Svante E. Cornell

## Assistant Editor, News Digest

Alima Bissenova

## Chairman, Editorial Board

S. Frederick Starr

*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.

The Analyst aims to provide our industrious and engaged audience with a singular and reliable assessment of events and trends in the region written in an analytical tone rather than a polemical one. *Analyst* articles reflect the fact that we have a diverse international audience. While this should not affect what author's write about or their conclusions, this does affect the tone of articles. Analyst articles focus on a newsworthy topic, engage central issues of the latest breaking news from the region and are backed by solid evidence. Articles should normally be based on local language news sources. Each 1000-1200 word analytical article must offer a concise and authoritative statement of the event or issue in question. An article must provide relevant, precise and authoritative background information. It also must offer a sober and analytical judgment of the issue as well as a clinical evaluation of the importance of the event. Authors must cite facts of controversial nature to the Editor who may contact other experts to confirm claims. Since *Analyst* articles are based on solid evidence, rather than rumors or conjecture, they prove to be reliable sources of information on the region. By offering balanced and objective analysis while keeping clear of inflammatory rhetoric, *The Analyst* does more to inform our international readership on all sides of the issues.

The Editor reserves the right to edit the article to conform to the editorial policy and specifications of *The Analyst* and to reject the article should it not be acceptable to our editorial committee for publication. On acceptance and publication of the edited version of the article, The Central Asia-Caucasus Institute of The Johns Hopkins University-The Nitze School of Advanced International Studies will issue an honorarium to the author. The copyright for the article or field report will reside with the Central Asia-Caucasus Analyst. However, the author may use all or part of the contracted article in any book or article in any media subsequently written by the author, provided that a copyright notice appears giving reference to the contracted article's first publication by the "Central Asia-Caucasus Analyst, Central Asia-Caucasus Institute, The Johns Hopkins University-The Nitze School of Advanced International Studies."

## Submission Guidelines:

**Analytical Articles:** Analytical articles require a three to four sentence Key Issue introduction to the article based on a news hook. Rather than a general, overarching analysis, the article must offer considered and careful judgment supported with concrete examples. The ideal length of analytical articles is between 1,000 and 1,300 words. The articles are structured as follows:

**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.

## Svante E. Cornell

Research Director; Editor, Central Asia-Caucasus Analyst  
Central Asia-Caucasus Institute & Silk Road Studies Program  
Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University  
1619 Massachusetts Ave. N.W., Washington, D.C. 20036, USA.  
Tel. +1-202-663-5922; 1-202-663-7723; Fax. +1-202-663-7785

## TER-PETROSYAN CHALLENGES ARMENIA'S KARABAKH ELITE

*Blanka Hancilova and Olga Azatyan*

*The re-entry of former President Levon Ter-Petrosyan into Armenian politics has the propensity to complicate the so-far smooth implementation of the presidential succession scheme laid out by the current President Robert Kocharyan and Prime Minister Serzh Sarkissian. After eight years marked by a high degree of continuity, and key contradictions were addressed quietly within the ruling elite, Armenia may be heading into a period of higher volatility and, perhaps, also higher transparency.*

**BACKGROUND:** Levon Ter-Petrosyan, the first President of post-Soviet independent Armenia, left his post in February 1998 under pressure from his ministers led by then Prime Minister Robert Kocharyan. In October 1999, the assassination of Prime Minister Vazgen Sarkissian, parliamentary speaker Karen Demirchyan and several other high officials in the hall of the Armenian National Assembly effectively removed strong political figures that could challenge the new political elite from Karabakh, embodied by President Kocharyan and then Defense Minister Serzh Sarkissian.

Following his ouster, Ter-Petrosyan kept a low profile and stayed out of active politics until his rather surprising re-emergence on September 21 this year, when he hosted a reception at the Marriott-Armenia Hotel dedicated to the sixteenth anniversary of Armenia's independence. During this reception, Ter-Petrosyan compared the "invisible crisis" of Armenia to the one of the USSR before it fell apart. He accused the authorities of being "corrupt and criminal" and abusing the "courts [which] exist only to conceal the authorities' crimes". He singled out the lack of progress on the Mountainous Karabakh conflict as the most serious failure of the current leadership, one which holds Armenia's development back and has the propensity to endanger Armenia's territorial integrity in the future.

On October 26, Ter-Petrosyan participated in the largest rally in years, organized to commemorate the eighth anniversary of the October 1999 killings in the Parliament. Ter-Petrosyan appeared together with two radical opposition leaders: Aram Sarkissian, head of the "Republic" party and brother of the assassinated Vazgen Sarkissian, and Stepan Demirchyan, head of the People's Party and son of the assassinated Karen Demirchyan. Some 20,000 people attended the rally.

In his hour-and-half speech, Ter-Petrosyan announced his intention to stand for president in the spring 2008 elections. According to him, he was not sure whether to put forward his candidacy, but the events of 23 October, when the police detained several of his supporters as they urged Yerevan residents to participate in the rally planned for 26 October, compelled him to react.

Ter-Petrosyan also mentioned that the current document on settlement of the Mountainous Karabakh conflict, which is being discussed between Armenia and Azerbaijan, is nothing else than the step-by-step proposal rejected by the very same leadership ten years ago. He also proposed a return to the previous negotiating format, in which Mountainous Karabakh was also represented at the negotiating table. He also rhetorically asked whether Armenia can afford to be kept out of all important regional projects.

Ter-Petrosyan accused a number of top public officials, such as President Kocharyan, Prime Minister Sarkissian, Deputy Prime Minister Hovik Abrahamian and the Head of the Presidential Administration Armen Gevorgyan, and some others, of being a part of criminal system that tightly controls the security apparatus, the judicial system and the electronic media and creates an “atmosphere of fear”. He stated that his main aim is to bring about a radical change in the “destructive course of the current Armenian authorities” and “prevent the reproduction of the current criminal regime”.

In a meeting with journalists in Kapan, in the Syunik region, which preceded Ter-Petrosyan charges against the government, President Kocharyan stressed that Ter-Petrosyan’s Armenian National Movement “bears responsibility for the destruction of the Armenian economy” and that they had left a “bad legacy”. Other politicians, such as Tigran Torosyan, speaker of the National Assembly and Deputy Chair of the Republican Party, were more cautious in judging the ANM legacy. Serzh Sarkissian, who has held several key government positions during Ter-Petrosyan’s presidency including as Defense Minister in 1993-95 and as Minister of Interior and National Security between 1996 and 1999, did not comment on Ter-Petrosyan’s return to active politics.

**IMPLICATIONS:** Until Ter-Petrosyan’s comeback on the political scene, the future internal political development in Armenia looked relatively predictable. On April 4, 2007, following the unexpected death of then Prime Minister Andranik Markarian, the President appointed then Defense Minister Serzh Sarkissian as Prime Minister. A few weeks later, the Republican Party of Armenia, chaired by Sarkissian, comfortably won the May 2007 parliamentary elections, resulting in his re-appointment. The Republican party congress scheduled for November 10 is expected to formally nominate Sarkissian as the party’s presidential candidate. It was widely accepted that President Kocharyan, who is barred from contesting the elections as he has been in power for two consecutive terms, was preparing the ground for Sarkissian to succeed him as president. Kocharyan himself would then according to general opinion

become Prime Minister. This arrangement would prolong the control of the Karabakh elite and their supporters over politics, most businesses and media outlets.

These purported succession plans now seem to be challenged by Ter-Petrosyan, probably the only political figure that could possibly command enough popular support to seriously contend the presidential polls.

Ter-Petrosyan and his supporters are nevertheless facing an uphill battle, and getting through to the public with their message will not be easy. Practically all TV stations are under the control of the government or businessmen close to the government, while comparably more independent newspapers and radio stations are far less influential than TV. There are already some signs of the regime clamping down on non-loyal media outlets. On October 23, tax officials raided the offices of the Gyumri-based Gala TV station, which broadcasted Ter-Petrosyan’s speech of September 21. Gala TV’s owner, Vahan Khachatryan, reportedly claimed that officers of the Gyumri branch of the National Security Service visited him shortly afterwards and warned him to stop covering Ter-Petrosyan’s political activities.

It seems unlikely that Ter-Petrosyan will be able to command enough financial and human resources to reverse the ruling elite’s succession plans. However, absent a dramatic clampdown on his campaign, the current authorities will find it very hard to avoid the crucial and dramatic questions that the former president is asking about Armenia’s political life and the country’s future.

The consolidated, one might say even clannish, nature of the Armenian politics has, so far, kept the discussion on the essentials of country’s political orientation and ongoing management confined to the fringes of the political spectrum, or to the boardrooms of the ruling elite. Two key issues of symbolic significance – the lingering Mountainous Karabakh conflict and the issue of the recognition of the 1915 massacres of the Armenian population in the Ottoman empire as Genocide – have so far overshadowed other political issues. At the same time, some political forces were

asking why Armenia does not take part in regional development projects. Moreover, the unconditional dependence on Russia's military and economic support have been put in question. Currently, Ter-Petrosyan is lending an influential voice to all of those issues being raised and discussed.

Ordinary Armenians might be rather responsive to some of these concerns. Russia's Gazprom in April 2006 hiked gas prices to US\$110 from the previous US\$56 per thousand cubic meters. To keep the price from growing to US\$235, President Kocharyan had to hand over the Iran-Armenia gas pipeline and a part of the Hrazdan thermo-electric plant to Russia. The implications of Russia's regional policy have also been damaging – the transport embargo that Moscow imposed on Georgia in July 2006 dealt a heavy blow to the Armenian economy.

Should Ter-Petrosyan make these issues a cornerstone of his campaign, the authorities might have to answer some tough questions. In the end, however, Armenia is likely to benefit from a more open debate and the opening up of its notoriously obscure political circles.

**CONCLUSIONS:** The return of Levon Ter-Petrosyan to Armenia's politics is a promising development in terms of generating a more lively debate on the country's present and future policies. Although Ter-Petrosyan might become a weighty challenger in the presidential campaign, his personal, financial and human resources seem insufficient for actually winning the elections. Moreover, the authorities possess an array of levers – control of the media, intimidation of opposition sympathizers in the provinces, use of 'administrative resource' and of the external threat (Turkey and/or Azerbaijan) to rally the nation around its own flags. Overall, Armenian politics seem firmly set on a path of orderly transition of power from Kocharyan to Sargsyan, and Ter-Petrosyan would have to engineer a major feat to prevent this seemingly inevitable scenario.

**AUTHOR'S BIO:** Dr. Blanka Hancilova is an analyst of international relations with a focus on the former Soviet Union, and the co-founder of APRECO Group. Olga Azatyan is an analyst with the APRECO Group.


## THE CHINA AND EURASIA FORUM QUARTERLY

Central Asia-Caucasus Institute & Silk Road Studies Program

Volume 4, No. 3

August 2006



 Central Asia- Caucasus Institute  
Silk Road Studies Program

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).

## CHINA'S RECENT ENERGY GAINS IN CENTRAL ASIA: WHAT DO THEY PORTEND

Stephen Blank

*China and Turkmenistan recently laid the ground for a 30bcm gas pipeline that will start pumping in 2009. This was the second deal consummated by China for a pipeline originating in Central Asia, the first being the deal with Kazakhstan to ship oil in the Atasu-Alashankou pipeline that began operating in 2005. A planned extension to the Caspian will give China direct access to the Caspian Sea. Taking into account China's construction of the Gwadar port in Pakistan and discussions of direct pipelines from Pakistan to China, the outlines of a potential Chinese energy strategy for the future come into sight.*

**BACKGROUND:** China's determination to connect to Central Asian energy sources is well known and the subject of much public discussion and research. Rising demand and limited domestic supply; as well as tying up Xinjiang (China's main energy producing region and a source of continuing Muslim unrest) with Central Asia in a relationship of economic integration and trade to reduce unrest; and its continuing nervousness about foreign naval interdiction of its energy supplies are the main motives ascribed to China. But in its energy discussions and acquisitions from Iran to Central Asia appear the outlines of a network of energy pipelines, largely independent of Russia as well, which could furnish clues to a potential Chinese strategy in the future. Interestingly enough, Central Asian governments turn to China as well to enhance their independence from Moscow and increase their ability to diversify supplies to other markets in Asia. And Kazakhstan also has larger political ambitions to ensure its own safety as an indispensable player in Central Asia and regional key to the region. For example, Kazakhstan is building a pipeline to ship gas to China and ready to assist in constructing the Turkmenistan-China pipeline, which appears to be intended to traverse both Uzbekistan and Kazakhstan.

However, the larger impetus in this context is clearly supplied by China. China National Petroleum Corporation (CNPC) has recently signed two contracts with Uzbekistan for a joint

production sharing agreement with Petronas, Lukoil and South Korea's National Oil Corporation to explore for natural gas and develop deposits in the Aral Sea. The two states have also agreed to begin the Turkmenistan-China pipeline in 2008 at Alata, 20 kilometers from the Uzbek-Turkmen border. The projected pipeline uses existing sections of the old Bukhara-Ural pipeline, and will pass through Uzbekistan to intersect with the pipeline that Kazakhstan is currently building to transmit gas to China. Ultimately this gas will connect to internal Chinese pipelines all the way to Shanghai. In 2004, it also has signed other contracts with Uzbekistan for oil and gas cooperation.

China has also recently shown an interest in reviving the old 1997 UNOCAL project called CentGas to pump gas from Turkmenistan through Afghanistan and Pakistan to India, the new name being the TAP or TAPI line. Inasmuch as Pakistan has discussed pipelines from it to China, such gas as may come to Pakistan from either the TAP line or the prospective IPI (Iran-Pakistan-India) pipeline could give China new opportunities for gas from Central Asia. Hence, China is not only developing Gwadar, which could serve as a terminus for Iranian or Central Asian energy, it is holding talks with Pakistani officials while China's Export-Import Bank is financing a White Oil pipeline project running from Port Qasim near Karachi to Pakistan's north, which is intended to meet 75% of that country's future oil needs. China's Petroleum

Engineering and Construction Company has begun construction on that pipeline in June 2006.

**IMPLICATIONS:** Through its rapidly expanding trade with India, Pakistan, Iran, and Central Asia, China is contributing substantially to the overall modernization and improvement of infrastructural capabilities throughout this region. Apart from the pipelines mentioned above and the port at Gwadar, China is also restoring the Karakorum Highway from the Indian Ocean to Xinjiang. If land, airline, maritime, and rail transportation nodes are taken into account, adding energy pipelines, power transmission, and communications linkages China is making an immense contribution to converting the entire region into a part of the developing Euro-Asian land bridge.

These trends do not pass unnoticed in Moscow despite the strong Sino-Russian relationship. The Putin regime, notwithstanding its ties to China, has long known that China could become Moscow's most dangerous economic competitor in Asia as a whole, not just Central Asia. Equally importantly, Russian firms and the government deeply resent any effort by Central Asian states to escape Muscovite control and sell energy to other consumers. Thus Rosneft has managed to gain consent to transfer oil through the Atasu-Alashankou pipeline this year which could reach an estimated 51.3 million barrels of oil. However, this does not assuage Russian anxieties about these deals. Russia clearly regards any oil and gas that goes from Central Asia to China as being at its expense, since in its heart of hearts, it believes that this energy is really Russia's energy. Indeed, Putin and Defense minister Sergei Ivanov publicly stated some time ago that Russia could take preemptive military action to defend pipelines in Central Asia since the USSR, i.e. Moscow, had built them and paid for them. This resentment of Central Asian energy shipments to China occurs whether Kazakh, Uzbek, or Turkmen deals with Beijing are concerned. But ultimately there is not much Moscow can do, since not only China and Central Asian states want these deals, Washington too has never publicly opposed any of them, indicating its support for the diversification of Central Asian

options while wanting to minimize China's reliance on Russia and Iran. Indeed, China has been the biggest beneficiary of Washington's pressure upon Iran in terms of energy deals with Iran.

**CONCLUSIONS:** Undoubtedly, this Chinese policy of securing energy contracts with Central Asia and the larger vision of contributing to the overall development of its infrastructure will continue, because it meets China's and Central Asian governments' strategic needs. China needs reliable energy sources, particularly landlines, because of its fear of the U.S. and to a lesser degree, Indian navies' capacity for interdicting energy supplies in the Indian Ocean or the Pacific, or the Straits of Malacca. It also has other powerful strategic reasons for such deals relating to its policies for Xinjiang and Central Asia. At the same time, though, one can see a network of pipelines and of other arterial means of transportation of goods, including energy developing that could ultimately result in a direct connection to Iran. Given Tehran's continuing intransigence on nuclear issues and the prospect of a major international crisis over that, Tehran's belief that it can use the energy card as a weapon to distract or threaten its rivals becomes more important. And if China is so bound to Tehran by energy connections, either party may think itself sufficiently independent of other international constraints to take actions that might not otherwise have been considered. Under such circumstances either or both these regimes might think themselves sufficiently free of foreign and particularly American, but also Russian, constraints as to be able to act boldly with impunity in world affairs. While for now China's energy acquisitions in Central Asia are seen as coming largely at the expense of Russian efforts to monopolize those supplies, those acquisitions might yet come to have an altogether different strategic significance.

**AUTHOR'S BIO:** Professor Stephen Blank, Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA 17013. The views expressed here do not represent those of the US Army, Defense Department, or the U.S. government.

## THE POLITICAL CONSIDERATIONS BEHIND GRIGORI RAPOTA'S APPOINTMENT

Kevin Daniel Leahy

*On October 6, Russian President Vladimir Putin named Grigori Rapota as his new plenipotentiary representative to Russia's Southern Federal District (YUFO). Rapota's appointment was a surprise. Latterly secretary of the Eurasian Economic Association, Rapota is known as a low-profile, somewhat demure official. Following his appointment as Putin's plenipotentiary to YUFO, several media outlets misidentified him as "Georgi Rapota" - a relatively inconsequential faux pas which nevertheless underscored Mr. Rapota's undeniably flimsy political profile. But what are the reasons behind Rapota's appointment? Could it portend a serious reassessment of the Kremlin's administrative machinery in YUFO?*

**BACKGROUND:** Grigori Rapota now occupies a post which thoroughly exasperated its previous incumbent. Named as Russia's new minister for regional development on September 12, Dmitry Kozak, who served as the president's plenipotentiary to YUFO for three years, had been seeking to divest himself of these responsibilities for some time. Kozak assumed his previous posting in September 2004 shortly after the tragedy at school no. 1 in Beslan. Kozak brought zeal and diligence to this difficult job. He stood out from the previous occupants of this position for his urbanity as much as anything else, which kindled forlorn hope that the Kremlin had finally realized that the application of brute force alone could not quiet the restless North Caucasus.

Despite a number of early tactical victories - removing the figureheads of entrenched local clan interests in North Ossetia, Kabardino-Balkaria and Dagestan, for example - in April 2006 Kozak suffered an embarrassing, well-publicized setback while trying to affect a territorial merger between Adygeya and Krasnodar Krai. Adygeya's then-president, Khazret Sovmen, supported by local Circassian nationalists, took exception to this plan and directed his ire almost exclusively at Kozak

although the plan itself appears to have been sanctioned at the highest levels in Moscow.

Although Kozak has since had his revenge - showcasing impressive conspiratorial skills to bring about Sovmen's eventual replacement by the more agreeable Aslan Tkhakushinov - the popular anger unleashed by the merger proposal forced the Kremlin to set aside its plans to simplify the region's jurisdictional landscape. As plenipotentiary to YUFO, Kozak was mandated with ensuring the smooth operation of administrative organs throughout the region. Quite demonstrably, however, this mandate did not apply to the region's most strategically significant republic - Chechnya. Decision-making with respect to Chechnya has remained the prerogative of President Putin and a small cabal of advisors since the beginning of the current phase of hostilities between the Russian state and the Chechen rebel movement.

Kozak consistently butted heads with Putin's favored proxy in Chechnya, the powerful Kadyrov clan, and his relations with Ramzan Kadyrov, the republic's pro-Moscow president, were believed to be strained. Kozak did not deem Kadyrov experienced enough to head Chechnya's political system, but these reservations were disregarded by



Putin. This was hardly surprising: a churl might suggest that Kozak's most enduring legacy in respect of Chechen affairs has been to persuade Ramzan to abandon his much-maligned penchant for garish shell-suits in favor of the well-tailored suits favored by other regional leaders.

**IMPLICATIONS:** The fact that it took the Kremlin over three weeks to announce Grigori Rapota as Kozak's replacement is curious and mandates discussion. In the past, when Putin has resolved to reassign or remove officials, the process has usually been carried out smoothly and decisively. The puzzling delay in filling the vacant plenipotentiary post suggests that Rapota's eventual appointment was subject to considerable deliberation.

Indeed, we cannot assume that Rapota was the first choice candidate to fill the post; perhaps this onerous task was offered to others who declined it.

Above all, Rapota is a consensual appointment. Naturally, Putin and Kozak have both categorically endorsed him. So too have most leaders in the North Caucasus - among them the influential Ramzan Kadyrov. Rapota's arrival in YUFO may also be one of the first attempts by Sergei Ivanov - despite the current hullabaloo surrounding Russia's new premier, Victor Zubkov, still a leading candidate to replace Putin as president next year - to exert influence over Russia's policy toward the North Caucasus. Some reports identify Rapota as "Ivanov's man". These reports are credible in that, according to information in the public domain, both would likely have worked together in the Soviet embassy in Helsinki, Finland at some point during the 1980s.

It is not difficult to imagine these two men striking up an easy rapport. They have similar professional

and educational backgrounds: both cut their teeth in the SVR (Soviet/Russian external intelligence) and both are linguists of some ability (both are fluent in English and Swedish). Like Ivanov, Rapota scaled Russia's notoriously slippery political ladder as a protégé of the prototypical "silovik", the former prime minister and intelligence chief, Yevgeni Primakov. From 1993 until late 1998, Rapota served as deputy director of the SVR. He also functioned as undersecretary of the National Security Council for eight months beginning in April 1998. Primakov then proposed his candidature for the directorship of Russia's state-owned arms export organization - a job he performed for less than a year. He then worked as first deputy minister for industry, science and technologies for a short time until September 2001, when he was made chief of the Eurasian Economic Association. But assuming that Ivanov successfully lobbied for Rapota, does his appointment as plenipotentiary really represent a

bona fide political triumph for the ambitious first deputy prime minister? The office of plenipotentiary to the southern federal district was undoubtedly lent a certain prestige by its previous incumbent. Rapota's surprising appointment has triggered a chorus of skeptical commentaries regarding the continued efficacy of this office. Some believe that the appointment of the distinctly low-profile Rapota might well presage the abolition of the plenipotentiary post. Others, meanwhile, have speculated that the functions of this office

might be subsumed into Kozak's ministry for regional development, thereby enabling the former plenipotentiary to retain influence in the North Caucasus at a safe remove.

**CONCLUSION:** Could the scene be set for an old-fashioned turf battle between Ivanov and Kozak?

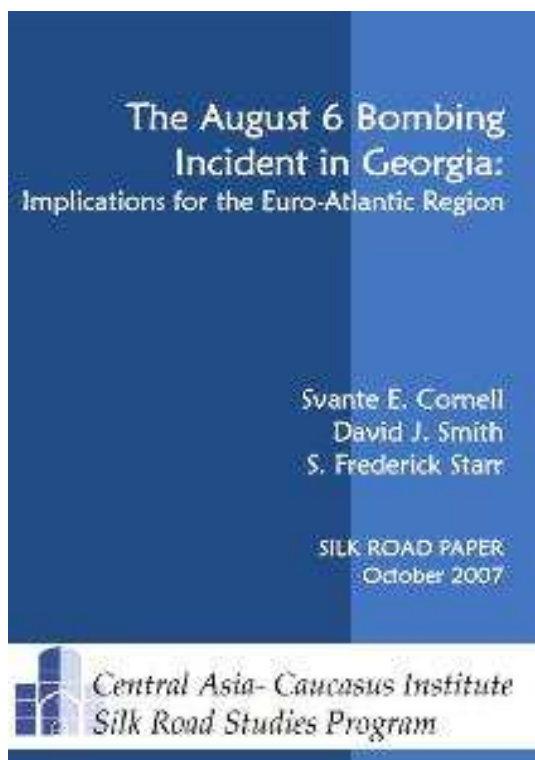


*Grigori Rapota*

There have already been indications that these two political heavyweights are at loggerheads. While Ivanov is a frontrunner to become the next Russian president, Kozak has previously been mentioned as a potential dark horse candidate. Now seated comfortably at the cabinet table in Moscow following his recent return from Rostov-on-Don, the idea of Kozak emerging as “the man from nowhere” does not appear so exotic a prospect. Both of these men will be mindful of how the North Caucasus emerged as the cradle of Vladimir Putin’s presidency back in 1999. Within this context, Grigori Rapota’s arrival in YUFO will please both Ivanov and Kozak - but for very different reasons. Despite his return to Moscow, Kozak will continue to wield influence in the wider North Caucasus in his capacity as minister for regional development. Furthermore, many of the local leaders still owe

their allegiance to him. Rapota will therefore not prevent him from wielding continued influence in the region. By contriving to have Rapota named plenipotentiary to YUFO, Ivanov may be attempting to carve out his own niche in the North Caucasus. Historically, however, the efficacy of the plenipotentiary office has rested on the strength of personality brought to bear by its incumbent. It is far from certain whether Mr. Rapota is possessed of such resolve; if his reassignment to YUFO was indeed made at Ivanov’s behest, it is unlikely to yield the latter any concrete political influence in the region.

**AUTHOR’S BIO:** Kevin Daniel Leahy holds a postgraduate degree from University College Cork, Ireland.



New Silk Road Paper:

***The August 6 Bombing Incident in Georgia:  
Implications for the Euro-Atlantic Region***

This 82-page Paper puts together most relevant documents – Western, Georgian and Russian – on the incident, and includes a detailed chronology and an analysis of the event’s implications.

The Paper can be downloaded free at [www.silkroadstudies.org](http://www.silkroadstudies.org). Hardcopy requests should be addressed to Alec Forss at [aforss@jhu.edu](mailto:aforss@jhu.edu).

## SECOND CASPIAN SUMMIT FAILS TO RESOLVE CONTENTIOUS ISSUES

Richard Weitz

*On October 16, Tehran hosted the second presidential summit of Caspian Sea nations. Azerbaijan's Ilham Aliyev, Iran's Mahmoud Ahmadinejad, Kazakhstan's Nursulan Nazarbayev, Russia's Vladimir Putin, and Turkmenistan's Gurbanguli Berdymukhamedov adopted a joint declaration affirming their solidarity on important regional security issues. Yet, the presidents failed to resolve such important questions as the legal status of trans-Caspian energy pipelines and how to delineate the littoral states' competing territorial claims.*

**BACKGROUND:** The first leadership summit of the five countries bordering the Caspian Sea took place in Ashgabat, Turkmenistan, in 2002. The gathering made little progress in establishing a legal framework that would govern how the newly independent former Soviet republics adjoining the Caspian could extract its valuable natural resources. Current estimates indicate that the sea contains the world's third-largest reserves of oil and natural gas as well as considerable quantities of sturgeon and other fish.

The main issue in dispute is whether to classify the Caspian as a sea or an inland lake. If the littoral states were to treat the Caspian as a sea, then each country would control the territorial waters along their coasts, leaving Kazakhstan and Russia with the largest and potentially most lucrative shares. If the Caspian were treated legally as a large inland lake, all the littoral states would share equally in its natural resources. In 2003, Azerbaijan, Kazakhstan, and Russia reached a trilateral agreement that divided the northern 64% of the Caspian Sea into three unequal shares. Iran and Turkmenistan, however, refused to endorse this trilateral agreement and continue to claim larger economic zones than the 2003 formula would provide.

Another core Iranian objective has been to prevent the other Caspian littoral countries from aligning with American -led efforts to induce Tehran into changing its foreign and domestic policies. The most contentious issue has been Iran's nuclear

research program. Many in Washington suspect that Iranian leaders, despite their claims to be seeking civilian nuclear energy, are also pursuing the capacity to manufacture nuclear weapons. More recently, policy makers in the United States and other countries accuse Iranian groups of providing military assistance to anti-Western insurgents in Iraq and Afghanistan. None of the Caspian governments seek another regional war, but Iran's neighbors have pressed Tehran to renounce any nuclear weapons aspirations.

Tehran has undertaken a sustained campaign to cultivate ties with the other Caspian governments to discourage them from granting the U.S. armed forces access to their territory, airspace, or military facilities in the event that Washington decides to pursue a military option against Iran. Given Baku's desire to strengthen security ties with Washington, Iranian policy makers have been especially concerned about possible Azerbaijani assistance to the U.S. military. Relations between Tehran and Baku have been strained since Azerbaijan regained its independence after the USSR's disintegration in 1991. A new source of tension is Baku's apparent willingness to grant the U.S. military access to a Russian-controlled early warning radar in the town of Gabala in northwest Azerbaijan. The facility is capable of monitoring ballistic missile launches over Iranian territory.

**IMPLICATIONS:** At the Tehran summit, Iran and Russia achieved their mutual objective of securing

the support of the other three Caspian governments for a comprehensive declaration of non-aggression. The five littoral countries issued a joint declaration asserting that the Caspian should only be used for peaceful purposes, that conflicts among its states should be resolved exclusively by peaceful means, and that the Caspian governments would not allow their territory to be used for military operations directed against another littoral country. They also insisted that only the littoral states could deploy military forces in or near the sea. Their joint declaration also backed the right of all signatories of the Nuclear Non-Proliferation Treaty—such as Iran—to “research, produce, and use nuclear energy for peaceful purposes” providing they adhere to the treaty’s provisions and the safeguard requirements of the International Atomic Energy Agency.

The Caspian summit may also have helped advance Tehran’s objectives of deepening ties with the Shanghai Cooperation Organization (SCO), in which Iran currently enjoys observer status. Both Russia and Kazakhstan are founding members of the SCO, while Turkmenistan may soon be offered some kind of formal affiliation. President Ahmadinejad apparently used the opportunity provided by his presence at the July 2007 SCO summit in Bishkek to propose holding this second Caspian summit.

At Bishkek, President Ahmadinejad launched a major attack on U.S. plans to deploy defenses in Eastern Europe against Iran’s growing ballistic missile arsenal. Russian policy makers have complained with increasing vehemence about these planned deployments. In addition, Ahmadinejad reaffirmed Tehran’s interest in helping the SCO to create a regional “energy club.” He offered to host, besides a summit devoted to the Caspian Sea, a meeting of oil and gas policymakers from SCO countries to “optimize cooperation in transportation, prospecting, development and refining.” Iranians now hope that some of the progress achieved at the Caspian summit could spill over into enhanced regional cooperation on other issues involving SCO members.

On the issue of delineating the territorial claims of the littoral countries, the second Caspian Summit appears to have made as little progress as the first. Unlike in 2002, however, on this occasion the summit participants chose not to devote as much attention to this contentious issue. They apparently decided to cooperate on related areas such as energy development and regional security in the expectation that this progress could eventually facilitate resolution of the boundary issues.

One dispute the five Caspian states could not evade was that of the proposed trans-Caspian energy pipelines. The governments of Russia and Iran again argued that all the littoral countries must approve construction of each energy pipeline that would transverse any part of the Caspian. Their stated reason for advocating consensus decision-making on regional energy projects is that all five countries could suffer from any environmental damage to the Caspian Sea caused by the pipelines.

A desire to block east-west energy conduits that circumvent Russian and Iranian territory by traversing the Caspian likely contributed to Moscow’s and Tehran’s demand for veto rights. Energy producers in Kazakhstan, and potentially Turkmenistan, are eager to diversify their export routes. An obvious means to do so is shipping oil and gas to Europe via pipelines in Azerbaijan’s sector of the Caspian seabed and onward to Georgia and Turkey, as well as through Soviet-era pipelines. Although the Soviet-era pipelines are hard to avoid given the imperatives of geography and Moscow’s preeminent status in Eurasian energy markets, these pipelines fall under the control of Russia’s state-controlled energy monopolies, which typically extract monopoly rents for their use.

At the Tehran summit, the presidents of Azerbaijan and Kazakhstan, Ilham Aliyev and Nursultan Nazarbayev, reaffirmed their right to cooperate on energy projects without requiring the approval of Moscow or Tehran. Yet, Turkmenistan’s new president, Gurbanguly Berdimukhamedov, has yet to adopt a clear position on the issue. In addition, it remains unclear whether Azerbaijan or Kazakhstan, or the international energy companies possessing

essential financial and technical resources, will prove willing to proceed with the envisaged Kazakh oil and Turkmen gas pipelines under the Caspian in the face of persistent Iranian and Russian opposition.

**CONCLUSIONS:** The Caspian summit participants announced plans to institutionalize their regional cooperation. The littoral governments intend to hold a high-level economic conference in Moscow next year. One of its goals will be to establish a Caspian Sea Economic Cooperation Organization, with possible security functions. They also agreed to hold annual leadership summits, with the next such gathering scheduled for October 2008 in Baku. In the interim, more frequent meetings of government officials and national experts will seek to resolve disputes impeding the realization of their long-sought legal convention for the Caspian Sea.

Some of the Tehran summit participants offered even more ambitious proposals for enhanced regional cooperation. Nazarbayev called on the Caspian governments to negotiate a “stability pact” that would limit naval weapons and activities in the sea. Ahmadinejad also suggested adopting various security confidence-building measures. Putin reaffirmed Russia’s interest in establishing a joint naval group among the Caspian Sea states to improve the security of maritime navigation and provide protection for critical energy facilities against terrorist and other threats. Nevertheless, it remains questionable whether the five Caspian governments can strengthen their security cooperation absent parallel progress in the economic and energy realms.

**AUTHOR’S BIO:** Richard Weitz is a Senior Fellow and Director of Program Management at Hudson Institute.

## FIELD REPORTS

# TASHKENT REAL ESTATE BOOM NO LONGER IN LOCAL HANDS

*Benjamin Abner*

Real estate prices in Uzbekistan stagnated in September and October, yet they remain at an all-time high. Market analysts say the lull is likely to be temporary, however, and predict another spike towards the end of the year.

In the past two years, the CIS has witnessed a real estate boom, particularly in Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. In Tashkent and the surrounding viloyat, prices for housing and office space have increased nearly 300% on average since 2005.

The hot market was first caused by domestic factors including a dearth of new construction, a slowing of citizens emigrating abroad and an influx of citizens from the provinces. In the first six months of 2006, prices increased 10-15% per month.

One contributing force may have been a temporary opening of Tashkent viloyat's propiska regime. Due to deteriorating environmental conditions in Khorezm and Karakalpakistan, it is rumored that residents of those areas were allowed to move to Tashkent in a temporary lifting of the registration regime that prevents other provincial residents from relocating to the capital. If this was the case, the

window of opportunity has already closed. As of September 2007, the complete propiska regime is back in force.

Perhaps the greatest single factor which pushed prices up is Uzbekistan's high level of worker remittances. Many Uzbek citizens work abroad, particularly in Russia, and send their earnings home. As a result, Uzbekistan's current account balance is 19 percent of GDP, the highest among CIS countries. Many Uzbeks are wary of putting their cash into savings, as the older generation reports having mysteriously lost zeros in their bank accounts on more than one occasion. As a result, Uzbeks put much of their excess money into homes for their children.

By late 2006, many Uzbeks had exhausted their financial resources and Kazakh citizens had begun expressing interest in the city's real estate. Kazakhstan's growing wealth from natural resources and a growing services industry drove prices up in Almaty and other Kazakh cities in the late 1990s and early 2000s, and a number of Kazakh entrepreneurs predicted a similar scenario in Tashkent. Many of Tashkent's northern neighbors have since bought up land, apartments and houses.

Uzbekistan's mortgage industry suffers from public distrust and bankers' unwillingness to lend at official rates they deem unsustainable in light of high levels of inflation. On average, the country's financial services sector for both local and international clients remains underdeveloped when compared to that of Kazakhstan, and as a result real estate transactions in Uzbekistan are typically carried out in cash using US dollars. The greenback's decline on the international market may be an additional factor in the pricing equation.

Although investors remain optimistic about the future of the real estate market, some analysts have expressed doubts about the boom's sustainability. Although its economy has grown by an average of 7 percent over the past five years, Uzbekistan remains a largely unfriendly place for investors who seek openness and basic guarantees. The country sees less foreign direct investment per capita than any

other state in Central Asia and there is no clamor for office space and no influx of foreign visitors or workers to rent apartments. Many foreign companies which once had offices in Tashkent have moved their headquarters to Kazakhstan. One fresh breath of air, however, may be General Motors' recent deal to begin production of Chevrolets near Andijon. Perhaps it is a sign of a re-opening to Western investors.

The question at hand is how Uzbek citizens themselves deal with the skyrocketing real estate costs. Those who did not manage to secure housing or sufficient profit in the recent boom will have a hard time buying into the market in the future, particularly as foreign investors continue to push up prices.

---

## NEW INCIDENT IN GEORGIAN-ABKHAZ CONFLICT ZONE STRAINS RUSSIAN-GEORGIAN RELATIONS FURTHER

*Johanna Popjanevski*

A recent standoff between a Georgian Ministry of Interior special unit and Russian CIS peacekeepers has given rise to new tensions in the Georgian-Abkhaz conflict zone. The incident took place in the village of Ganmukhuri, located near the border of the breakaway region of Abkhazia and home to one of the Georgian special purpose units under the Ministry of Interior. The controversy started in the early afternoon of October 30, when four Georgian MoI officers were detained and apparently beaten by Russian peacekeepers patrolling the area of the Inguri river separating Abkhazia from Georgia proper. Following a heated verbal exchange between Georgian MoI troops and Russian peacekeepers, the

Georgian officers were released, but tensions remained in the following hours with reported shootouts between the two sides.

Shortly after the incident, Georgian President Mikheil Saakashvili, accompanied by other senior Georgian officials, arrived at the site. Heatedly addressing a Russian officer with television cameras rolling, Saakashvili accused the peacekeeping unit of violating its mandate and went on to declare the Commander in Chief of the Russian Peacekeeping forces General Sergey Chaban persona non grata on Georgian territory and urged him to leave Georgian territory within days.

Chaban, on his part, defended the actions of his troops, describing the incident instead as a consequence of a Georgian provocation against the peacekeepers, who were on a routine patrol in the Gali and Zugdidi districts. Meanwhile, the Abkhaz de facto president Sergey Bagapsh announced the deployment of additional Abkhaz troops in the Gali district to prevent provocations from the Georgian side.

At an emergency session of the National Security Council in the evening of October 30, Saakashvili reinstated his declaration against Chaban and condemned once again the actions of the peacekeepers. In his address to the NSC, Saakashvili moreover brought attention to the issue of reforming the current peacekeeping format and recalled the parliamentary resolution passed in July 2006, which urged the Georgian government to suspend the Abkhaz and South Ossetian peacekeeping operations.

Indeed, Georgia has long pleaded with the international community for a revision of the current CIS peacekeeping format, but has received a modest response. The mandate, which originally called for renewal every six months, is currently valid until one of the parties explicitly suspends it. The Georgian government has however so far, albeit reluctantly, refrained from executing the

parliament's request, possibly to avoid a Russian Security Council veto against the UNOMIG mandate, or, indeed, against an international replacement force.

However, the recent events have seemingly triggered a forceful response to the peacekeeping issue by the Georgian side. In a statement on October 31, Georgian speaker of Parliament Nino Burjanadze announced the intention of withdrawing from the agreement which regulates the peacekeeping mandate. The decision was allegedly made during a meeting between senior Georgian Parliament and Government officials on October 31, but will not be formalized until consultations have taken place with Georgia's western allies.

Thus, the implications of the Ganmukhuri incident are likely to stretch beyond a simple deterioration of Georgian-Russian diplomacy, itself worrying enough. It will undoubtedly put the Georgian peacekeeping issue back into the international spotlight and call for an in-depth review of the current format by western actors and ultimately, again challenge the western community as regards responding to Russian provocations against Georgia – only weeks after the missile incident in the South Ossetian conflict zone.

---

## UZBEKISTAN-TURKMENISTAN: LATEST SIGN OF GROWING REGIONAL COOPERATION IN CENTRAL ASIA

*Erkin Akhmadov*

On October 18, Uzbekistan's President Islam Karimov paid a two-day official visit to Turkmenistan. This was the first official visit of the Uzbek president to Turkmenistan since 1998, when they met to discuss the advance of Afghanistan's Taliban movement to the borders of Turkmenistan

and Uzbekistan. The relationships between two states have always been strained, conditioned by many disagreements from personal to interstate level. However, since Turkmenistan's new President Gurbanguly Berdimuhammedov took office this year, the foreign policy of Turkmenistan



is seen to be much friendlier and more open. This is a great opportunity for all Central Asian states to create closer regional ties and cooperation. As the closest neighbor, Uzbekistan has a great potential for reaching a new level in its relationship with Turkmenistan in light of being two of the biggest energy producers and transporters in the region.

The visit was definitely a success, providing for a bilateral meeting between the leaders of states, which used to have infamously tense relations. Moreover, besides producing the regular agreements on friendship and cooperation, the heads of state managed to touch upon the issues of: 1) further development of the energy sphere, 2) development of transports and communications, 3) deepening of economic trade cooperation, and 4) resolution of transboundary river issues and water management.

Cooperation between the two states in these spheres is dictated by time, geographic location, and the existence of gas and oil resources. Obviously, lately Uzbekistan embarked upon adopting a foreign policy of active integration in regional affairs for the realization of its national interests. The same is true for Turkmenistan, which has placed a priority on developing better relations with Central Asian neighbors, a fact that is not only noticed but was rewarded with an invitation as an observer to the Shanghai Cooperation Organization summit in Bishkek in August. Moreover, as one expert stated, "there has been about ten times the activity in the last four months than this country has seen in the last four years. Every day Berdimuhamedov meets with representatives from foreign oil and gas companies."

Remarkably, during the meeting great attention was accorded to the agreement concluded in May among Turkmenistan, Uzbekistan, Kazakhstan and Russia on a new gas pipeline and the reconstruction of existent oil and gas pipelines running from Central Asia to Russia. No less important was the discussion of the project on creating a "Turkmenistan-China" gas pipeline, which will pass the territory of Uzbekistan. This agreement was signed earlier in April of 2006 in Beijing, aiming to deliver 30 billion cubic meters of gas per

year by 2009. The participation of Uzbekistan in the realization of this project will increase the transit potential of the republic, and add new export directions of Uzbek gas, thus boosting the national budget.

Therefore, Uzbekistan and Turkmenistan have common economic interests. Both countries are gas producers and will export northwards to Russia and eastwards to China. It makes sense for both to work together instead of against one another in making that happen. Karimov's official visit resulted in an interstate agreement on further strengthening friendly relations and multilateral cooperation and an interstate agreement on economic cooperation.

Official visits of Central Asian heads of state to neighboring countries are not as accidental as may appear to be the case. These visits may be a good sign of progressing regional cooperation in the region as well as the development of qualitatively new relations among the states of Central Asia based on the mutual interests of individual states. Improvement of relations between such isolated economies as Uzbekistan and Turkmenistan could manifest an opportunity for closer intraregional cooperation.

In the end of September, Tajikistan's president Emomali Rahmon paid an official visit to Kyrgyzstan, discussing the hydropower potential of the two states. Before that, Kazakh president Nursultan Nazarbaev visited Tajikistan to establish an investment fund of \$100 million to provide support for the Tajik economy. He also paid two visits to Turkmenistan this year. The latest meeting between Uzbekistan and Turkmenistan, who have vivid economic similarities and interests, shows how the new mechanism comes to action.

For better or worse, in light of such developments, if Kazakhstan positions itself as a bridge between Europe and Asia, Uzbekistan becomes a link among all Central Asian states. It may take full advantage of its position and continue to pose obstacles for transportation and delivery of energy resources to states across the region, thus slowing down cooperation among the states. However, it seems

that Uzbekistan's cost-benefit analysis suggests quite a different approach.

---

## THE BATTLE FOR TAJIKISTAN'S WHITE GOLD

*Sergey Medrea*

In the local media, Soviet-style accounts given by the heads of districts and jamoats (the lowest tier of local government) on the volume of harvested cotton and the percentage of the plan fulfilled are often found. In 2006, the harvest amounted to a little over 440,000 tons. This year, authorities set the quota at 550,000 tons before the rain season starts. There are several government initiatives already underway that aim to reduce exploitative tendencies toward school children and insure a system of direct financial access to bank loans and credits to the farmers.

The battle for cotton harvest among the district authorities is at its peak, with heads of districts and jamoats competing to become the fastest and most efficient in cotton picking. Though farms in Tajikistan are privately owned, the land the farmers work is still leased from the state. Theoretically, farmers can choose what to plant and whom to sell to, but, in reality, farmers are more or less obliged to grow the amount of cotton the government instructed them to produce and sell it to the state at artificially low prices. Hence, farmers overwhelmingly face a continued pressure from above to meet high production targets, because local authorities are roped into ensuring Soviet-style plans are fulfilled.

Local authorities often employ various excessive methods to gather the largest amounts of raw cotton in the shortest time and thus not to fall into disfavor. In some districts of Tajikistan, markets and shops are being closed so that market workers can help pick the cotton. Local officials deny giving orders to people in the markets, and insist that the people are volunteering to help the farmers. In one

district, members of the mosque were asked to help in the fields under threat of closing the mosque.

During the working session of the parliament on September 14, President Emomali Rahmon once again banned the practice of children studying in secondary schools being sent to work in cotton picking during school time. The Tajik Ministry of Education announced that it will supervise the implementation of the prohibition.

However, as often happens, it is easier to order than to implement: despite the presidential decree, it is often the case that students not only from universities but also from secondary schools volunteer to work most of the autumn on the cotton fields instead of studying. Theoretically, such volunteers can be expelled from schools and universities they attend if they refuse to work in the field. Students are being paid for their work, but most of the time money "goes" directly to the school and university funds, for so-called new books, and repairing works. Very often, the money does not reach the intended recipients.

Local authorities are forced to resort to the assistance of students and the local population for several reasons. First, they are under pressure to fulfill the state planned targets; second, the farmers do not have enough human resources to accomplish the given targets. Farmers in Tajikistan are the last people to be blamed; they chronically suffer from insufficient resources, sometimes even the minimum necessary for subsistence. Most of the privately owned farms in Tajikistan become dependent on entities called "futures companies." These companies offer farmers much-needed credits and bridging loans, meanwhile taking full advantage

of the desperate farmers, and charging high rates for what often turns out to be low-quality seeds, stale fertilizer and insufficient equipment. “Futures companies” are the lenders to desperate farmers who become slaves because they have no prospect of repaying debts.

Since the government cannot provide any credit or finance programs, it leaves the overwhelming number of private farmers without any way to repair the crumbling infrastructure of their farms or to obtain new equipment, thus there is a growing dependency on the “futures companies.” Current reports show that farmers owe the “futures companies” ca. \$400 millions. The Government of Tajikistan is hoping to liquidate the debt with the

help of international organizations. The introduction of the new system was announced by Emomali Rahmon in parliament on October 16. According to the head of the Ministry of Agriculture, starting in 2008, farmers will be financed directly by banks. International development organizations, including the World Bank and the Asian Development Bank, were already working for several years in an attempt to create and facilitate direct access of farmers to bank loans and credits. It is hoped that a better access to monetary resources will improve the overall situation of the farmers, and in the long run eradicate the need for additional unpaid labor in the form of children.

## NEWS DIGEST

### UZBEKISTAN PRESIDENT TO VISIT TURKMENISTAN

**17 October**

The President of Uzbekistan Islam Karimov will visit Turkmenistan on October 18. The President Gurbanguly Berdymuhamedov informed at the session of the cabinet of ministers of Turkmenistan, the agency reports referring to the press service of the Ministry for Foreign Affairs of Turkmenistan. During the meeting of the leaders of two states the parties will exchange opinions on prospects of mutual relations, regional cooperation, economic integration and safety. The main attention will be given to the questions in energy sphere. Uzbekistan is the participant of two gas pipelines - Trans-Caspian and Turkmenistan-China. "Uzbekistan supports all these projects and makes all efforts for their realization. However, the position of Ashkhabad in the Trans-Caspian gas pipeline needs to be specified," the representative of the Uzbek Ministry of Foreign Affairs informed the agency. The relations between Uzbekistan and Turkmenistan develop in the spirit of the Contract of 1996 on friendship, cooperation and mutual aid and Friendship treaties, strengthening mutual trust and development of cooperation signed in 2004. More than 108 bilateral documents have been signed between Uzbekistan and Turkmenistan, the press service of the Ministry of Foreign Affairs of Turkmenistan states. "During the meeting we have discussed the questions of further development of political, trade and economic, cultural and humanitarian cooperation between our countries. We have discussed the issues of cooperation in fuel and energy spheres. We consider that realization of the agreement signed on May 12, 2007 between Turkmenistan, Kazakhstan, Russia and Uzbekistan, as well as the agreements on gas pipeline Turkmenistan - China, will be successful," Foreign Minister of Uzbekistan said. (Kazakhstan Today)

### KAZAKH DEFENSE MINISTER ANNOUNCES PAY RAISE FOR PROFESSIONAL SOLDIERS

**18 October**

Speaking at a defense industry plant in Astana, Kazakh Defense Minister Daniyal Akhmetov announced on October 18 that the monthly wages for professional soldiers will be doubled on January 1, 2008, to about 70,000 tenge (\$580). He added that specialists within the armed forces will be awarded a further 30 percent supplemental pay increase, and promised to improve housing for soldiers, stating that he is committed to resolving "the servicemen's housing problems within three years." Funding for military education and training is also expected to be increased substantially, to roughly 4.8 billion tenge (\$40 million) in 2008. (Itar-Tass)

### ARMENIAN PRIME MINISTER HEADS DELEGATION TO WASHINGTON

**18 October**

A delegation of senior Armenian officials led by Prime Minister Serzh Sarkisian arrived on October 18 in Washington to attend the annual meetings of the World Bank and the International Monetary Fund (IMF) and to meet with U.S. officials. The delegation -- which includes the Armenian ministers of finance, economy, trade and economic development, and agriculture; the Armenian president's chief adviser for economic issues; and the chairman of the Central Bank, is also set to participate in a meeting of the bilateral Armenian-U.S. intergovernmental commission for economic development. Sarkisian met on October 18 with both U.S. Secretary of Defense Robert Gates and Vice President Richard Cheney. The delegation is to travel to Los Angeles on October 19 to meet with leaders of the Armenian-American community and after a subsequent trip to Paris, will not return to Yerevan until after October 24. (Arminfo)

### **GUAM MEMBER STATES EMBASSIES IN AUSTRIA MARK ORGANIZATION'S 10TH ANNIVERSARY**

**19 October**

Embassies of Azerbaijan, Georgia, Ukraine and Moldavia to Austria organized Thursday at the Pallavicini palace in Vienna an official reception on the 10th anniversary of GUAM – the Organization for Democracy and Economic Development. Austrian officials, representatives of diplomatic corps and international organizations accredited in this country attended the event. The reception is a start of several events, which embassies of GUAM members-states in Austria will hold on this occasion. Meanwhile, members of the Azerbaijan's delegation to OSCE addressed the Wednesday meeting of the OSCE Permanent Council on the 10th jubilee and gave detailed information about the Baku summit of the heads of GUAM member states. Members of some delegations, including Portugal on behalf of the European Union, USA, Turkey and Japan spoke about successful cooperation between their countries and GUAM.

Azerbaijan is now holding presidency of GUAM. (Azertag)

### **DUMA REJECTS PROPOSAL TO DECLARE STATE OF EMERGENCY IN INGUSHETIA**

**19 October**

The Duma considered on October 18 in plenary session, but ultimately rejected, a proposal by former Colonel Viktor Alksnis (People's Union) that a state of emergency should be declared in Ingushetia. Alksnis argued that "a war is under way in Ingushetia, ethnic cleansing, and Russians are being killed." Only seven deputies, including National Union leader Sergei Baburin, supported that proposal, however; the overwhelming majority voted against it. On October 19, the website kavkaz-uzel.ru quoted Interior Ministry troops commander Colonel General Nikolai Rogozhkin as stating that the 2,500 additional Interior Ministry servicemen deployed to Ingushetia in August have been withdrawn. Meanwhile, Russian Interior Minister Rashid Nurgaliyev has appointed four new Ingushetian deputy interior ministers in order to improve the work of that ministry. Three of the four are Slavs. Colonel Sergei Selivestrov was named first deputy interior minister and head of the criminal police, and Colonel Vadim Selivanov, Colonel Sergei Shumlin, and Magomed Gudiyev were appointed deputy ministers. (RFE/RL)

### **KYRGYZ LEADER CALLS SNAP ELECTION**

**22 October**

Kyrgyz President Kurmanbek Bakiyev has dissolved parliament and called fresh elections, after voters approved plans to overhaul the country's constitution. In Sunday's referendum, about 75% of voters backed the constitutional changes, election officials said. President Bakiyev said the new system would give the people more power, but opposition parties say the changes will hand more power to Mr Bakiyev. The election is expected to take place later this year, probably in December. Reuters reported some election observers as saying there had been incidents of ballot-stuffing during Sunday's referendum, and the official turnout of 80% of the country's 2.7m voters was inflated. But the Central Election Commission denied any major irregularities. President Bakiyev swept to power in 2005, ousting long-term leader Askar Akayev and winning a landslide victory in presidential elections. But since then, the Central Asian country has been hampered by a political stand-off between the president and parliamentary deputies elected during the Akayev era. The new constitution includes a proportional representation system of voting, where candidates are selected from central party lists rather than locally elected. The president has formed his own party, Ak Zhol, and analysts say the constitutional changes will help him gain a foothold in the chamber. (BBC)

### **GABALA RADAR STATION DOES NOT ENDANGER IRAN – AZERI DIPLOMAT**

**22 October**

The Gabala radar station Russia is renting in Azerbaijan is not targeted against third countries, Iran among them, Deputy Foreign Minister Araz Azimov said in an interview with the Azerbaijani television channel ATV on Monday. "The radar station covers a vast area. There are several states in the south, and they do not have to worry if they do not pose any danger," Azimov said. "I would not link the radar station directly to Iran, as it is [designed for the] tracking of possible targets and missiles coming from the south and taking measures if necessary," Azimov said. The future of the Gabala radar station will depend on consultations between Azerbaijan, the United States and Russia, he said. (Interfax)

### **SUICIDE ATTACK ON BUS IN DAGESTAN; THREE PASSENGERS INJURED**

**23 October**

A terrorist attack has been committed in Kazbek district of Dagestan on Tuesday, which killed the bomber and injured three other people. The explosion occurred at around 11:20 am, in a minibus going from Khasavyurt to Dylm, a central town in the Kazbek district, the Kazbek District Interior Department told

Interfax. "According to our information, the explosive device which detonated was attached to the belt of a female suicide bomber. The explosion which occurred within a hundred meters of a police station killed the young woman, and three passengers were hospitalized with shrapnel wounds. Investigators are working at the scene," an officer on duty said. (Interfax)

### **AFGHANISTAN HOSTS 17th MEETING OF ECO COUNCIL OF MINISTERS**

**24 October**

Herat, Afghanistan hosted the 17th annual meeting of Economic Cooperation Organization (ECO) Council of Ministers, Azerbaijan Embassy in Pakistan said. Azerbaijan was represented by the Foreign Ministry delegation led by Deputy Minister Mahmud Mammadgulyev. Addressing the meeting, Afghan President, Hamid Karzai, said his country is an important bridge between Central, Middle and South Asian states.

He called on ECO countries to cooperate in the spheres of trade, transport, industry, culture and agriculture.

He noted Afghanistan's transport corridor is open for ECO member countries. Mahmud Mammadgulyev made a speech at the opening ceremony and thanked the Afghan side and ECO secretariat for high-level organization of the meeting. The chairmanship at the ECO Council of Ministers passed from Azerbaijan to Afghanistan. Afghanistan's Minister of Foreign Affairs Rangin Dadfar Spanta thanked Azerbaijan Foreign Minister Elmar Mammadyarov, and highly appreciated Azerbaijan's presidency at the ECO Council of Ministers during the past year. The participants adopted the Herat Declaration. Mammadgulyev met one-on-one with deputy foreign minister of Afghanistan Mohammad Kabir Farahi to discuss prospects of cooperation between the two countries in various fields. On Sunday, the Azerbaijani delegation arrived in Kabul to meet Azerbaijani soldiers serving at the International Security Assistance Force. Mammadgulyev familiarized himself with the conditions of the Azerbaijani soldiers. The Deputy Foreign Minister spoke about Azerbaijan's economic achievements and growing international prestige. Mammadgulyev also visited Azerbaijani companies and met with businessmen. Azerbaijan's permanent representative to ECO A. Hasanov, representative for Afghanistan at the Azerbaijani embassy in Pakistan I. Gafarov and official at the Azerbaijani Foreign Ministry S. Ahmadov accompanied the delegation during the visit. (Azertag)

### **KAZAKHSTAN BLOCKS OPPOSITION WEBSITES**

**25 October**

Kazakhstan blocked access to four opposition news websites on October 24 in what local media freedom activists condemned as "political censorship." Speaking at a press conference in Almaty, the head of the Adil Soz media rights group, Tamara Kaleeva, accused government officials of blocking access to the sites for nearly a week. She said that given the restrictions on traditional media outlets, electronic and Internet-based media offer an important alternative source of news for the Kazakh population. Kaleeva said that blocking the websites was illegal, and called for those responsible to be punished and the websites unblocked. Also speaking at the press conference, the operators of the websites linked the move to their sites' publication last week of the transcripts of wire-tapped telephone conversations reportedly involving senior government officials. The opposition websites include zonakz.net, inkar.info, kub.kz and geo.kz. In a statement to reporters, Kazakh Culture and Information Minister Yermukhamet Yertysbaev said on October 24 that he was not aware of the problem and that his ministry had "nothing to do with this incident," and promised to address the issue. (Interfax-Kazakhstan)

### **U.S. URGES KYRGYZSTAN TO SOLVE REPORTER'S MURDER**

**25 October**

The United States on Thursday called on Kyrgyzstan to defend media freedom and solve the murder of an independent Uzbek reporter who was killed on Wednesday in a Kyrgyz city. Alisher Saipov, an ethnic Uzbek with Kyrgyz citizenship, was shot twice in the chest and once in the head in the centre of Osh, a city on the border with Uzbekistan. "We urge an immediate and thorough investigation into this terrible act," the U.S. embassy in Kyrgyzstan said in a statement on its Web site. Saipov, 26, had worked for the U.S.-funded Voice of America and for Radio Free Europe/Radio Liberty. "Journalists and their independent reporting are the bedrock of a free and open society, and any attempt to intimidate them or silence their voices cannot be tolerated," the embassy said. Kyrgyzstan is a small, impoverished, mountainous country that occupies a strategically important position between China, Kazakhstan, Uzbekistan and Tajikistan. The United States has an air base outside the Kyrgyz capital, Bishkek. (Reuters)

### **KYRGYZ JOURNALIST SLAIN BY UNKNOWN GUNMAN**

**25 October**

Kyrgyz journalist Alisher Saipov was fatally shot on October 24 by an unknown assailant, RFE/RL's Kyrgyz and Uzbek Services reported. The body of the 25-year old Saipov was discovered in the southern Kyrgyz city of Osh. As the editor of the "Siyosat" (Politics) newspaper, he frequently wrote articles critical of the authorities in neighboring Uzbekistan, prompting speculation that his killing in the predominantly ethnic-Uzbek region around Osh may be linked to his coverage of Uzbekistan. President Bakiev has pledged to monitor personally the investigation into Saipov's killing. (RFE/RL)

### **GEORGIA ANNOUNCES RELEASE OF DETAINED ABKHAZ**

**26 October**

Georgian Minister for Conflict Resolution David Bakradze traveled on October 25 by UN aircraft to Sukhum(i), capital of the unrecognized republic of Abkhazia, for talks with de facto Foreign Minister Sergei Shamba that lasted two hours, rather than the planned 40 minutes, and after which the two ministers drank coffee together in a local cafe, the Georgian television station Rustavi-2 reported later the same day.

Speaking after his meeting with Shamba, Bakradze announced that Georgia will release on September 27 seven Abkhaz border guards taken prisoner by Georgian special forces following a shooting incident on September 20. Bakradze characterized that decision as a goodwill gesture by the Georgian side intended to pave the way for a resumption of dialogue. Shamba for his part told journalists that agreement was reached on resuming the weekly talks held in Chuburkhindji between Georgian and Abkhaz government representatives and representatives of the Russian peacekeeping forces and the UN Observer Mission (UNOMIG) to assess the situation in the conflict zone. In his most recent (October 3) update to the UN Security Council on the situation in Abkhazia, UN Secretary-General Ban Ki-moon expressed concern at the ongoing suspension of the weekly quadripartite talks and urged their resumption. (RFE/RL)

### **TURKMENISTAN MARKS 16TH ANNIVERSARY OF INDEPENDENCE**

**27 October**

Turkmenistan on Saturday marks the 16TH anniversary of the country's independence. The holiday traditionally started at the main stadium of the country - - Olympiisky. Here representatives of five regions presented their musical and theatrical programmes. On Saturday morning, a wreath-laying ceremony will be held at the Monument of Independence, and then Turkmen President

Gurbanguly Berdymukhamedov and guests will see a military parade of the country and a festive demonstration. Numerous guests, including leaders of foreign companies - - economic partners of the country, delegations of neighbouring states and representatives of Turkmen diasporas are invited to the holiday. The holiday programme includes numerous concerts and a horse and sport march along Ashgabat streets. (Itar-Tass)

### **OPPOSITION LEADERS DETAINED IN KYRGYZSTAN**

**28 October**

The Interior Ministry of Kyrgyzstan says police mistook three opposition leaders for "armed criminals" and briefly detained them. Opposition groups said the police officers involved seemed more like criminals. They told the Russian Interfax news agency the three leaders were traveling in separate cars from a conference in Narya to the capital, Bishkek, on a mountain road when they were stopped. The former parliamentary deputies were detained by masked men who fired warning shots. The Interior Ministry said police had set up two checkpoints on the road after getting a tip that criminals would be driving to Bishkek. One car that arrived shortly before the opposition leaders was driven by a known mobster who had a gun, police said. Police at the first checkpoint said the cars with the former deputies did not stop, so they had a blockade set up at the second checkpoint. Officials said the men were released as soon as they had been identified and the officers involved apologized to them. (UPI)

### **IRAN HELPS TAJIKISTAN PRODUCE MILITARY UNIFORM**

**28 October**

With the assistance of Iran's Defence Ministry, the largest uniform production plant in Tajikistan started its work on Saturday, getting the country self sufficient in producing military uniforms for its armed forces. The plant started its work in the presence of Tajik Minister of Defense Sherali Khairulloyev and representatives from Etka Organization affiliated with Iran's Defense Ministry. The Iranian experts have already trained Tajik personnel on the job. The plant also produce overcoats, shirts, bed sheets as well as uniforms. The agreement to commission such a plant in Tajikistan was signed a few months ago when General Najjar, Iran's Defense Minister, was visiting Dushanbe. (IRNA)

### **SUICIDE ATTACK KILLS FOUR IN SOUTHERN AFGHANISTAN**

**29 October**

A suicide attacker blew himself up Monday near a police convoy in southern Afghanistan, killing three civilians and a policeman and wounding six others, police said. The bomber, believed to be aged in his late teens, detonated his suicide vest in Lashkar Gah, the capital of troubled Helmand province, the Afghan interior ministry said. "Four people were martyred and six were wounded. One of the martyred and one of the wounded were policemen," an interior ministry press statement said, updating an earlier police toll of three dead. "The suicide attacker was targeting a police convoy," provincial police chief Mohammad Hussain Andiwal said. The area was cordoned off by police. Police and civilian vehicles rushed the dead and wounded to hospitals, witness Ali Khan told AFP. Another witness at the site, Abdul Aziz, said a NATO convoy had just passed followed by police vehicles when the blast took place. "There was blood everywhere and thick, black smoke," he told AFP. Helmand province, the biggest opium producing region of Afghanistan, has endured a wave of Taliban-led violence. The Taliban control at least one district in the province. Meanwhile, the US-led coalition said it had killed several militants and arrested five in an operation launched to disrupt Al-Qaeda and foreign fighters in eastern Afghanistan on Sunday. The forces searched a compound in Asadabad, the capital of Kunar province, where intelligence reports indicated "Al-Qaeda facilitators" were operating, a US military press statement said. "Several armed militants were killed during the engagements. Coalition forces performed a search of the buildings on the compound and subsequently detained five suspected militants," the statement said. It said those arrested will be questioned "as to their involvement with foreign fighters and weapons facilitators, as well as other extremist activities." The coalition said it had recovered several weapons in the compound. (AFP)

### **TAJIKISTAN CUTS TAX ON FOOD IMPORTS**

**29 October**

At a press conference in Dushanbe, Tajik Deputy Economic Development and Trade Minister Abdughaffor Rahmonov announced on October 26 a 10 percent reduction in the value-added tax (VAT) on basic food products imported into the country. The move, seen as an attempt to ease the impact of a rise in food prices that has swept the region in recent weeks, follows the creation of a new state commission empowered to study the "domestic consumer market" and tasked with recommending specific measures aimed at combating the price rise. Rahmonov also claimed that the price increases were exacerbated by "private entrepreneurs" who were "to blame for the price hike," contending that they "have formed an

artificial" pricing structure. Meanwhile, the head of the Tax Committee, Hakim Soliev, recently suggested that grain imports should be exempted from VAT altogether. (Asia-Plus)

### **BRITAIN CLOSES EMBASSY IN AZERBAIJAN OVER SECURITY FEARS**

**29 October**

Britain on Monday closed its embassy in Baku, the capital of Azerbaijan, for security reasons, the Foreign Office in London said. "Due to security concerns, the embassy will be closed on October 29 and the situation will be kept under review," a spokesman told AFP. "We are unable to give any further details at this stage" on the nature of the security concerns, he added. (AFP)

### **GEORGIAN PARLIAMENT SPEAKER CLAIMS TURKEY WILL NOT ADMIT ABKHAZ LEADER**

**30 October**

Nino Burjanadze announced on October 29 that during her recent visit to Istanbul, Turkish officials assured her that they will not renew an invitation to Sergei Bagapsh, president of the unrecognized republic of Abkhazia, to visit Turkey. That planned visit has been postponed at least twice, once in April 2007 due to Bagapsh's illness, and again last month. Bagapsh was quoted as attributing that most recent postponement to the deteriorating situation in Turkey in light of incursions by Kurdistan Workers Party (PKK) militants based in northern Iraq, according to "Nuzhnaya gazeta" on October 23 as summarized by the BBC. Meanwhile, an Abkhaz-Turkish joint venture to mine and export coal is in jeopardy following the seizure of a Turkish merchant vessel by the Georgian coast guard on October 21, Caucasus Press quoted Abkhaz parliamentarian Daur Arshba as saying on October 25. On January 31, the "Georgian Times" reported that

Turkish businessmen have invested heavily in Abkhazia, illegally exporting coal, timber, and marble. In addition, at least 40 percent of the republic's restaurants are reportedly Turkish-owned. The Abkhaz community in Turkey numbers some 500,000, mostly descendants of people who fled during the 19th-century Tsarist conquest of the western Caucasus. (RFE/RL)

### **RUSSIA VALUES PARTNERSHIP WITH KAZAKHSTAN - LAVROV**

**30 October**

Russia highly values the partner relations with Kazakhstan, Russian Foreign Minister Sergei Lavrov said.



“At present, it can be said without an exaggeration that they are model,” he said at the conference “15 Years of the Establishment of Diplomatic Relations between Russia and Kazakhstan: Results and Prospects of Cooperation” in Astana on Tuesday. “As good friends and neighbours, Russia and Kazakhstan consider the interest of each other in the political, economic, military and other fields,” Lavrov said. He cited the energy sphere as example of the relations. “With an increase in the proportion of the energy component in their global policy, Russia and Kazakhstan are increasingly actively cooperating in development of their fuel and energy complexes. This also concerns increasing energy security in the Euro-Asian space and on a global scale, and energy supplies to world markets”. “Our countries are reliable partners in this sphere, and they consistently meet all their obligations,” Lavrov said. He also said problems of stable and future-looking use of the Caspian hydrocarbon resources had been in principle resolved. The two countries coordinate efforts to settle the status of the Caspian Sea. Lavrov said Russia and Kazakhstan closely cooperate in the Collective Security Treaty Organisation, the Euro-Asian Economic Community and the Shanghai Cooperation Organisation. (Itar-Tass)

#### **US-LED COALITION SOLDIER KILLED IN SOUTHERN AFGHANIST; AN INTEL CHIEF KILLED IN THE EAST**

31 October

A U.S.-led coalition soldier was killed in southern Afghanistan, while a roadside blast killed a regional intelligence chief and three of his bodyguards in the east on Tuesday, officials said. The coalition soldier was killed while conducting combat operations in Sperwan Ghar, in Kandahar province, a statement from the coalition said. The clash also left another coalition soldier and an Afghan policeman wounded, the statement said. Both were evacuated to a military

medical facility for treatment. The nationalities of the killed and wounded coalition troops were not released. In the east, a roadside blast targeted the intelligence chief of Qarghayi district in Laghman province as he was traveling in his car, said Nezamuddin, a spokesman for Laghman's governor who goes by only one name. The vehicle was destroyed. Violence in Afghanistan this year is the deadliest since the 2001 U.S.-led invasion. More than 5,300 people have died this year due to insurgency-related violence, according to an Associated Press count based on figures from Afghan and Western officials. (AP)

#### **ADB PRESIDENT TO MEET LEADERS OF CENTRAL ASIAN STATES**

31 October

The first official visit of the President of the Asian Development Bank (ADB) Haruhiko Kuroda to the Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan will begin on November 5, the agency reports referring to ADB press service. In each country H. Kuroda will meet the leaders of the states and the officials to discuss the programs of ADB partnership, important role of regional cooperation in further development of the Central Asian states and decrease the level of poverty in the region. "The necessity of cooperation between Central Asian states is obvious. Cooperation becomes an essential factor for strengthening economy and increase of standard of living of people in the countries of the region with small population, having significant distance from the world markets," H. Kuroda considers. "Owing to the neighborhood with promptly developing markets of the Chinese National Republic, India and Russia, having huge demands for power resources, and due to extending transit corridor to the sea through Afghanistan, Central Asia obtains good potential of development due to its strategic location. (Kazakhstan Today)