

# Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

VOL. 8 NO. 22

15 NOVEMBER 2006

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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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**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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# THE COLLAPSE OF PUBLIC SERVICE AND KYRGYZSTAN'S ENDEMIC INSTABILITY

Rafis Abazov

*On November 8, President Kurmanbek Bakiyev and his opponents reached a constitutional compromise ending a week-long confrontation on the streets of Bishkek. Some observers and participants called this episode yet another revolution, as the events in Bishkek closely resembled the "Tulip Revolution" in March 2005 when the demands for constitutional reforms and the issue of good governance were at the heart of the conflict. As in 2005, people demonstrated against the inefficiency of the government as well as corruption and nepotism. This reflects a fundamental problem that has been unaddressed for many years – the absence of effective tools for reform and change, competent public service and efficient governance.*

**BACKGROUND:** The ineffectiveness of the public services in independent Kyrgyzstan is in sharp contrast to the experience of the Soviet era. Then, ordinary people received their salaries and pensions in time, law and order was enforced effectively if not brutally, and comprehensive welfare and healthcare systems provided services to ordinary people. These public goods were delivered by a distant cousin of the public service – the Soviet *nomenklatura* – that was created in the country under Stalin's motto "The cadres determine everything!" in the 1930s and 1940s. True, it was built on very different principles and served a totalitarian state. Yet, among other things the *nomenklatura* workers provided comprehensive administrative services and strong governance.

The strength of the *nomenklatura* system was that it had been built and functioned under a very clear system of rules, rewards and penalties. In the center of this system was a ruling communist party that developed comprehensive rules and norms for running the public sector and clear cut criteria for recruiting new members into the system. Some of these rules were very much a product of the dogmatic totalitarian system; yet many others incorporated norms and traditions seen in some western countries, such as France. An example of the former was criteria for recruiting new members – loyalty to the ruling party and the Soviet state. An example of the latter was a systematic approach to

developing a professional, effective and cohesive system capable of completing most comprehensive and difficult tasks. Those who ran this system took very seriously the issue of professional recruitment and development. The search for young talents started at the early stage at technical colleges (*proftech uchiliche*) and universities.

Through various outreach and internship programs the cadres were carefully selected and recruited into administrative and managerial positions. There also was a large scale training and retraining system that helped young people enrich their expertise and network with others. Only those who passed certain levels of evaluations and interviews were finally included into exclusive ranks of the *nomenklatura* from where top administrators, government officials and enterprise managers were recruited on more or less clear principles.

Of course, like in France or the USA, the state could not offer the highest salaries to public service workers, but this shortcoming was compensated for by offering social welfare and healthcare benefits and good pensions. Like any other system, there were political appointees whose main assets were political connections and the ability to deliver politically correct speeches and to run Soviet-style election campaigns. Numerous reasons contributed to the fact that by the late 1970s and mid-1980s, this system became

increasingly corrupt and less efficient in servicing its own corporate interests at the expense of ordinary citizens. Yet, in general this system was capable of generating and recruiting well trained technocrats capable of governing institutions, managing various projects and running the day-to-day activities of large state agencies.

The situation radically changed with independence. The democratically elected government of President Askar Akayev and its foreign advisers harbored a deep mistrust of the existing public service workers. In addition, international organizations demanded deep cuts on all public expenditures, including on public sector workers.

**IMPLICATIONS:** The new government wowed to destroy the old *nomenklatura* system and replace it with a professional, modern and lean one. However, in the end the old system was destroyed, but a new system was not really established. First, old rules, norms and clear cut criteria for recruitment into public sector services and for professional growth were thrown away, but new ones were never created. Political appointments became the norm and many positions were filled by people without adequate expertise or experience. A lot of people entered the system because of their political or personal loyalties or tribal/clan affiliations. New ministers, governors or even department chiefs in state agencies would replace most of the personnel in the workplace. On many occasions international organizations contributed to this chaos, as they often lobbied for the appointment of outsiders whose main assets were knowledge of English or who managed to impress a high ranking foreigner during a reception.

Second, the deep cuts in the state budget led to steep cuts in salaries and benefits. Public sector workers now found that they had token salaries and practically no welfare or healthcare benefits. For example, in the mid-1990s the salary of people working in a governor's office could hardly cover five days of decent living and even people in the presidential office joked that their official monthly salaries were good enough to buy ten pounds of meat or half a jacket in a bazaar. Of course, under these circumstances many public service employees increasingly supplemented their incomes

through activities outside of their professional duties, including the abuse of public goods and corruption.

Third, training and retraining was largely transferred to the domain of international organizations who, no doubt, introduced new ideas, concepts and skills. However, they did so in extremely departmentalized ways. Many programs were run more for the needs of those international organizations than for the needs of the Kyrgyz civil service, and duplication became the norm.

Fourth, the civil service sector experienced a steady outflow of the most talented and capable technocrats and skillful managers. These individuals were often recruited to international organizations, local enterprises and foreign subsidiaries or simply gave up as they were unable to survive on tiny salaries. For example, in one case a former finance minister received a salary several times higher after becoming a mid-level consultant to an international donor organization.

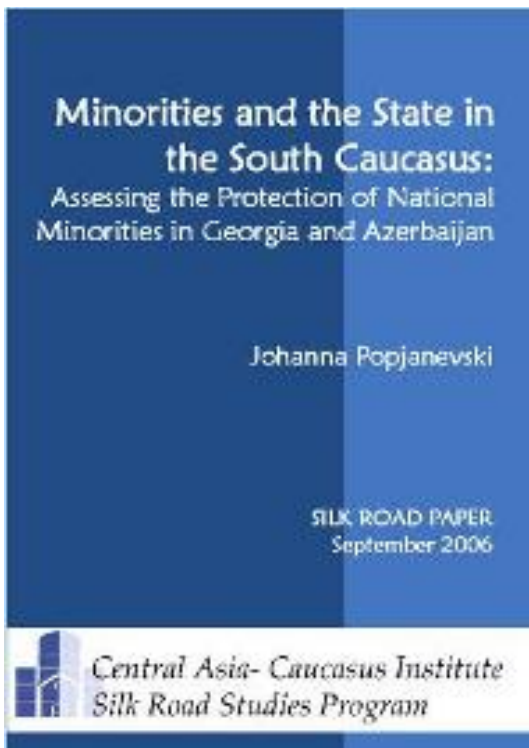
By and large, all these changes and the ensuing chaos effectively turned the public service into a huge and deeply corrupt machine whose main interest and work culture was increasingly built around extracting rent from ordinary people. The results of the public service crisis can be seen during President Akayev's last term. The Akayev-led administration failed to contain a looming political crisis that was largely fueled by the ineffectiveness of the government's economic policies as well as mass poverty and mismanagement of international assistance. One example of the dysfunctional public service is the so-called passport fiasco: for years, government-controlled agencies were unable to deliver new passports to Kyrgyz citizens, though a bribe could make the passports available within hours. It was this dissatisfaction with the ineffectiveness and corruption of Akayev's administration that brought people to the streets and ultimately led to the "Tulip Revolution" in March 2005. The issue of the effectiveness of the public service was at the very heart of the revolution: people went to the streets complaining against the absence of actual policies, bureaucratic red tape, corruption, the inefficiency of public institutions and their inability to provide public goods to general population.

**CONCLUSIONS:** There is no doubt that Kyrgyzstan, like many other former Communist countries, needs political reforms, constitutional changes and a new strategy for economic development. President Bakiyev came to power on a promise to fight corruption, to fix public services and in the end to reduce mass poverty. People were extremely dissatisfied with the policies of the previous administration, but they have also become increasingly frustrated with the current administration too. Despite the promised changes, a decent public service is not in place in Kyrgyzstan. There is an urgent need to establish a clean, lean and independent public service system whose employees would serve the ordinary citizens of Kyrgyzstan, but not individual politicians.

There are various components of this. First, there is a need to increase substantially public service salaries and benefits. Though this is a politically sensitive decision in this very poor country, the example of Georgia shows that it is worth trying to motivate public service workers through serious and clearly defined financial incentives. Second, there is a need to streamline the most important appointments,

promotions and dismissals by taking them away from well-connected individuals and creating a truly independent public sector. Third, there is a need for international organizations to stop running their individual training programs and to support the establishment of a national training institution. This initiative might take place under the Institute of State Management under the President or under the Parliament of Kyrgyzstan, though it should be run by an international board of trustees. Overall, the country needs a highly motivated and capable team of technocrats capable of delivering fruits of the changes to ordinary people through good governance but not another revolution.

**AUTHORS BIO:** Rafis Abazov, PhD, is an adjunct Assistant Professor at the Harriman Institute at the Columbia University (New York). He is an author of the *Historical Dictionary of Kyrgyzstan* (2004) and *The Cultures and Customs of the Central Asian Republics* (2006, forthcoming). In Spring 2006 he supervised a joint SIPA-UNDP (Kyrgyzstan office) project on democratic governance in Kyrgyzstan.



### **New Silk Road Paper!**

#### **Minorities and the State: Assessing the Protection of National Minorities in Georgia and Azerbaijan**

by Johanna Popjanevski

This 88-page Silk Road Paper analyzes the protection of minorities in Georgia and Azerbaijan, against the background of the ambition by both states to develop an inclusive, civic concept of nationhood.

The paper is available from the offices of the Joint Center cited on the inside cover of this issue, or freely downloadable in PDF format from either [www.cacianalyst.org](http://www.cacianalyst.org) or [www.silkroadstudies.org](http://www.silkroadstudies.org).

# THE CURRENT SPAT WITH RUSSIA HAS GEORGIA UNDER A CLOUD—WITH A SILVER LINING, PERHAPS

Peter Laurens

*Georgia has strongly rejected a Gazprom proposal to forego doubling the price of gas, if Georgia agrees to hand Gazprom control of its domestic gas distribution lines. This follows Moscow's ban on key Georgian exports, and a crackdown on Georgians living in Russia, in response to Tbilisi's detention alleged Russian spies. As it tries to garner favorable world public opinion by portraying itself as the underdog, Georgia faces a stark choice: either cede to Russia some of its prized economic assets, pay double for Russian fuel, or have these fuel supplies cut off as the country goes into winter. However, Georgia's economic dependence on Russia may be overstated and this latest crisis might actually serve to push Georgia further away from Russia's orbit, especially in economic terms.*

**BACKGROUND:** Although Georgia's "Rose Revolution" occurred only three years ago, in November 2003, many positive results are already visible, especially as concern foreign investment and the overall perception of the country among multinational policymaking bodies. The new government has made concrete progress towards meeting international standards not only in terms of political governance, such as in its anti-crime and -corruption drive, but in terms of economic modernization. For example, over these three years, the government has cut red tape for businesses, overhauled the tax code and abolished most customs duties. These measures have encouraged many businesses out of the shadows and into the formal economy, resulting in significant rises in government revenue and helping to reduce the budget deficit to a manageable level.

The macroeconomic picture is now quite favorable, characterized by good fiscal performance, a stable currency, growing consumer spending together with low levels of personal debt, massive government investment in infrastructure, and a notable increase in activity by foreign investors. This progress has been noted by such institutions as the EBRD and the World Bank, which recently cited Georgia as

having achieved the largest reduction in corruption among all "transition" countries from 2002 to 2005. While Georgia's GDP growth is quite high, averaging 8 percent over this period, this is coming from a very low level. Growth has mainly been in construction, food processing, transportation and tourism, and much still has to be done to stimulate foreign direct investment as well as encourage small and medium-sized business activity.

A key component of Tbilisi's economic policy has been its push for the creation of an energy and transportation corridor, independent of Russian control, to bring oil and gas from Azerbaijan and to a lesser extent from Central Asia, through Georgia to markets in Turkey and Europe. This policy has developed in concert with the growth of U.S.-Georgia bilateral relations, highlighted by President Bush's visit to Tbilisi in 2005. Russia has looked askance at these developments; it supports the de facto governments of Georgia's breakaway regions Abkhazia and South Ossetia, which contain many thousands of ethnic Russians, and strongly opposes Georgia's close relations with NATO.

Moscow gave its grievances concrete form by taking a number of actions which can easily be interpreted



as having strong political overtones, designed to pressure Tbilisi to review its policies. In the second quarter of 2006, Russia instituted embargoes on Georgian wine and mineral water, the major Georgian exports to Russia; these were followed by the severing of transportation links, the closing of several Georgian-owned businesses in Moscow and the deportation from Russia of a number of ethnic Georgians. The culmination was the widely reported announcement that Russia's gas monopoly Gazprom intends to raise Georgia's tariff of USD110 per 1,000 cubic meters of gas to USD230 starting in 2007. Although Gazprom has indicated to several other CIS countries such as Armenia and Belarus that it intends to raise subsidized rates to bring them in line with market prices, Tbilisi interpreted the announcement as a political one and rejected Gazprom's offer to maintain the current price if Georgia agrees to give Gazprom control of its gas distribution network.

**IMPLICATIONS:** While Moscow's recent actions vis-à-vis Tbilisi have raised serious concerns among Georgians and international observers alike, a closer look at Georgia's current economic situation indicates that the deleterious effect of Russia's actions is not so clear-cut. For example, Georgians working abroad make up around 20-30% of Georgia's total labor force and their remittances account for nearly 6-7% of Georgian GDP, and the nearly 500,000 labor migrants of Georgian ethnicity in Russia account for around two-thirds of total net remittances to Georgia. However, no mass expulsion of Georgians from Russian territory has yet occurred. In fact, both Georgian and Russian media have estimated that the number of ethnic Georgians deported from Russia since the beginning of October 2006 is only around 4,000. Nor does there appear to be a noticeable decrease in the level of remittances during November: a major Georgian bank has forecast net annual transfers for 2006 at US\$556 million; up 14 percent year-on-year.

Furthermore, Russia's reported intention to cut money transfers from Russia to Georgia, even if factual, is largely unenforceable for several reasons: Georgian officials have charged that restricting

money transfers violates International Monetary Fund regulations; transfers are often made through non-Russian companies such as Western Union; and Georgians in Russia might be driven to bypass such regulations anyway by wiring money through other states such as Armenia or Ukraine.



*Saakashvili – under Pressure? (AFP photo)*

While it is true that wine producers were hit hard by Russian sanctions (in 2005 Russia accounted for up to 80 percent of Georgia's wine exports), Georgia's export structure, both by goods and by region, is quite diversified already and businesses are actively seeking alternative markets for their export products. The more immediate cause for alarm is, of course, the potential effect of a gas price hike by Gazprom. However it must be noted that during 2006 the price already increased from US\$65 to US\$110 per 1,000 cubic meters, for an estimated annual impact on the current account of around US\$85m, or just 1.1 percent of GDP. As total gas imports in 2005 amounted to around US\$91m, even a doubling of rates would not much hurt the current account balance. Observers note that gas prices above US\$200 might push Georgia to buy its gas from Iran and Azerbaijan rather than Russia, effectively ending its dependence on Gazprom. The Georgian government has also announced that it intends to soften the effects of a sudden increase in gas prices for low-income families through direct

subsidies, a not very difficult task given the government's strong fiscal profile.

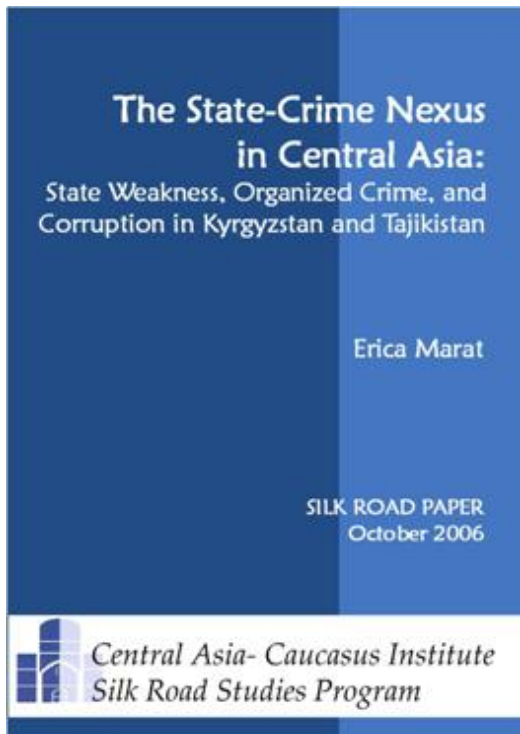
**CONCLUSIONS:** Abroad, the resolute maneuvering of Georgia's President Saakashvili is keeping the country in the news; he has had some success in presenting his nation as the victim in its dispute with Russia. Inside Georgia, Moscow's antagonistic stance has served to increase support for Mr. Saakashvili, reflected in the ruling party's victories in local elections in October. Now that oil and gas pipelines are crisscrossing Georgia, the country has a newfound international significance that its authorities are doing their best to exploit.

Georgia will need great skill to avoid overplaying its hand with Russia. Russia's energy exports windfall has only emboldened its foreign policy and endowed it with numerous bargaining chips, particularly as relate to furthering its influence among its immediate neighbors. In the ongoing feud between

Moscow and Tbilisi, the leverage of Georgia's American ally is limited because the latter seeks Russia's cooperation in larger foreign policy concerns. Unfortunately, the lack of a strong independent energy policy in the U.S. means that in its foreign affairs it is peculiarly beholden to countries which are large producers and exporters of oil. For instance, Russia may choose to use America's support for Georgia as a bargaining chip in exchange for supporting U.S. policy on such pressing issues as Iran's nuclear program.

However, it is equally true that Russia's efforts to rein in Georgia may backfire. If Russian actions push Georgia to successfully find new sources for its imports and new markets for its exports, it will likely end up even farther away from the Russian sphere.

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### **New Silk Road Paper!**

## **The State-Crime Nexus in Central Asia: State Weakness, Organized Crime and Corruption in Kyrgyzstan and Tajikistan**

by Erica Marat

This paper analyzes the divergent forms that relationships between organized crime and the state have taken in the two worst hit Central Asian states in the past decade.

This 138-page paper is available from the offices of the Joint Center cited on the inside cover of this issue, or freely downloadable in PDF format from either [www.cacianalyst.org](http://www.cacianalyst.org) or [www.silkroadstudies.org](http://www.silkroadstudies.org).

## GEORGIA CUTS LOSSES IN A HARMFUL RUSSIA ROW

*Jaba Devdariani*

*After a harmful row with Russia, Georgia attempts to cut its losses and cling to some of its achievements. President Saakashvili is attempting to remove some of the key irritants to Russia, for example by shifting his Defense Minister to the post of Minister for the Economy. But Tbilisi is clinging to and even reaffirming its determination to join Euro-Atlantic institutions, while no longer publicly declaring hope for a rapid accession to either NATO or the EU. As regards the conflict zones, Tbilisi is shifting focus from a military approach to a political one. This includes seeking to create alternative administrative institutions to the secessionist ones, further weakening Moscow's attempts to draw parallels to Kosovo.*

**BACKGROUND:** Russia recalled its ambassador from Tbilisi and introduced harsh economic sanctions against Georgia almost immediately after the arrest by the Georgian government of four Russian military officers on charges of espionage on September 27. The officers were released soon afterwards, on September 29, but Russia has continued to pressure Georgia, keeping the sanctions intact and deporting around 700 Georgians for alleged registration violations. Several Russian human rights groups believe that the authorities' actions against Georgians are tantamount to acts of 'racial discrimination', and Georgia is preparing a lawsuit to the European Court of Human Rights.

Although Russia's response was clearly disproportionate, Georgia's image in the West also suffered, from what many European capitals see as an unnecessarily provocative stance of President Saakashvili's administration towards Moscow. It is also abundantly clear that the EU will not consider any further enlargement in the nearest future. An action plan in the framework of the European neighborhood policy was signed only several days ago, but ENP does not have any type of membership perspective. In relations with NATO, Georgia has attained its realistically maximum attainable objective at present, by beginning an

Intensified Dialogue with the alliance on September 21.

Against this background, on November 10 President Saakashvili announced a cabinet reshuffle, which re-assigned Defense Minister Irakli Okruashvili to the Ministry of Economy. Addressing the EU parliamentary assembly on November 14, President Saakashvili reiterated his intention to continue the dialogue with Moscow and stressed that Georgia has no intention of solving the secessionist conflicts by force. Saakashvili also hopes for a bilateral meeting with President Vladimir Putin on the margins of the CIS summit in late November.

**IMPLICATIONS:** By Okruashvili's dismissal, Saakashvili made a conciliatory gesture towards Russia. Many in Moscow saw Okruashvili as personally responsible for the hard-line policies and some of the harshest statements towards Russia, and especially in relations with a breakaway province of South Ossetia. Saakashvili nevertheless made it clear that the "line of the battle [with Russia] shifted to the economy" and that he is not planning to make any radical concessions, such as transferring Georgia's economic assets – gas transit pipelines and energy generating units – to the control of Gazprom.

Okruashvili's dismissal also concludes a phased modification of Georgia's policy towards South Ossetia. The referendum on independence and the presidential elections in this breakaway province were held on November 12. Okruashvili, a native of South Ossetia, was keeping the pressure high on the region's self-proclaimed leader, Eduard Kokoity by issuing military threats and, famously, promising to "celebrate New Year 2007" in the South Ossetian capital, Tskhinvali. Gradually, however, Tbilisi shifted to a more risky, but potentially more effective policy. Ethnic Ossetian leaders who clashed with Kokoity and were exiled or jailed, have recently formed a "Committee for the Salvation of South Ossetia" which held parallel 'alternative' presidential elections in South Ossetia's Georgian and mixed Georgian-Ossetian enclaves. Dimitry Sanakoev, a former prime minister of South Ossetia, emerged victorious in these 'alternative' polls. He pledged to seek a higher degree of autonomy of South Ossetia within Georgia and not to seek independence. Official Tbilisi refuses to recognize either of the elections in South Ossetia, but yielded high media coverage to Sanakoev.

In South Ossetia, as earlier in Abkhazia's Kodori gorge, Tbilisi is attempting to create parallel systems of authority, thus undermining the legitimacy of the Moscow-backed leaders of these provinces. With a political alternative present, the military threat will be scaled back.

At the same time, the move is unlikely to immediately diminish the political influence of Okruashvili, or to significantly affect the Defense Ministry. As Defense Minister, Okruashvili shaped the core of the professional and committed military cadre and supervised an unprecedented increase in the military budget, beefing up combat readiness, armament and infrastructure. The post-Okruashvili Ministry of Defense is likely to pack less political muscle and become more focused on professional tasks, in tune with the advice coming from Georgia's Western allies.

Just before Okruashvili's departure, his trusted ally Col. Zaza Gogava, formerly head of the special forces with actual combat experience and popular

with the rank-and-file troops, was appointed Chief of General Staff. In the coming days, the Parliament is to pass amendments to the law that will replace the General Staff with a NATO-recommended Joint Chiefs. This will increase the operational independence of the uniformed military from the civilian Defense Ministry leadership.

Okruashvili will now be responsible for overseeing large infrastructural projects in road construction, tourism and employment. Georgia invests heavily in all these areas, to achieve a re-orientation of the economy away from the Russian market, and thus to remove this lever of political influence from the hands of the Kremlin. Although he became widely known as the Defense Minister and as a chief "hawk", before joining the government Okruashvili ran a private law firm, serving many major economic players. The economic portfolio improves Okruashvili's chances of further political growth to the position of Prime Minister or, possibly, even to succeed Saakashvili in the presidency after his term expires.

**CONCLUSIONS:** Tbilisi is sending a conciliatory signal to Russia and is fulfilling the promise to its Western allies to tone down the anti-Russian rhetoric. The core policies of the Saakashvili administration nevertheless remain unchanged, but there is a shift of focus: away from defense and toward the economy. Saakashvili also attempts to consolidate tactical successes in Abkhazia and South Ossetia. As the Western allies are not yet ready to consider changes in peacekeeping, parallel authorities both in Abkhazia and South Ossetia are designed to question the legitimacy of the secessionist authorities, and to create an additional argument against using Moscow-favored Kosovo parallels in Georgia's secessionist provinces.

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# TRANS-ASIA RAIL NETWORK A POTENTIAL BENEFIT TO CENTRAL ASIAN AND CAUCASIAN STATES

Hooman Peimani

*An agreement signed on November 10, 2006 in Pusan, South Korea provides for the creation of an Iron Silk Road, a railroad version of the Silk Road at a much larger scale, preparing the ground for a railroad network connecting the Caucasus with the Korean Peninsula. Signed by a large number of benefiting Asian and Eurasian countries, the agreement for the development of the Trans-Asia Railway Network (TAR), if it becomes a reality, could boost not only the economic development of Central Asia and the Caucasus, it could also lift up their regional and international significance by turning them into a hub for intercontinental cargo transportation of Asia, the largest continent rich in mineral and energy resources housing the fastest growing world economies.*

**BACKGROUND:** Asia's economy has been growing since the end of the second world war to turn it into a trading house accounting presently for over a quarter of global trade, a trend that is certain to continue in the foreseeable future. The rise of Asia as a major and growing trade hub has necessitated an appropriate cargo transportation infrastructure to facilitate its trade, especially with Europe. While much of the transport is done by lengthy sea routes, numerous projects are at the planning stage to link Europe to Asia through the Caucasus and Central Asia. Against this background, the idea of restoring the Silk Road connecting China to Europe for trade centuries ago has been floating around over the last few decades, of course at a much larger scale to include many other Asian states in the farthest corners of the continent.

To serve this growing Asian trade, the new Silk Road is likely to provide an extensive network of highways and railroads connected to the major Asian ports. This is a necessary means to end the difficulties of the landlocked Asian states in conducting their exports and imports, while facilitating the international trade of others

suffering from inadequate land communication infrastructure.

Hence an integrated rail, road and shipping system is required to facilitate Asian trade through land and sea, while avoiding port congestion at Asian ports pushing up commodity prices and limiting and/or decreasing Asian trade growth. Towards that end, the Asian Highway Network agreement reached last year under the auspices of the UN Economic and Social Commission for Asia and the Pacific (UNESCAP) paved the way for addressing the inadequacy of the Asian highway system and the integration of its components. Working towards the same end regarding the Asian railroads was simply the logical next step for the concerned Asian and Eurasian countries.

**IMPLICATIONS.** The TAR is an effort to address the mentioned railway shortcomings. Its members are Armenia, Azerbaijan, Bangladesh, Cambodia, China, Democratic People's Republic of Korea, Georgia, India, Indonesia, Iran, Kazakhstan, Kyrgyzstan, Laos, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Republic of Korea, Russia, Singapore, Sri Lanka, Tajikistan, Thailand, Turkey, Turkmenistan, Uzbekistan, and Viet Nam. Of

these, ten members, including Georgia, Kyrgyzstan, Turkmenistan and Pakistan did not sign the agreement on November 10 for seemingly short-term political considerations, but are expected to participate in the project for its economic benefits.

The TAR is meant to help create the transportation infrastructure for Asia for its growing twenty-first century trade. Thus, it aims at connecting the Far East to Western Europe through a rail link interlinked with highways, while enhancing the port efficiency of the TAR members through the integration of their rail and shipping. The latter will uplift port efficiency in Asia, housing many major ports, including 13 of the world's top 20 container ports. Moreover, the TAR helps end the geographical isolation from international markets of ten landlocked TAR members by offering them an advanced land transportation system linked to sea routes via the ports of other members.

Provided the TAR is fully implemented as a UN-backed agreement now deposited with Secretary General Kofi Annan, it will bring economic gains and political influence for Central Asia and the Caucasus through which the integrated Asian land transportation system will pass. This system will address the difficulties that the Central Asian and Caucasian states aside from Georgia are now facing in conducting their international trade for being landlocked. It will also generate for them significant revenues in transit fees for the passage of Asian and European cargoes through their lands, while facilitating and potentially increasing their international trade. As the land link between Asia and Europe, the Caucasus will especially benefit from the TAR through whose territory the majority of Asian and European land-based trade will pass.

The TAR will also further boost trade through the Caucasus and thus generate revenues for its states by helping expand the North-South Corridor

Agreement (NSCA). Being in operation for about four years, this trilateral agreement of Russia, Iran and India has provided traders opting for it with a much shorter Asian-European trade route than that via the Suez Canal. Its land and sea routes connect Europe to India via Russia and Iran, a means to facilitate Asian-European trade. The Caucasian states' membership in the TAR in which Iran and Russia are also members will avail its Asian-European land link to the NSCA, now using mainly the Caspian Sea for the connecting link between Iran and Russia. This will further increase the TAR's importance and gains for the Caucasians.

**CONCLUSIONS:** It is not yet clear how soon and through what funding mechanism the required railway construction for connecting the Asian railroads will start, an estimated 6,500 kilometers of railroads. Nor is it known at this stage as to how solutions will be found to address other obstacles such as differing rail widths in TAR countries.

Nevertheless, what is undoubtedly known is that the TAR is good news for Asia and particularly for Central Asia and the Caucasus. Given the emergence of Asia as a major trading continent and its growing economies and populations, this railroad project – once operational – will have a positive impact on those regions by both facilitating their trade and turning them into a major transport route. It therefore has a potential to improve significantly those regions' economies whose extent will be determined by the amount of TAR-related cargoes passing through those regions, while pushing up their political clout worldwide as part of a major trade route.

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## FIELD REPORTS

### UZBEK AND KAZAKH LEADERS PROP UP BAKIYEV'S REGIME

*Marat Yermukanov*

Nursultan Nazarbayev's unexpected visit to Tashkent on November 3 went almost unnoticed in Kazakhstan, and came as a complete surprise to home analysts. The trip to Uzbekistan was a largely muffled-up event conspicuously ignored by pro-government media. Officials in Tashkent and Astana carefully avoided publicizing the unscheduled visit.

Unofficial sources say Nursultan Nazarbayev took an apparently sudden decision to travel to Tashkent while on a tour of the city of Shymkent in the South Kazakhstan region, from where he was escorted to the Uzbek capital by car. What official sources state is that the unofficial private talks between Islam Karimov and Nursultan Nazarbayev took place in the Uzbek President's Durmen residence, and that the two leaders "discussed questions of bilateral relations and exchanged views on regional and international problems". Nothing particular could be discerned at the briefing given in Islam Karimov's residence immediately after the talks. "We had a very open and sincere talk. But right now I will not disclose any particular details", said Islam Karimov. His Kazakh counterpart merely added that he had briefed the Uzbek President on his recent visit to the United States, and the two presidents discussed the situation in Afghanistan, Iraq and Iran, as well as the latest developments in CIS countries. Nazarbayev announced to journalists that the sides reached an agreement on creating cross-border trade zones and on training of military personnel.

However, persistent rumors circulating in Astana confirm that the principal topic of the talks in

Tashkent centered on the situation in Kyrgyzstan, although the word "Kyrgyzstan" was not uttered at the briefing. Nazarbayev's unscheduled trip to Tashkent came in the wake of Kyrgyz opposition demands for the immediate dismissal of President Kurmanbek Bakiyev and Prime Minister Feliks Kulov from their posts. Observers in Kazakhstan note that a day before Nazarbayev's arrival in Tashkent, Uzbek police tightened up passport controls and other security measures in Tashkent and in the Ferghana valley. Some people in Tashkent were reportedly detained on the grounds that they carried passports with visas issued by the Kyrgyz Embassy.

Obviously, despite the outward business-as-usual attitude, both Karimov and Nazarbayev had good reasons to be seriously alarmed by the scale and chaotic nature of public protests in Bishkek. Any development of events which could lead to Bakiyev's dismissal would be unwelcome for Astana and Tashkent. Bakiyev duly appreciated the helping hand extended by Islam Karimov to Bishkek after the devastating Tulip revolution of 2005. Tashkent tactfully announced that it would welcome any government in Bishkek supported by the Kyrgyz people, and demonstratively offered humanitarian aid to the southern regions of Kyrgyzstan.

But these friendly overtures were disturbed by the Andijan riots, when Uzbek authorities accused the Kyrgyz government for cooperating with "destructive forces" allegedly working against Uzbekistan from Kyrgyz territory. The thaw in bilateral relations set in only after Uzbekistan joined the Eurasian Economic Community and

Kurmanbek Bakiyev paid his first visit to Tashkent last October, which was crowned by an agreement on non-visa travel for citizens of the two countries. The flexible Bakiyev, who long since dropped his pro-American rhetoric, is regarded as an irreplaceable substitute for Askar Akayev by both Nazarbayev and Karimov. They appear to fear that a chain reaction, triggered by public rioting in Bishkek and elsewhere in Kyrgyzstan, might set off similar disturbances in the tinderbox regions of South Kazakhstan and the Ferghana valley.

The last thing Bakiyev can wish for is to find himself in Askar Akayev's shoes. In his current position, any assistance or pledge of support from Astana and Tashkent seems to be valuable for him. Reportedly, at the height of street actions staged by the unruly mob in Bishkek on November 7, Bakiyev had telephone talks with Nursultan Nazarbayev and Islam Karimov. The talks, according to official sources, focused on the upcoming summit meeting of CIS leaders and on regional economic integration.

Integration, in economic and political terms, remains wishful thinking in Central Asia. Despite

the friendly gestures and talks on official level, the rift between the three countries is still perceptible. It seems Bakiyev pins too much hope on Kazakh investments into the Kyrgyz economy as a stabilizing factor. Paradoxically, as it may seem, Kazakh investments are flowing not to relatively stable Uzbekistan but to politically explosive and ungovernable regions of Kyrgyzstan like Batken, often targeted by the Islamic Movement of Uzbekistan. This is the case not only because business regulations and legal reforms in Uzbekistan are hopelessly imperfect. Kazakhstan is interested in restoring peace and stability in neighboring country. But pouring funds into the Kyrgyz black hole will make sense only if the government in Bishkek manages to regain popular support by raising living standards in troubled regions and, last but not least, keeps its promises of genuine institutional and democratic reforms. So far, Bakiyev did very little to convince his Uzbek and Kazakh counterparts that he may ensure stability in his country and ward off a revolution of any color in the region.

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## TAJIKISTAN: RAHMONOV REELECTED WITH A LANDSLIDE

*Zoya Pylenko*

The outcome of Tajikistan's November 6 presidential election did not bring any surprise. The incumbent, Emomali Rahmonov, won with a landslide. The OSCE concluded that although the vote can not be considered to have been fully democratic, there were improvements compared with previous presidential elections. Observers from the CIS, however, were satisfied.

On November 8, the chairman of the Central Election Commission (CEC) announced that after counting 91 percent of the votes, President

Rahmonov had received 79.3 percent of the vote and won the election. Participation in the election had been high, according to official figures, and amounted to 91 percent of the registered voters.

Rahmonov, who previously won elections described as flawed by international observers with figures in the high 90 percentile, was trailed by the little-known leader of the Economic Reforms Party, Olimjon Boboev, who received 6.2 percent of the votes. Of the other candidates, the leader of the Agrarian Party, Amir Karakulov, received 5.3



percent, Ismoil Talbakov of the Communist Party 5.1 percent, and the head of the pro-government wing of the Socialist Party Abdukhalim Gafarov, finished at 2.8 percent.

Election day was calm and peaceful all over the country and felt more like a holiday than a political contest. And, in fact, 6 November also was a holiday: the day of the Tajik Constitution, which thanks to the election was more active than usual.

Early in the morning, polling stations in the center of Dushanbe were full of people who seemed eager to vote. The smiling head of one polling station said even before 11 o'clock in the morning that about 300 of the 900 voters registered with his precinct had voted. Other precincts cited similar high turnouts in the early hours.

Missions from the CIS and OSCE observed the election – this was the first time that the OSCE observed presidential elections in Tajikistan – but arrived at different conclusions. The CIS mission believed the election was “free, open and transparent”. According to the OSCE, however, “a lack of genuine choice and meaningful pluralism” hindered the holding of a truly democratic election reaching OSCE standards.

The organization acknowledged that this presidential election marked some improvements compared with the previous one, held in 1999. This does not mean they were flawless, of course. Proxy voting and family voting was a widespread and serious problem during the elections, said the OSCE: in almost half of the polling stations visited by their international observers, voter lists contained identical signatures. Also, voters' identities were frequently not checked and some voter turnout figures were “improbably high”.

The OSCE election mission was also prevented from observing the aggregation of results from all district polling stations at the relevant District Elections Commissions (DEC) in two-thirds of the 47 DECs it observed.

At the November 7 OSCE/ODIHR press-conference, some journalists from the CIS seemed

not to agree with the OSCE conclusions and asked why the OSCE did not take into account the “local mentality and history” when deciding whether the election was free and fair or not.

Whether totally free and fair or not, the election was not much of a test for the popularity of Rahmonov. The two major opposition parties, the Democratic Party and the Social-Democratic Party, boycotted the election while the Islamic Renaissance Party failed to field a candidate. The fact that there were no serious challengers to Rahmonov raises the question how serious an exercise the election really was.

Rahmonov's four challengers were dependent on state support for their campaigning, the OSCE noted. The four participated in a joint campaign organized by the election administration. They had free space in state newspapers and time for broadcasts on state television – but the candidates did not fully use this opportunity. And, writes the OSCE in its Statement of Preliminary Findings and Conclusions, the four candidates “not only refrained from challenging and criticizing their opponent, they actually endorsed the abilities of the incumbent president”. This, in the words of the BBC, fuelled suspicions “that at least some of them were chosen by the authorities” – to give the vote the appearance, but not the substance, of democracy.

However, if there had been no irregularities during and before the election, the result of the vote would probably by and large have been the same, the OSCE believes. A survey carried out by the organization before the election showed that over 80 percent of the voters were going to cast their ballot for Rahmonov. Perhaps this would have been less if there had been more challenging candidates. But although the majority of Tajiks remain very poor, living on an average salary of \$10-20 per month, many are grateful to Rahmonov for ending the 1992-97 civil war.

Nilufer, a 24-year-old student, also supported Rahmonov for this reason. “[The war] was a terrible time, when every day somebody among the

people I knew disappeared and my family, as well as all others, was always hungry”.

A new generation of voters, who won't remember the war, might be less willing for this reason to vote

for Rahmonov, who thanks to a 2003 amendment to the constitution could theoretically remain president of Tajikistan until 2020.

## RUSSIAN-GEORGIAN TENSION RAISE CONCERNS IN ARMENIA, BUT NO REAL IMPACT YET

*Haroutiun Khachatryan*

Armenia, a vulnerable country in both the geopolitical and geographical senses, stands to suffer serious damage due to the increasing tensions in the crisis in Russian-Georgian relations. The danger has several aspects. First, Armenia is a military ally to Russia, and risks to become separated from it by a potential member of NATO, which Georgia seeks to adhere to.

Second, the Russian-Georgian conflict, not to mention any instability in Armenia's northern neighbor, would cut the most important communication link between Armenia and the outer world. As the land borders of Armenia with two of its neighbors – Azerbaijan and Turkey – are closed due to political reasons, Armenia can trade goods with the outer world only through Iran and Georgia, the latter serving more than half of Armenia's foreign cargo turnover. Third, worsening Georgian-Russian relations could hinder vital supplies from Russia from reaching Armenia, first of all natural gas, which flows to Armenia through a pipeline crossing the territory of Georgia. Fourth, the large Armenian community of Georgia may be involved in the conflict, especially the Armenians living in the Samtskhe-Javakheti region of southern Georgia, whose living standards are poor and who are traditionally pro-Russian. The latter danger becomes more acute given the perspective of construction of the Kars-Akhalkalaki-Tbilisi railroad, which is to traverse the region, bringing fears among local Armenians that the region would fall into the sphere of Turkish influence. Finally, of vital importance for Armenia are not only its good

relations with the immediate parties of the conflict, Georgia and Russia, but also with the western countries and in particular the United States. These relations might suffer should Washington protect Georgia more actively in its conflict with Russia.

Not surprisingly, the tension among Russia and Georgia provoked vivid discussions in the Armenian political elite. For the second time in less than a year, politicians – even those belonging to the parties of the ruling coalition – raised the issue of the necessity of a revision, or at least clarification, of the terms of the “Strategic alliance” with Russia. The first instance was in January, when Armenian politicians were surprised to learn that the “strategic partnership” with Russia did not protect Armenia from a sudden doubling of the price of the Russian natural gas. There is a consensus in Yerevan that in its actions, Russia does not always take into account the interests of its only ally in the Caucasus. The criticism was especially high after Konstantin Zatulin, a member of the Russian State Duma, said in an interview with a local newspaper that Armenia “does not support its strategic partner [Russia]” in its conflict with Georgia. If Armenian-Georgian relations are an obstacle for Russia's relations with Armenia, we [the Russians] have the right to call on Armenia to choose: either you have normal relations with Russia or you have normal relations with Georgia,” Zatulin said.

The Armenian leadership has managed to escape such a pitfall, at least for the time being. The transport blockade of Georgian territory did not harm Armenian cargoes, as formally Russia banned

only contacts with the Georgian transport operators, and Armenian businessmen never used their services. Ironically, Russia's earlier actions had indeed hurt the interests of Armenian business, but this did not attract significant attention. It was the closure of the Verkhni Lars (Upper Lars) checkpoint on the Russian-Georgian border last June, the only land link between Russia and Armenia. By closing it under the pretext of "repairs", Russia sought to activate an alternative route through the territory of pro-Russian South Ossetia, not controlled by Georgian authorities. However, Tbilisi prohibited foreigners from using this route (and there were no other foreigners except Armenians which needed it), whereas the citizens of Georgia were free to use it. Thus, Armenian carriers were forced to switch to other existing options, namely, through the Black Sea ports of Georgia to Russia or Ukraine, causing another wave of grumble in Armenia. In any case, these latter routes were not affected by the Russian October sanctions against Georgia, and the Armenian businessmen did not suffer anew.

Armenia's gas supplies are also unlikely to suffer, even if Georgia and Russia fail to reach a purchase agreement for the next year, similar to what happened last winter in the Ukraine. First, Georgia

is unlikely to take gas set for Armenia, as this would be seen as an obvious hostile action in Yerevan. Second, in December, Armenia will inaugurate an alternative gas supply pipeline, from Iran, which can in principle fully cover the needs of Armenia, enabling Russia simply to cut its supplies through Georgia.

As for the Samtskhe-Javakheti issue, the surprise October arrest in Yerevan of Vahan Chakhalian, a radical leader of the Javakheti Armenians, was interpreted by most of experts as a gesture aimed to show the Georgian leadership that Yerevan would not support any actions capable to destabilize that sensitive region.

Yerevan has managed to keep stable relations with both conflicting parties, which was demonstrated in a series of recent contacts, including the Russian-Armenian summit meeting in Moscow in late October and a meeting between the foreign ministers of Armenia and Georgia, also in Moscow. The relations with Washington have not suffered either, as evident from the recent statements of American officials that the Millennium Challenge program of Armenia will not be interrupted despite the calls of human rights watchdogs.

## PRESIDENT TOURS THE COUNTRY, OPPOSITION WARNS OF ELECTION CAMPAIGN PR

*Fariz Ismailzade*

President of Azerbaijan Ilham Aliyev has recently launched a wave of regional trips, aimed at further developing the regions of Azerbaijan, lagging behind the capital city. Yet his opponents are warning that he is engaging in the election campaign for the Presidential elections of 2008.

On October 31, the President visited Ganja and Dashkesan, where he opened newly built facilities, adequate to world standards, including an international airport and a swimming pool.

Similarly, a number of medium-size businesses were opened by the president. These included a chocolate producing factory, built by French technology; an iron-producing factory, left without work for 16 years and recently privatized by the British company "Detal"; and a newly built highway, worth US\$12 million.

On November 1, the President visited the western regions of the country, once again opening a number of newly built enterprises and projects, including a

75-km long highway, worth \$31 million, and a new Olympic complex in Shemkir. "Our financial capacity is growing and our natural resources is our blessing. But we must think today what we will do in 50 years when our oil and gas resources will finish," President Aliyev said during his trip. Last week, President Aliyev signed a decree, establishing a state educational exchange program which will send Azerbaijani students abroad with the help of oil revenues.

With the completion of the Baku-Tbilisi-Ceyhan oil pipeline, the export of Azerbaijani oil is skyrocketing and so are the revenues to the state oil fund. The head of the State Oil Fund Shahmar Movsumov has informed journalists that by September 20, the total amount of funds accumulated in the State Oil Fund had reached 1,5 billion USD. Independent experts believe that in the next 20 years the oil revenues will reach close to \$200 billion, a huge sum compared to the state budget of the country, at \$4 billion. This massive influx of petrodollars allows the authorities to invest into the infrastructure and gain more popular support. For instance, in 2006 the government launched the construction of nine bridges in the capital city to ease traffic jams, and has completed the construction of 132 public schools.

The President's visit to the regions also coincides with the three-year anniversary of his election as the head of the state. During his election campaign in 2003, he promised Azerbaijani voters to open 600,000 new jobs during his first term, a move aimed at reducing poverty in the country and eliminating the huge gap between the booming capital and the rest of the country. Since then, President Aliyev's efforts have been focused on the issue of new jobs, and the state program on "the socio-economic development of the regions", signed a month after his election was aimed along the same lines. President Aliyev also visited Lenkoran, Sheki

and several other towns in the month of October alone.

Meanwhile, his opponents from the opposition parties warn that the reported new jobs in the regions of the country are highly inflated by the local authorities and that with these regional trips, President Aliyev has started an "early" election campaign, aimed at boosting his ratings ahead of the Presidential elections, scheduled for 2008. Indeed, as time is approaching, more and more parties are getting ready for the Presidential elections. Within the past two months, the Musavat party, the Azadliq bloc of political parties, and the Liberal party have all announced their intention to compete in the race with their own candidates. This shows the continuing pattern of fragmentation among the opposition parties.

With these protest notes in mind, even some independent experts do not deny the growing role of Azerbaijan in the region and the increasing capacity and power of the Azerbaijani state. Ilgar Mammadov, the chairman of the National Committee on the European Integration and an independent political expert, recently told ANS radio that even Armenia has to cope with the growing military power of Azerbaijan and the latter's ability to invest billions of dollars into the army.

President Aliyev said during his trip, "Azerbaijan is a strong country now. We are realizing many projects domestically, and even region-wide, not a single regional project can be done without our participation [referring to the construction of Kars-Akhalkalaki railway project between Turkey and Georgia]. And our domestic policy is aimed at solving the social problems of our country." Yet, with all his efforts to diversify the economy and open new job places, President Aliyev will also have to deal with the bureaucracy and corruption, hindering these goals.

## NEWS DIGEST

### **SOUTH OSSETIAN ELECTIONS NOT TO BE RECOGNIZED BY THE EUROPEAN UNION: AMBASSADOR TORBEN HOLTZE**

**1 November**

South Ossetian presidential elections to be held on November 12 will not be recognized by the European Union; head of the European Commission Delegation to Georgia and Armenia Torben Holtze stated on October 31 at a press conference on finishing his representative work in Georgia and Armenia (Per Eklund (Sweden), who arrives in Tbilisi on November 2, will head the European Commission Delegation to the countries). "South Ossetia has not been recognized by us as a state," Holtze stressed. "Also, 'parallel' elections to be held on the same day in Tskhinvali region will not be recognized as legitimate." (Regnum)

### **ABKHAZ PARLIAMENT ACCUSES GEORGIA OF GENOCIDE AGAINST OSSETIANS**

**2 November**

The Abkhaz People's Assembly has accused Georgia of perpetrating genocide against Ossetians in the 20th century. "Throughout the 20th century, systematic and large-scale repressions against Ossetians on the part of Georgia bear the features of genocide and fall under the December 9, 1948 Convention on the Prevention and Punishment of the Crime of Genocide," the Abkhaz lawmakers said in a resolution passed unanimously on Thursday. (Interfax)

### **GEORGIA WANTS TO KNOW FORMULA OF GAS PRICING**

**2 November**

Georgia's Foreign Minister Gela Bezhuashvili told reporters today, on November 2, that Gazprom's intention to raise gas price is based not on economical, but on political reasoning. "The Russian side should show to us the formula of pricing. We should know, wherefrom the price derives and why it is equal to the price for East-European countries," Bezhuashvili, who is now in

Moscow, told Georgian TV-reporters. Earlier today, it was announced that Gazprom intends to increase the gas price for Georgia up to \$230 for 1,000 cubic meters. It is the highest price for a CIS country. No agreement on supplies has been signed yet. As Kommersant reports, Georgian Finance Minister Alexi Alexishvili promised that the government would make up for the increase to consumers by subventions. Besides, the Georgian budget has special reserves for buying gas for electric power stations. (Regnum)

### **AZERI OPPOSITION CALLS ON OSCE TO BE REMOVED FROM KARABAKH MEDIATION**

**2 November**

The Our Azerbaijan opposition bloc has urged the Azerbaijani authorities to stop the OSCE Minsk Group's mediation in the solution of the Karabakh conflict. "The bloc calls on the Azerbaijani authorities to take specific steps for the military liberation of the territories occupied by Armenian armed groups and to refuse the mediating services of the OSCE Minsk Group, which is not fair in the Karabakh settlement," says a bloc statement released in Baku on Thursday. (Interfax)

### **GROZNY POLICE FIND ARMS, EXPLOSIVES IN CAR OWNED BY MAN FROM INGUSHETIA**

**2 November**

Grozny police have found a large number of weapons, ammunition and explosives inside a car belonging to a resident of Ingushetia, who has been detained. Police officers stopped a car with license plates issued in the Moscow region in the Zavodskoy district of the Chechen capital, the republic's Interior Minister Ruslan Alkhanov told Interfax on Thursday.

"The car's driver has been identified as Salambek Yevloyev, a resident of Nazran. Police searched the car, finding two loaded Kalashnikov assault rifles, three improvised explosive devices wrapped in adhesive tape and with wires attached to them

inside the car. The explosive devices resembled so-called 'suicide belts'," he said. "Several more improvised explosive devices in the shape of metal objects filled with fine shot were found inside the car," Alkhanov said. (Interfax)

### **KYRGYZ GOVT DENIES BARRING OPPOSITION LEADERS FROM TV**

**3 November**

Kyrgyz opposition leaders have claimed that Prime Minister Felix Kulov banned their appearance live on national TV on Friday evening, but the government press service denied the claim. "Prime Minister Felix Kulov has not issued an instruction barring opposition leaders from appearing live on state television," the government press service told Interfax on Friday evening. (Interfax)

### **KYRGYZ OPPOSITION TO BOYCOTT PARLIAMENTARY SESSION NOV 6**

**4 November**

Kyrgyz opposition leaders have announced that opposition parliamentarians will not take part in the parliamentary session on November 6, at which President Kurmanbek Bakiyev is expected to submit a draft of a new Kyrgyz constitution. A resolution issued by the participants in an opposition rally in Bishkek on Saturday stipulates that "about 30 parliamentarians will not take part in the session on November 6. We will not allow the passage of the draft constitution tailored to President Bakiyev and his supporters," Edil Baisalov, a parliamentarian and the leader of the non-governmental coalition For Reforms and Civil Society, announced at the rally. (Interfax)

### **PRESIDENTIAL POLLS IN TAJIKISTAN DECLARED VALID**

**6 November**

The presidential polls held in Tajikistan on Monday have been recognized valid, the Central Election Commission said. By 11.00 a. m. Moscow time the turnout was 65.3 percent with 56.4 percent reported in Dushanbe. Under the Election Law, the election is considered valid if more than half of voters put on voting lists take part. Five candidates are running for Tajik presidency, including incumbent President Emomali Rakhmonov. No candidates from the political opposition were nominated. (Itar-Tass)

### **OIL-RICH FORMER SOVIET REPUBLIC AZERBAIJAN EYES CLOSER TIES WITH NATO**

**8 November**

Azerbaijan's President Ilham Aliev told NATO on Wednesday that his oil- and gas-rich nation seeks closer ties with the Western alliance, saying the growing importance of energy supplies from the Caucasus region was bringing a "new dimension" to their relations. "Today is probably the opening of a new stage in this relationship," Aliev said after talks at NATO headquarters. "We think it's very important for our young country, but already a country with a growing potential, to be a true and reliable partner for NATO." A booming oil and gas industry have given the former-Soviet republic the world's fastest growing economy and many NATO members see it as key player in Europe's efforts to reduce energy dependence on imports from Russia and the Middle East. "Azerbaijan is an important player and is becoming an even more important player in the whole discussion of oil and gas supply," said NATO Secretary General Jaap de Hoop Scheffer, adding that the allies had raised the security of energy supplies with Aliev. "The geo-strategic aspects and the political aspects of energy security are important for NATO and we have used the opportunity to discuss this," he told reporters. NATO allies have mixed views on the alliance's role in protecting energy supplies. Some have pushed for NATO to consider a military role helping protect pipelines, oil platforms and sea routes bringing oil and gas to Europe and North America. France -- traditionally wary of extending the role of the trans-Atlantic alliance -- and others have been more reluctant to have NATO discuss taking on new energy security tasks. The French ambassador to NATO did not attend an informal meeting this week between the European Union's energy Commissioner Andris Pielbalgs and NATO envoys on energy security. Aliev suggested the energy reserves of his nation would have to feature in relations with NATO. "The importance of the Caspian oil and gas reserves and the importance for energy security and in general for security in the region, of course this all brings a new dimension to our relations," he said. Stressing his attachment to relations with NATO, Aliev said Azerbaijan would contribute soldiers to the alliance-led missions in Kosovo and Afghanistan. It currently has about 20 soldiers involved in Afghanistan and 30 in Kosovo. (AP)

### **TAJIKISTANI RULING PARTY EXPECTED TO RECEIVE NO LESS THAN 80% OF VOTES AT ELECTIONS**

**8 November**

Ruling Tajikistan People's Democratic Party expected to receive no less than 80% of votes at the November 6 elections, the party presidium headquarters chief Muso Asozoda stated to a REGNUM correspondent. "Election campaigns of other political parties allowed them to take a part of votes from our party. It mainly concerns irresolute voters who were hesitating till the last moment. Exactly they voted for candidates from Tajikistani Communist Party, Agrarian Party, and Party of Economic Reforms," Muso Asozoda believes. Also, he did not exclude a possibility that the newly elected president would use in his activity certain thesis of other candidates' election programs at the elections. According to the Central Election Commission, candidate from the Tajikistan People's Democratic Party Emomali Rakhmonov collected 79.3% of votes at the November 6 elections. (Regnum)

**KYRGYZ MPS MAKE CONSTITUTION DEAL****8 November**

The announcement follows a day of clashes between government and opposition supporters in Bishkek. Hundreds of troops are still on the streets, and rival demonstrations are set to carry on into the night. The violence, in which several people were injured, is the first in six days of protests by opposition supporters calling for the president to resign. Parliament is due to vote on the new constitution on Wednesday. "If the new constitution is adopted tomorrow, the protests will end," said Azimbek Beknazarov, a leader of the opposition movement For Reforms. Parliament speaker Marat Sultanov said the draft called for a 90-member parliament instead of the current 75, and the majority grouping after parliamentary elections would form a government. There has been no immediate comment from President Bakiyev. Earlier on Tuesday, the opposition presented their own draft constitution - which the government rejected. The Kyrgyz president described the opposition move as an open attempt to seize power. But legislators who back the president have now endorsed the compromise deal. AFP news agency quoted opposition MP Almaz Atambayev as saying they changed their minds after the protests turned violent. "The pro-Bakiyev MPs, after the shots, understood that the country was being led in the wrong direction," he said. President Bakiyev had warned before the deal was made that he could dissolve parliament. (BBC)

**THIRD MEETING IN FRAMEWORKS OF NEW 'GROUP OF GEORGIA'S FRIENDS' TO TAKE PLACE IN SOFIA****9 November**

On November 9, third meeting in frames of new 'Group of Georgia's Friends' will take place in Sofia which will be attended by representatives of Bulgaria, Estonia, Lithuania, Poland, Romania, and the Czech Republic. In this connection, Georgian FM Gela Bezhuashvili departed from France and arrived in Bulgaria on November 8. In frames of his visit scheduled for November 8-11, the Georgian FM's bilateral meetings with Bulgarian officials are planned for November 10, civil.ge informs. Departing from Bulgaria, Gela Bezhuashvili will fly to Moldavia and, then, to Brussels to take part in the November 14 session of the EU-Georgia cooperation council. Also, signing of Action Plan of the New European Neighborhood Policy by Georgia is scheduled for November 14. It is worth stressing, Armenia and Azerbaijan will sign an analogous document with the EU, too. The Georgian minister's working visits to Norway, Germany, and Finland are also planned in November 2006. (Regnum)

**OPPOSITION RALLY FINISHED IN KYRGYZ CAPITAL****9 November**

Kyrgyz opposition For Reforms! Movement has finished its rally held since November 2. Now the people are dismantling the tents in the Ala-Too Square in Bishkek. The protesters are expected to empty the square by the end of the day, a REGNUM correspondent informs. Earlier, a celebration meeting with a concert was held in the square; about 5,000 people visited it. Speaking to the audience, member of For Reforms! Movement Omurbek Tekebayev declared: "We have changed the political system and found a compromise with the leadership. The parliamentary system does not solve all social problems, but it gives more value to each person. Today, Kyrgyzstan is the first nation in Central Asia with the parliamentary system." (Regnum)

**TURKMENISTAN: POTENTIAL 'SUPER-GIANT' EMERGES ON ENERGY SCENE****10 November**

Turkmenistan's discovery of a "super-giant" natural-gas field with reserves of 7 trillion cubic meters could significantly alter the energy playing

field if confirmed. Such a massive new source of gas could cause Western Europe and Russia to rethink their current strategies for ensuring gas deliveries, and threaten some highly touted projects. During his visit to Ashgabat earlier this month, German Foreign Minister Frank-Walter Steinmeier was asked by Turkmen President Saparmurat Niyazov if Germany, along with Russia, would be interested in participating in the construction of a new natural-gas pipeline to Europe. Turkmenistan, Niyazov told his guest, had discovered a super-giant gas field, South Iolotansk, that he claimed has proven reserves of 7 trillion cubic meters of gas, twice that of Russia's Shtokman field.

Steinmeier was cautious in his response to Niyazov's offer, saying Germany is always interested in obtaining secure gas supplies. If Niyazov's dream were to be fully realized, his country would add to its export capabilities to the tune of 40 billion cubic meters per year. The trans-Caspian route would also serve as an alternative (or complementary) route to the proposed Nabucco pipeline, which is supported by the United States and the EU and opposed by Russia. Despite the Turkmen president's enthusiasm for the project, Gazprom executives were cautious. "Kommersant" reported on November 7 that Gazprom Deputy Chairman Aleksandr Ryazanov admitted that the Russian gas giant's leadership was already aware of the proposal, but it would take until the end of the year to study it. Ryazanov told "Kommersant" that the Iolotansk field would require additional investment due to the high sulfur content of its gas, and that Gazprom had some doubts about the size of the field's reserves. Ryazanov's skeptical attitude can be traced to previous exaggerated claims by the Turkmen leadership about the size of its gas reserves and its reluctance to release the results of an audit of these reserves conducted by Western experts. Most Western energy-monitoring organizations agree with the June 2006 BP "Statistical Review of World Energy," which estimates that Turkmenistan has 2.9 trillion cubic meters of gas reserves. If the Iolotansk field does, in fact, contain 7 trillion cubic meters, this would have a dramatic impact on the energy map of Central Asia, Europe, and Russia. (RFE/RL)

## **TWO POLITICAL PARTIES JOIN IN KAZAKHSTAN**

**10 November**

Kazakhstan's president said Friday the ruling Otan Party would merge with the pro-government Civic

Party in what the opposition described as part of efforts to ensure his grip on power in upcoming parliamentary elections. The Civic Party has about 150,000 members, mostly workers of large plants and mines in Kazakhstan's heavily industrialized central regions. After the merger, Otan will have approximately 1 million members, making it the largest political party in the former Soviet state of 16 million people. "The merger of the two leading parties will stimulate political consolidation in the country," President Nursultan Nazarbayev said at the Civic Party congress in the capital, Astana. In July, another party, Asar, headed by Nazarbayev's elder daughter, Dariga, merged with Otan. "The authorities wanted to create a super party that would have a decisive number of seats in Parliament in any political situation," Zharmakhan Tuyakbai, head of the opposition Social Democrats, told The Associated Press. Tuyakbai, a former parliament speaker, had challenged Nazarbayev in the December 2005 presidential election that Western observers said was flawed. "The authorities are building what they think is a right political configuration," opposition activist Petr Svoik told the AP. "They want to have two ruling parties and the Social Democratic party as their opposition." The recent killings of two prominent Nazarbayev critics highlighted persistent doubts about the transparency of the political system. Opposition groups said the killings were politically motivated; authorities ruled one death from multiple gunshot wounds was a suicide and the other was a murder motivated by personal enmity. Nazarbayev, a former Communist Party boss, has drawn criticism in recent years for attempts to tighten control. Nevertheless, he is credited for making Kazakhstan one of the leading former Soviet economies that has drawn vast foreign investment to develop its Caspian Sea oil resources. (AP)

## **ASIAN DEVELOPMENT BANK TO GRANT UZBEKISTAN MORE THAN \$60MLN**

**11 November**

Asian Development Bank (ADB) will grant Uzbekistan more than \$60mln for restoration of its drainage and irrigative systems. As a REGNUM correspondent was informed at the ADB, the project envisages grounds' improvement in area of more than 160,000 hectares in the republic's three regions: Bukhara, Kashkadarya, and Navoi. "The ADB grants \$32.6mln from its ordinary capital resources (OCR) and \$27.6 million from its concessional



Asian Development Fund in order to fulfill the project," it was stressed at the ADB. (Regnum)

### **OKRUASHVILI DISMISSAL FOILED MILITARY COUP ATTEMPT IN GEORGIA - ANALYST**

**11 November**

By dismissing Irakly Okruashvili as Georgian defense minister, President Mikheil Saakashvili averted a military coup in Georgia, Russian Political Research Institute Director Sergei Markov said. "This is super news. I believe this is the most important news from Georgia in 2006 - it is even more significant than the arrest of Russian officers. It means that Mikheil Saakashvili has averted a coup attempt," Markov told Interfax on Friday. It has become clear in the past months that "Georgia has had not a Saakashvili regime but a Saakashvili-Okruashvili regime, in which the army was more loyal to the latter," he said. "Okruashvili was dreaming to see in the New Year in South Ossetia and was in fact directly threatening Saakashvili if he did not issue an order on starting military actions. Therefore, this is a very strong blow to the hawks and a serious defeat of the champions of war," Markov said. Okruashvili was dismissed as defense minister and appointed economic development minister on Friday. Former Financial Police Director David Kezerashvili was appointed defense minister in Okruashvili's place. (Interfax)

### **S.OSSETIAN REFERENDUM, ELECTIONS COME TO END**

**12 November**

The South Ossetian referendum on independence and presidential elections have finished, a statement published on the official web site of the South Ossetian State Information and Press Committee reads. "All polling stations closed in South Ossetia at 8 p.m. Moscow time. Ballots are being counted," the statement reads. It was reported earlier that South Ossetia's Central Elections Commission declared the breakaway republic's independence referendum and presidential elections valid. Voter turnout was 91.2% or 50,262 people as of 6:00 p.m. Moscow time," Central Elections Commission head Bela Pliyeva told Interfax. According to the South Ossetia legislation, elections are deemed valid in South Ossetia if 50% plus one vote are cast. "The voter turnover is high at all polling stations. No reports have arrived about irregularities that could influence the outcome of the elections from any of 78 polling stations," Pliyeva said.

Representatives of the Russian Nashi youth movement monitored elections at 39 out of 78 polling stations. "Members of the movement were staying at polling stations and they managed to question more than 5,000 people," a Nashi press release obtained by Interfax on Sunday reads. "As of 5.30 p.m. 77% of the population cast their ballots, with 99% of them supporting South Ossetia's independence from Georgia. The same number of voters supports incumbent South Ossetian President Eduard Kokoity," the press release reads. (Interfax)

### **FOREIGNERS AMONG 60 INSURGENTS KILLED IN AFGHANISTAN OPERATION**

**12 November**

A NATO and Afghan operation that has now ended killed more than 60 Taliban-linked rebels over six days, a provincial governor said, adding that Chechen and Arab fighters were among the dead. The operation was near the border with Pakistan in the province of Paktika, which has recently seen significant security force action against militants, some of whom have admitted to infiltrating from across the border. NATO's International Security Assistance Force (ISAF) confirmed it had been involved in the operation in Barmal district of Paktika. While it did not have an assessment of the casualties, it did not dispute the Afghan official's figures, spokesman Major Luke Knittig said. "Over 60 Taliban have been killed in operations launched six days ago that ended today," Paktika governor Muhammad Akram Khoplwak told AFP. ISAF troops and air power assisted the local forces, he said Sunday. The number of dead was estimated from surveillance and from bodies left behind after the clashes, he said. The Taliban, which launched an insurgency after being removed from government in 2001, are thought to have removed some of their dead from the battle sites. "There were Arabs and Chechens and other foreign fighters among those killed. A number of weapons and missiles have been seized," Khoplwak said. Barmal has seen major fighting in the past weeks, with 24 militants killed in a single battle there a month ago. Afghan army officials said those men were also of different nationalities, including Chechens, Pakistanis and Turks. Some of the captured fighters said mullahs in Pakistan had persuaded them it was their Islamic duty to go into Afghanistan to fight foreign troops because they were invading "infidels". Kabul has been pushing Islamabad to do more against extremist groups in Pakistan which are said to train

Islamist fighters in madrassas and then send them to fight in Afghanistan, where there are about 40,000 foreign troops and the government is backed by the United States. International and Afghan officials agree the insurgency -- which has killed 3,700 people this year, most of them rebels but including scores of civilians -- will only abate if radical groups in Pakistan are curbed. (AFP)

### **TRANSPORT SEMINAR FOR TRACECA MEMBER STATES TO BE HELD IN ISTANBUL**

**12 November**

The Turkish city of Istanbul will host November 12 the four-day transport seminar for the TRACECA (Transport Corridor Europe Caucasus Asia) member states, TRACECA Intergovernmental Commission's National Secretary in Azerbaijan Akif Mustafayev said. He noted representatives of Azerbaijan's major transport agencies will attend the event. (Azertag)

### **KAZAKHSTAN'S CASINOS TO BE RESTRICTED TO TWO RESORTS**

**13 November**

The gaming industry in Kazakhstan will be authorized in only two areas as of January 1. Kazakh media report a Security Council meeting today ruled to restrict gaming activities to the resort towns of Kapchagai, in southeastern Kazakhstan, and in the northern town of Shchuchinsk. Finance Minister Natalya Korzhova said that a law banning gaming establishments in the rest of the country is currently under consideration in parliament. She said regional governors have been instructed to offer alternative commercial activities to businessmen who are running casinos and gaming parlors in their respective areas. Authorities in neighboring Russia are considering restricting casinos and other gaming establishments to four areas. (Kazakhstan Today)

### **EUROPE'S UZBEKISTAN DILEMMA**

**13 November**

EU foreign ministers are this week reviewing sanctions imposed on Uzbekistan following the violent suppression of a demonstration in the eastern city of Andijan, in May 2005. Germany and some other EU states have been calling for the sanctions to be eased. They say the measures have not worked, and greater dialogue with the resource-rich Central Asian nation is needed. Other states and human rights groups say it is precisely because Uzbekistan has failed to address concerns over

Andijan and other human rights abuses that sanctions should not only remain, but in fact be broadened. Monday's foreign ministers meeting is expected to keep an arms and visa ban in place, but lift a freeze on bilateral talks. Uzbek officials have gone some way to acknowledge human rights concerns by offering to organise a meeting of EU and Uzbek experts in Tashkent to look at events in Andijan. They also agreed to "strengthen without delay a bilateral dialogue on human rights" following the talks with European Union officials in Brussels. The EU imposed an arms embargo, a visa ban for 12 top officials and the suspension of a co-operation pact last November. It was in response to what ministers called the "excessive, disproportionate and indiscriminate use of force" by government troops on mostly unarmed civilians in Andijan on 13 May. Human rights groups said several hundred people were killed in what they called the worst atrocity by a government against demonstrators since the killings at China's Tiananmen Square in 1989. Germany's foreign minister Frank-Walter Steinmeier, on a visit to Tashkent at the start of the month, raised the possibility of easing sanctions if Uzbekistan took "concrete steps" on human rights issues, particularly over Andijan. Berlin has supported the view of some analysts that freezing talks has done nothing to advance human rights, and simply served to push Uzbekistan closer to Russia and China. France was said to favour keeping sanctions but opening a dialogue with Tashkent, while the UK and several Scandinavian countries - along with the US - have held to a firmer line. At the heart of the dilemma is Uzbekistan's strategic importance in the region, Dr Roy Allison, a specialist in Central Asia at the London School of Economics, says. As well as having key energy resources that could lessen Europe's dependence on Russia, Uzbekistan is also an important base for the war in neighbouring Afghanistan and for keeping good relations with the rest of Central Asia. Both the EU and US are torn between wanting to register their disapproval over the events in Andijan and its aftermath, while at the same time trying to stop Uzbekistan moving even closer to Russia. Dr Allison says it is unsurprising that Germany is leading calls for a softer stance on Uzbekistan. "Germany as an individual state has some significant trade ties as well as a large diplomatic presence in Central Asia," he says. "Whether Germany can carry out a shift of policy in the EU is another story because human rights

issues remain a high priority for some countries." (BBC)

### **CHECHEN AUTHORITIES DENY ALLEGATIONS OF TORTURE**

**13 November**

Chechen authorities have denied allegations by Human Rights Watch that prisoners in Chechnya are regularly subjected to torture. "This information is untrue. If torture really took place, we would speak about this problem, and so would prisoners' relatives," Chechnya's Deputy Prime Minister and Ambassador Plenipotentiary in Moscow Ziad Sabsabi told Interfax on Monday. He criticized rights defenders for not being objective

### **GOVERNMENT TRIES TO OFFLOAD LUXURY HOMES**

**13 November**

The Turkmen government has introduced the first mortgages ever seen in the country, but high property prices coupled with the fact that the home loans will not be widely available mean that very few people will benefit, NBCentralAsia analysts say. On November 3, Saparmurat Niazov instructed the commercial Presidentbank to start issuing loans with a 15 year term and a purely symbolic annual interest rate of one per cent. But there is a catch – Niazov said the loans would only be available to people buying luxury flats in multistorey apartment blocks located in the capital Ashgabat. The mortgage conditions also require borrowers to make a down-payment of 30 per cent of the total cost of such properties, which local estate agencies say go for 40,000 or 50,000 US dollars. The loan also requires a deposit to be paid. Finally, the mortgaged property cannot be rented out, gifted or inherited. Commentators to whom NBCentralAsia talked said the move looks like an attempt to shift some of these luxury apartments rather than a true aspiration to introduce mortgage lending. There are none of the basic preconditions for mortgage selling, such as a developed securities market and a pool of solvent borrowers. "The multistorey apartment blocks that have been built are lying empty, since not many people can afford such expensive housing. So the regime wants to get them occupied, and is devising various mechanisms to that end," said a source based in Turkmenistan. Luxury apartment blocks starting springing up in Ashgabat several years ago, after President Niazov required government ministries and departments to build large, 200-metre square apartments out of their own

funds, and then sell them to civil servants. However, sources in Turkmenistan say very few public servants have expressed any desire to buy such a home. As one local resident said, "People are trying not to buy apartments in elite apartment blocks, because once they've done so, Niazov's secret services will try to find out where they got the money to afford such luxury." Experts on Ashgabat's property market say many residents of the capital do not own their home and simply rent rooms because they cannot afford either to buy or to repay a loan. The average salary in Turkmenistan is currently 700,000 manat (around 30 US dollars) a month. The few who can afford apartments generally buy them through brokers who trade in real estate. These firms can also help buy a flat in a luxury block, and then there is no need to go public with a Presidentbank mortgage. But brokers charge an extra six to 12,000 dollars more. (Institute for War and Peace Reporting)

### **GEORGIA TO WEAN ITSELF FROM RUSSIAN GAS**

**13 November**

Georgia's head of state says his nation will cut in half its dependence on Russian natural gas by the end of this year. Prime Minister Zurab Nogaideli also said that there will be more cuts in 2007 as the former Soviet state reacts to the Kremlin's announced plans to double the price of the heating fuel, the Wall Street Journal said Monday. Georgia is talking with Azerbaijan, Iran and Turkey to secure alternative sources of natural gas, Nogaideli said. By the end of 2007, Georgia plans to buy just 20 percent of its natural gas from Russia, down from 100 percent last year. "We aren't against paying a higher commercial gas price, but this is a purely political price," said Nogaideli, noting that Georgia and Azerbaijan are being offered gas next year at \$230 per thousand cubic meters while their neighbor Armenia -- which is closely allied with Russia -- will pay less than half that amount. Nogaideli said a new pipeline will bring natural gas from Azerbaijan's Caspian fields to Georgia and Turkey next year. (UPI)

### **U.S.: SENIOR AL QAEDA LEADER CAPTURED IN AFGHANISTAN**

**13 November**

A senior al Qaeda leader in Afghanistan who escaped last year from Bagram prison has been captured, U.S. military sources said Monday. Abu Nasir al-Qahtani was among six people arrested last

Monday during a raid by coalition and Afghan forces in Khost province, the sources said. A coalition military press release issued at the time of al-Qahtani's arrest described him only as a "known al Qaeda terrorist" and said he was taken into custody along with Saudi and Pakistani nationals. Al-Qahtani was one of four al Qaeda detainees who escaped from the high-security detention facility at the U.S. base in Bagram in July 2005. The men later appeared in an al Qaeda video describing their detention and escape. Al-Qahtani went into the most detail about the escape, even drawing a map of the Bagram prison. He said that after sneaking off the base the four men eventually made contact with the Taliban. Another of the four escapees, Omar al-Farouq, was killed in late September in Basra, Iraq, by British troops. A coalition spokesman in Kabul said Monday that grenades, military equipment, armor-piercing rounds and AK-47 assault rifles were found during last week's raid. A camera containing surveillance video of nearby military installations also was recovered. (CNN)

#### **ARMENIA AND AZERBAIJAN FMS WANT PROGRESS ON KARABAKH ISSUE**

**14 November**

Ministers of Foreign Affairs Vartan Oskanyan of Armenia and Elmar Mamedyarov of Azerbaijan told a joint news conference here on Monday night that they are intent on achieving progress in resolving the Nagorno-Karabakh issue at their upcoming talks here. Action Plans are to be signed here on Tuesday within the framework of the policy of neighbourhood between the European Union and three Southern Caucasus countries -- Georgia, Armenia, and Azerbaijan. Following the signing of those documents, the Foreign Ministers of Azerbaijan and Armenia are to meet for bilateral talks. Both Ministers expressed confidence that the signing of the Action Plans would provide a fine opportunity for progress on the Nagorno-Karabakh issue. Vartan Oskanyan emphasized that the Action Plans "contain a common vision of the situation in the region". "After they are signed, we shall move to another room to discuss the Nagorno-Karabakh problem -- this will be a basically new phase of the negotiating process. We shall do our best to achieve progress and prepare a meeting between our Presidents on the problem". Elmar Mamedyarov, for his part, referred to the frozen conflicts as "the main

challenge to the Southern Caucasus countries». He shared the optimism of his Armenian counterpart but stressed that one must make headway in resolving the Nagorno-Karabakh problem in an "utterly careful way. (Itar-Tass)

#### **MAJOR AZERBAIJANI GAS FIELD COMES ON STREAM**

**14 November**

The first gas was extracted on November 10 according to the Azerbaijan State Oil Company. Shah Deniz holds estimated reserves of 1 trillion cubic meters of gas, and is expected to produce between 5-6 billion cubic meters in 2007 and 8 billion cubic meters the following year. It remains unclear how much of that gas will be used for domestic consumption and how much will be exported, and at what price, to Turkey and Georgia. Georgia will be entitled to 5 percent of the Shah Deniz gas exported via the Baku-Tbilisi-Erzurum pipeline in lieu of transit tariffs, and may purchase an additional 5 percent of the total exported at the price of \$55 per 1,000 cubic meters. To date, Baku has rejected Georgian requests for a guaranteed increase in the amount of gas it may purchase (RFE/RL)

#### **KYRGYZ OPPOSITION CALLS FOR KULOV'S RESIGNATION**

**14 November**

The For Reforms! opposition movement in Kyrgyzstan has called on Prime Minister Felix Kulov to resign. "Given the current situation the movement calls on Kulov to resign, because the parliamentary majority does not back his government, which may lead to crises and confrontations," For Reforms! member and human rights activist Edil Baisalov said at a press conference on Tuesday. The current government cannot "carry out important economic tasks," he said. "It is necessary that the prime minister be an independent figure with a mandate from the parliamentary majority: this is not the case today," the human rights activist said. "The Constitution came in force the day it was signed, and President Kurmanbek Bakiyev and Kulov should be guided by it, but this has yet to happen," Baisalov said. (Interfax)