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THE CENTRAL ASIA-CAUCASUS ANALYST

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

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Submission Guidelines:

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

KEY ISSUE: A short 100-word statement of your conclusions about the issue or news event on which the article focuses.

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

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

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

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

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

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THE DISMISSAL OF MINISTER SUVANALIEV AND THE STRUGGLE AGAINST ORGANIZED CRIME IN KYRGYZSTAN

Kairat Osmonaliev & Johan Engvall

In the recent restructuring of the Kyrgyz government, the rejection of Omurbek Suvanaliev as Minister of Internal Affairs is revealing of the struggle between different forces in Kyrgyz politics. Under Suvanaliev's time as acting Minister, police efficiency increased significantly, particularly manifested by an uncompromising attack on the rampant organized crime that has grown to one of Kyrgyzstan's main challenges. Yet the political leadership preferred to construct the government on the basis of other criteria than competence and efficiency. A look at the political forces that lobbied for Suvanaliev's dismissal generates doubt whether the present administration really has the will and commitment necessary to fight organized crime.

BACKGROUND: Since independence, organized crime has been one of the biggest obstacles to the development of a democratic Kyrgyzstan. Both the Akayev government before March 2005 and the current leadership have done little to relieve this threat. Racketeering has been permitted and organized criminal elements have been used as a tool in political confrontations. As a result, at times two loci of power have co-existed: official state power and, often as a compliment, violent organized crime. Under these conditions, the population perceived the police system as toothless, and in many cases as submissive to the forces of organized crime.

For example, infamous organized crime boss Rysbek Akmatbaev organized protests in November 2005 after the assassination of his brother and parliamentarian Tynychbek Akmatbaev. Rysbek mobilized his supporters and set up Yurtas (traditional Kyrgyz tents) at the central square in Bishkek, threatening Prime Minister Felix Kulov as well as some members of the parliament. Several heads of law enforcement agencies

went to the square and offered their condolences to Rysbek for the death of his brother. Needless to say, within the police system such acts of submissiveness to organized crime had a demoralizing effect.

However, since Omurbek Suvanaliev was appointed acting Minister of Interior by presidential decree during the November 2006 demonstrations in Bishkek, the efficiency of the Kyrgyz police improved significantly. In the fight against the main threats to stability and development in the country – organized crime, corruption and extremism – Suvanaliev created three special divisions. The results were impressive.



Omurbek Suvanaliev

More than 30 members of organized criminal groups were arrested, of which the majority were leading figures. One of the most high-profile cases was the death of infamous contract killer Aibek Narmatov during a special operation. In the operation, one policeman was killed and two injured. The operation was carried out by the special division combating organized crime. According to the police, Narmatov

could be tied to at least seven contract killings. The leading criminal authority in the country, Kamchy Kolbaev, recognized as Kyrgyzstan's first "thief in law", is another figure that has come under increased pressure. Presently, he is believed to be hiding outside Kyrgyzstan.

The general public in Kyrgyzstan is truly tired of banditry and in the last months, the population has finally sensed a change in the way organized crime is tackled. Members of civil society, such as Edil Baisalov, leader of the Coalition for Democracy, also supported Suvanaliev as Minister, expressing it as a choice between banditry and democracy.

Known in Kyrgyzstan as "Catani," General Suvanaliev's uncompromising fight against organized criminality has been displayed on numerous occasions in his more than 20 years in the police system. For example, during his time as head of national security in Osh oblast, his administration arrested the murderer of the vice mayor of St Petersburg. In 1998, he was also responsible for the unprecedented seizure of a 700-ton shipment of weapons smuggled from Iran via Osh destined for Afghanistan. He later resigned in protest to the Akaev regime's decision to close its eyes on the matter and return the shipment to Iran. As a member of the Kyrgyz Parliament from 1995-97, Suvanaliev further compliments his police career with political experience.

IMPLICATIONS: It is against this background that President Kurmanbek Bakiev's recent decision to reject Suvanaliev as Minister of Internal Affairs should be understood. In the weeks leading up to Suvanaliev's dismissal, a smearing campaign was initiated against him. Behind this campaign stood shadow business interests within the Kyrgyz Parliament. A report was prepared and submitted to the president by the Heads of three Parliamentary Committees – those on law and order and combating corruption; fiscal policy; and budget and finance. The report strongly recommended the president not to appoint Suvanaliev as Minister of Interior in the new government.

The main initiator of this campaign was Roman Shin – a member of the Parliament with a political power base that includes casinos. The reason behind his actions

was the increased pressure that his casino businesses in Bishkek have been subjected to by law enforcement, due to suspicions of illegal gambling and money laundering. Recently, four Chinese employees at his casino were arrested and handed over to Chinese authorities. In China, they were wanted for organizing illegal gambling. As a response, the Kyrgyz government received a formal letter of appreciation from the Chinese Ministry of Social Security. Shin is an illustrative case of parliamentary interests in Kyrgyzstan. With no background in any state agencies, he managed to build on his financial strength to obtain a seat in the parliament.

Due to the strong links that have developed between organized crime and politics, Suvanaliev's independent stance was not the most convenient for many politicians defending shadow economic interests. Firstly, at present the police has attacked and forced a substantial part of organized crime groups in Kyrgyzstan on the defense. Under Suvanaliev's leadership, the networks of some politicians with close connections to organized crime had also come under increased pressure. This has in particular been manifested by the capturing of contract killers.

Nevertheless, due to the fact that organized crime has been allowed to flourish during 15 years, unofficially protected by the political leadership, these structures can easily be restored if the present initiatives are not upheld. In other words, those who represent the blending of criminal and political interests in the Kyrgyz power system were simply not keen on seeing Suvanaliev continuing his work in the new government.

Secondly, it is also important to bear in mind that Suvanaliev has a long-standing and very close relationship with former Prime Minister Felix Kulov. For example, during the latter's imprisonment, Suvanaliev was appointed as head of the Felix Kulov foundation. He has also been a member of Kulov's Ar Namys party. Since Kulov was an unpopular prime minister among some parliamentarians, manifested by the fact that his candidature to the post in the new government was twice rejected by the parliament(see archive

http://www.cacianalyst.org/view_article.php?articleid

=4691), the same deputies perceived Suvaliev as a potential insurance for Kulov's continued influence.

Finally, following the resignation of the government before the New Year, political stakes in Kyrgyzstan have been very high. Most positions in the new government appeared to have been decided by the President quite quickly. The only position under vivid discussion was the one of Minister of Interior. According to the new constitution, the formation of the new government is controlled by the President. In this light, Suvaliev's independent stance, clean background, and the intensified pressure he has put on organized crime made up a combination that appears to have been incompatible with the interests of some of the people around Bakiev.

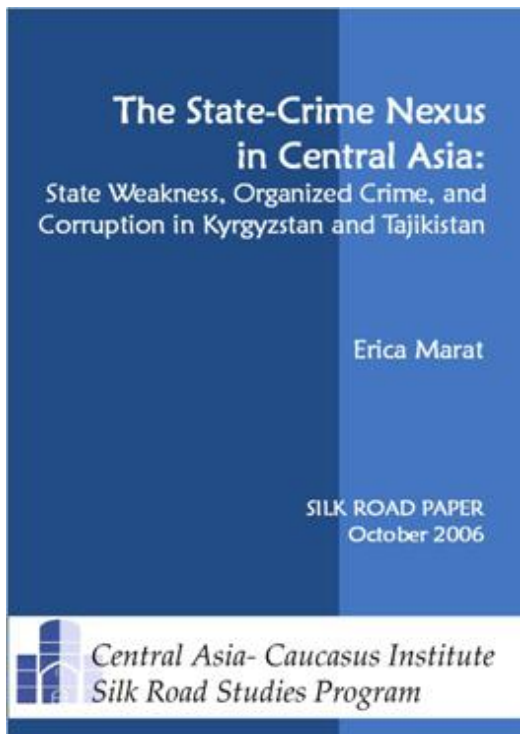
CONCLUSIONS: In order to provide a prognosis for the future of combating organized crime and the strength of law enforcement in Kyrgyzstan, it is necessary to analyze President Bakiev's politics. Since coming to power, Bakiev has been showing every sign of ruling the country with a very short time horizon. As such he wants to see loyal ministers. This illustrates a general dilemma in the country. Personal loyalties and narrow interests are promoted at the expense of

meritocracy and autonomy. In a government ruled on the basis of meritocracy and professionalism, the leadership's possibilities to control state institutions for its own benefit decreases.

What the standoff between shadow business elements within the parliament and Suvaliev illustrates is thus a much bigger picture, i.e. the question of the Kyrgyz government's willingness to fight organized crime, versus a choice to tolerate efforts by corruption and shadow economic interests to dictate politics. In short, the question is what path the country will take in the fight against the evil of organized crime.

From another point of view, however, the rejection of Suvaliev, while most likely having negative consequences for the fight against organized crime in the near future, could provide the opposition with a potential leading figure, given that he is not just a policeman but has also laid the foundation for becoming one of the main actors in Kyrgyz politics.

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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 or www.silkroadstudies.org.

WORKER RIOT AT THE TENGIZ OILFIELD: WHO IS TO BLAME?

Saulesh Yessenova

Tengiz, known for expanding oil production and a bribery scandal involving top officials and prominent shareholders, made different headlines last fall. This was in relation to a mass riot that broke out on 20 October between domestic workers and foreign nationals. The situation was reportedly 'under control' within hours, which lends credibility to eyewitness accounts asserting that it caused little surprise among locals and that the oil company, its subcontractors, and, perhaps, the state were prepared for a prompt response to minimize anticipated damage. If so, then was the riot, which claimed several lives and left hundreds injured, preventable?

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BACKGROUND: The riot is said to have begun as a personal incident that enthused a massive fight, where Turkish nationals incurred most casualties. Reports and expert assessments have recognized socio-economic disparities that caused the violence. Still, ethnic animosities and the wild rush on the part of Kazakh workers have been captured more intensely than the situation regarding business and labor at Tengiz. This riot is the second serious disturbance at Tengiz, following the one in April 2005. Both centered on the Senimdi Kurylis (SK), a lead contractor of PFD UK and a major player in the construction of the Second Generation Project

(SGP) for TengizChevroil (TCO). Both riots have grown out of the increased pressure generated by unresolved labor issues, indicating the absence of mechanisms of labor regulation and conflict



TengizChevrOil

resolution at Tengiz. The state and TCO have been aware of systematic corruption and labor discrimination and abuse at the Tengiz Rotation Village, an industrial base patronized by the oil company that hosts its subcontractors and their workers. Yet, no sensible effort has been made to create a more just and transparent environment at Tengiz in response to the earlier labor protests, which made the latest riot so predictable. As such, it appears to be a calculated choice on the part of corporate business and the state both interested in sustaining upward resource redistribution around the oilfield.

Industry sources declare TCO to be one of the most dynamic hydrocarbon enterprises in the world. Its steady expansion over the past decade, and especially the launch of the Second Generation Project in 2004 with an estimated cost of \$4 billion, boosted business activities around Tengiz. At present, TCO sustains the operations of nearly 100 companies; 14,000 employees are engaged in Tengiz worksites daily. Oddly enough, the economic boom that significantly increased business market and labor demand has been accompanied by recurrent labor conflicts at Tengiz. They began in the mid-1990s with TCO workers calling for more equitable labor arrangements and representation. None of

grassroots level, enabled peaceful negotiations. Anti-union corporate measures and the ambivalent position of the state subsequently curtailed organized labor. The decline of unionism meant the end of wage expansion at TCO and the beginning of a downward spiral of wages and work conditions among its subcontractors that eventually backfired with violent labor protests.

Tengiz employees work 11-12 hours every day, carrying out extended shifts. Even local residents are required to be in camp residence despite their homes' physical proximity to the worksite. Foreign employers have come to appreciate the situation when all employees engaged in the work process stay at the company premises day and night, since it provides the administration with the most direct means of control. This system, however, increases operational costs. Senimdi Kurylis, claiming 2,500 workers, is the second largest employer after TCO and a sponsor company to 60 other subcontractors. The company responded with transfer of the burden of the non-standard work pattern to its employees: it stripped domestic workers from paid time off, compensation for room and board and transportation to the worksite, as well as accident insurance. In 2005, the amounts SK retained in the form of unpaid benefits nearly doubled the amounts

actually paid to workers. This illegal practice of benefit retention has widened the economic and social gap between domestic and foreign workforces, a prime motivation behind the riots. SK also disenfranchised Kazakhstan's nationals by disregarding professional qualification, experience, and task complexity as the basis for calculating wages, which boosted corruption: human resource officers are said to routinely retain first- and even second-month salaries earned by those whose paperwork they process. In 2005, the average wage of a domestic worker, based on a 28-day shift



their demands were met by any measure; however, a TCO union, which enjoyed strong support at a

wage of a domestic worker, based on a 28-day shift

and overtime work was below 30,000 tenge (\$230), i.e., less than \$1/hour. In terms of a standard work schedule, based on 40 hours of labor per a week, this pay is located below the legally enforced minimal wage in Kazakhstan.

IMPLICATIONS: In 2004-2005, Tengiz witnessed a series of localized labor protests that were contained by means of company security. The dispute in April 2005 began in a similar way; however, it spread out, igniting a massive strike that involved 3,000 domestic laborers demanding fair compensation and respectful treatment. The protest spilled over the gender divide: hundreds of female workers, employees of canteens and maintenance companies, joined the male-driven protest, embarking on a strike against labor discrimination as well. The state was appalled when learning about the magnitude of legal abuse at Tengiz; its subsequent actions, however, were inconsequential, producing inept initiatives that did not help to improve the situation and severely circumscribed its authority around Tengiz.

In the aftermath of the 2005 riot, local authorities expressed their unease with poor conditions at the Tengiz Rotation Village, hosting subcontractors and their workers. TCO has claimed no responsibility, pointing out that it is located outside the corporate property. At the same time, the oil company declined a proposed plan to increase the state's control at the Village, which was feared to threaten the autonomy and integrity of TCO's economic activities, protected by its contract with the state. A core crude producer in the country, TCO generates \$200 million of annual revenues for the national budget, and the completion of SGP construction is expected to significantly increase oil profits. The state settled the case with a small office in charge of labor-management relations and workplace regulation that focused on the grievances of individual workers. State authorities came to think that should they reinforce the law, it would "hurt" business, pushing many subcontractors out of the

Tengiz market, and might even cause highly undesirable work delays just like the riot did by paralyzing the entire construction process. SK has never been charged or even properly inspected. Along with the other companies, it has been allowed to harbor corrupted practices and systematic labor discrimination and abuse that brought another wave of violence in October 2007.

CONCLUSIONS: The situation created at Tengiz points to a dysfunctional relationship between business, labor, and the state, placing the oil project at odds with the ideas of economic and human development. The economic growth trend observed around Tengiz in the past few years has brought no sensible advantages to the domestic labor force that can be translated into long-term gain. This is a direct outcome of an earlier corporate effort to dissolve organized labor at TCO and its continuous strategy to insulate Tengiz from outside interference, while the state has appeared to play along, seemingly prioritizing oil profits over labor development and justice. In June 2007 – the anticipated date of SGP completion, leaving behind thousands of workers beyond company gates without any mechanism that would help to mediate their situation. Other hydrocarbon projects in Kazakhstan, for example, those in Aktobe and Uralsk, have been recently rationalized in a fashion similar to Tengiz. The problems that Tengiz workers have faced therefore are not limited to a single project site; instead, they have direct relevance to other oil enterprises across the Caspian Basin and, perhaps, elsewhere in the world.

AUTHOR'S BIO: Saulesh Yessenova received her Ph.D. at McGill University in 2003. At present she is a fellow at Max Planck Institute for Social Anthropology in Germany. She conducts her research in Kazakhstan's Caspian Sea Basin.

OIL MONEY FUELS REGIONAL TIES IN THE SOUTH CAUCASUS

Jaba Devdariani and Blanka Hancilova

On 7 February, the leaders of Azerbaijan, Georgia and Turkey signed in Tbilisi an agreement titled the “Common Vision for Regional Cooperation”. The document envisages the expansion of cooperation in the fields of transportation, electricity, and the free movement of people. This shows that the business partnership that developed between Azerbaijan, Georgia and Turkey through the construction of the Baku-Tbilisi-Ceyhan oil pipeline is deepening. Shared business interest and availability of funding prove to be more reliable than grand political plans hatched in abundance in the former Soviet space.

BACKGROUND: The main reason for the agreement was the decision on the construction of the Kars-Akhalkalaki-Tbilisi-Baku (KATB) railroad, linking Azerbaijan to Turkey and, potentially, to Europe. The sides also agreed to extend the linkage between their respective electricity transmission networks, and to expand the cooperation to encompass free the movement of people, goods, capital and services.

The agreement builds on business partnership between the three states that started with the Baku-Tbilisi-Ceyhan pipeline project (BTC) that began to be constructed in September 2002 and was officially inaugurated on July 13, 2006. It then expanded to the Baku-Tbilisi-Erzurum gas pipeline currently being

completed and coming online.

If the previous projects relied on strong U.S. political backing and also the financial backing of the multinational oil companies, the new level of cooperation is almost entirely financed through local means. To finance the construction work on its territory, Georgia is receiving a 25-years loan from Azerbaijan, at US\$220 million with a 1 percent annual interest rate. Turkey will invest the remaining part of the US\$422 million.

This financial windfall is linked with Azerbaijan’s stunning oil-fuelled economic growth, which is estimated to reach 34 percent this year. But Turkey and Georgia are also actively partnering bilaterally.



Approximate Route of the Kars-Akhalkalaki-Tbilisi-Baku Railway

On the same day, when the Presidents met in Tbilisi to sign the agreement, the Turkish company TAV completed construction of Tbilisi International Airport and started to operate it, as it will for the coming 15 years. The same company will modernize the airport in Georgia's Black Sea port of Batumi, and the sides reached an agreement to operate it as a Turkish domestic airport as well. This is expected to cut travel costs for Turkish customers heading to nearby Turkish regions.

IMPLICATIONS: The leaders of Azerbaijan, Georgia and Turkey, backed by the U.S. administration, have been at the forefront of the Baku-Tbilisi-Ceyhan pipeline project (BTC). Some analysts lambasted the BTC as a return to the Great Game, and the operating companies made sure to tone down its political aspect – which does not cross Russian territory, and firmly ties Georgia and Azerbaijan to world markets.

However, the successful launch of BTC and the near-finished Baku-Tbilisi-Erzurum gas pipeline seem to have created a level of confidence among the participating states that enables them to deepen their partnership. This is good news for Europe as it is seeking stability on its expanded borders, and also craves for improved energy security following the consecutive Russian gas scares of the past two years.

At least some European states seem to be taking note. On 18-20 February, the German Minister of Foreign Affairs, Frank-Walter Steinmeier, visited the three South Caucasus countries for the first time. Germany, which holds the EU presidency, works relentlessly to diversify EU energy sources. Symptomatically, his visit started in Azerbaijan whose President Ilham Aliyev had just returned from an official visit to Germany.

The EU is actively trying to diversify its energy supplies in a drive to reduce its dependency on suppliers such as Russia (gas) and the Middle East (oil). A discussion on a possible future common EU energy policy was launched in March 2006, a key part of which seeks to raise the EU's profile in foreign energy policy. The Nabucco pipeline project, which plans to supply Southeastern and Central

Europe with gas from the Caspian region (Azerbaijan, Turkmenistan and possibly Iran) received the political backing of key transit countries in mid-2006 in a move aimed at easing the EU's dependency on Russia. Austria is leading a consortium of companies backing the project through its energy company, OMV. The pipeline is due to be fully completed in 2012.

It is ironic that through closer cooperation in transport and energy fields, the countries of the region in fact are taking ownership of the TRACECA (Transport Corridor Europe Caucasus Asia or "New Silk Road") project that the EU launched in 1993, but which never actually lived up to expectations. Now, with cash from natural resources, Azerbaijan and Kazakhstan are bringing the idea of linking China and Central Asia to Europe back to life.

Indeed, Astana is becoming an important player in the region and inches closer to the alliance of the three. In June 2006, Kazakhstan committed to ship oil through BTC. According to the Azerbaijani transportation minister, Astana also expressed interest in participating in the KATB railway project. Kazakh businessmen already invested around US\$350 million in tourist infrastructure in Tbilisi and in the Black Sea resorts of Georgia's Ajaria province on the Black Sea. Kazakh companies manage Georgia's largest telecom company, as well as Tbilisi's gas distribution company.

Tbilisi is profiting handsomely from the availability of cash in neighbouring states and improves its infrastructure to become a reliable transit state. While many European states still consider it risky to invest in Georgia and Russia is only hinting at winding down a politically motivated economic war, President Mikheil Saakashvili and Prime Minister Zurab Noghaideli successfully shopped for capital in the Gulf States last week. Saakashvili signed an US\$817 million deal with one of the Arab emirates to go into Georgia's real estate and trade. Prime Minister Noghaideli returned from Kuwait with a preliminary agreement to invest US\$720 million in a cascade of hydro-power plants and an

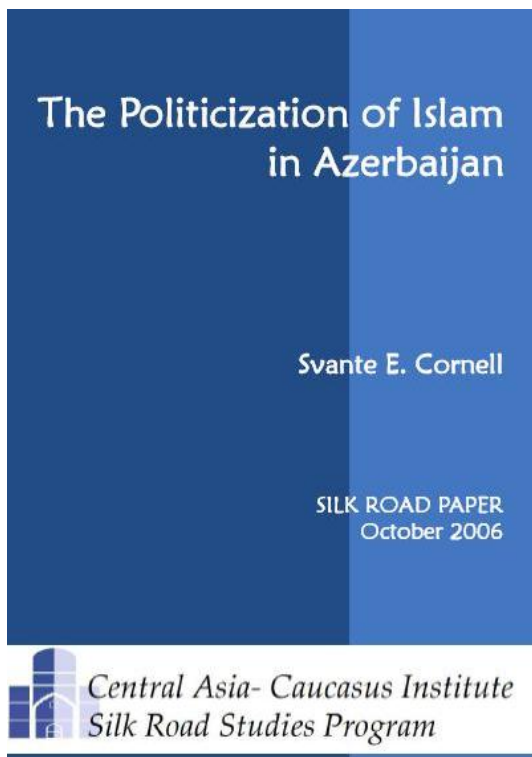
additional US\$100 million in expanding the major East-West motorway – also a part of the transportation corridor.

CONCLUSIONS: The post-Soviet space has seen many politically-fuelled grand alliances bite the dust. The CIS is a textbook example and the pro-western GUAM has not fared much better. A cordial alliance between Georgia and Ukraine seems to have fallen victim of Ukraine's political infighting. But the economy-led project between Azerbaijan, Georgia and Turkey seems thriving, attracting additional funds from outside the immediate region and thus gaining momentum. The partnership is still vulnerable. It continues to exclude Armenia, and thus its contribution to improving the political climate in the South Caucasus region is limited. Moreover, as the momentum of regional co-operation builds, it will be more and more difficult for Armenia to integrate itself as an equal partner. Azerbaijan's resistance to the recent Russian pressures has proven that the country became more assertive, but its political system still seems insufficiently stabilized through

checks and balances. It is feared that the economic glut will only gloss over the underlining problems. In Georgia, conflicts in South Ossetia and Abkhazia are still glowing, giving Russia a strong political lever. Georgian observers fear that Saakashvili's administration will find it harder to reconcile popular demand for finding solution to the conflicts with the need to preserve the stable security environment so direly needed for further economic integration and growth.

But if the linkage between Azerbaijan, Georgia and Turkey remains vulnerable to internal and external pressures, it does hold great promise for regional cooperation and integration. This makes the region more secure, more reliable for the EU as a partner, and potentially extremely valuable for opening new avenues of cooperation between China, re-emerging Central Asia and Europe.

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New Silk Road Paper!

The Politicization of Islam in Azerbaijan

by Svante E. Cornell

This 75-page Silk Road Paper analyzes the increasing Islamic revival in Azerbaijan, as well as the potential for politicization of Islam. The report discusses the background and reasons for increasing Islamic sentiment in the country, as well as external influences linked to this phenomenon and government policy toward the issue.

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 or www.silkroadstudies.org.

WILL BERDYMUKHAMEDOV BE A GORBACHEV OR AN AHMADINEJAD?

Rafis Abazov

Confirming the results of the presidential elections, Turkmenistan's election commission opened the doors for the inauguration of 49-year old Gurbanguly Berdymukhamedov as president. He is taking the position held by Saparmurat Niyazov Turkmenbashi for nearly 20 years until his unexpected death in December 2006. Is the new president going to be a reformer like Mikhail Gorbachev was in the Soviet Union, or is he going to be a defender of the established system like Mahmoud Ahmadinejad is in Iran?

BACKGROUND: The election of a new president is an important event for every country, but elections in secretive and closed societies, such as that of Turkmenistan, stir an especially big wave of speculation. Turkmenistan definitely is one of the most reclusive and isolated countries in the world, as almost all human rights and freedom of the press organizations put Turkmenistan on a par with

control and management practices remained unchanged. Turkmenistan is also the only country in the ex-USSR that retains the one-party political system. The Democratic Party of Turkmenistan (DPT) remains the only political party officially allowed in the political arena, even neighboring Uzbekistan has at least five officially registered political parties. Turkmenistan isolated itself from the outside world to such a degree that even marriages by Turkmens to foreign nationals are banned, unless a prospective foreign bridegroom or fiancé pays ten thousands dollars as a kind of state "tax".

The first news from Turkmenistan are not encouraging. Although Gurbanguly Berdymukhamedov belongs to an entirely new generation of politicians in his country, and like Gorbachev and Ahmadinejad, was elected to the presidential post at a relatively young age, he has promised to keep stability by preserving continuity in both domestic and foreign policies. He has talked

about only minor reforms limited to some adjustments in education and to allowing the general population to have access to the Internet. Thus, some observers might dismiss him as another



Festive Voting for President in Turkmenistan

North Korea. Saparmurat Niyazov Turkmenbashi was the only president in the former Soviet space who fiercely resisted any kind of reforms in the social, economic and political arenas. Most enterprises and plants were kept under tight state

dictator who will continue the old policies and do little to open the country to new ideas and the powerful forces of globalization.

In a sense, this could be true. The ruling elite, who are those that benefit the most from the current arrangements and policies, selected Mr. Berdymukhammedov to lead the regime exactly for this purpose: to save it from both unwanted changes and from collapse. However, one has to remember that his two other counterparts – Mikhail Gorbachev and Mahmoud Ahmadinejad, were chosen for their positions with exactly the same mandate – to preserve the regime. Yet, one turned out to become a great reformer while the other has turned out to be a staunch guardian of the status quo.

In order to understand this paradox, one has to look at the first steps of those two leaders, the ways in which those closed systems have operated and how those leaders have understood the idea of preservation of the regime. On the surface many closed political systems look more or less cohesive and the ruling elite always tries to display unity and comradeship. Under the surface however, various factions, groupings and competing networks or clans exist even within the ruling elite and the governing party in the most authoritarian regimes. Though the competing factions generally agree on the major strategic issue – keeping a tough grip on power – they often disagree on many specific tactical issues. After all, they have to maintain some sense of legitimacy and at least some forms of support from the general population, and they have to craft policies that appease the majority of the population. Without consultations in the form of fair elections and referenda or open and trustworthy opinion polls, they always face the key problem: how to choose the best policies to keep the regime going.

There is no doubt that Comrade Gorbachev initially attempted to save the regime by trying to optimize the existing institutions. In fact, his first motto was *uskorenje* (acceleration), not *perestroika* (changes). It took him about two years and serious engagement with the international community to understand

that the Soviet Union needed radical changes in order to avoid a complete economic collapse and to become a well-respected member of the international community. Only then could he say the single most important word of his career – *perestroika*. Ahmadinejad still believes that his country needs just to optimize the existing institutions in order to solve all problems in his country, and hence there is little engagement with the international community on the issue of reforms.

IMPLICATIONS: The newly elected president Berdymukhammedov has a difficult choice, as he has to work with two constituencies – the ruling *nomenklatura* and the general population. On the one hand, he must appease the ruling *nomenklatura* and clans who brought him to power by maintaining stability and emphasizing the continuity of the regime and all existing arrangements. On the other hand, he has to address growing discontent among the general public, especially in the major urban centers, as people are increasingly frustrated with their very low living standards, the absence of opportunities for entrepreneurial activities, education, medical and social services, etc. These days, practically everyone on the streets of Ashgabat talks about mismanagement and chronic corruption in the ranks of government officials and in the state-controlled agencies and enterprises. Gurbanguly Berdymukhammedov has to address those issues in order to maintain stability and boost his popularity. Otherwise, the ruling elite will be inclined to replace him with another leader in order to avoid any social cataclysms. In this social and political environment, Turkmenistan's president cannot jump immediately into introducing an open democratic process, a multiparty system and an open press. However, like Michael Gorbachev in the mid-1980s, he might be willing to conduct a series of small steps and actions in order to address the most looming problems.

CONCLUSIONS: President Gurbanguly Berdymukhammedov might have a preference to move at a very slow and cautious speed, spreading reforms into the five-year planning cycle. The

problem is that Turkmenistan does not have the strong institutions necessary to manage its complex economic system and its international trade and move forward, unless there are changes. Globalization tremendously speeds up all processes and all governments around the world have to react to the challenges of globalization and the changing economic, trade and security environments as quickly as possible. The president has to convince his entourage and the ruling elite that cosmetic tweaking in Turkmenistan will not help – the country needs significant reforms in order to stabilize the social and economic situation.

Here, the role of the international community is very important. Instead of exclusively focusing on criticizing the regime for human rights violations or keeping Ashgabat isolated by demanding immediate radical reforms, international organizations and individual international players should be involved

in a greater dialogue with the regime through all possible formal and informal channels. For example, the international community might help Turkmenistan in reforming its educational system at all levels in the country and supporting Turkmen students to study abroad. The assistance can also be extended into reforming the healthcare and social welfare systems. Dialogue and international cooperation helped Gorbachev to make his reforms happen in the Soviet Union, while isolation has limited opportunities for change in Iran.

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New Silk Road Paper!

The Rise of India: Problems and Opportunities

by Ingolf Kiesow and Nicklas Norling

This 135-page Silk Road Paper analyzes the emergence of India as a great power and the background of its great power ambitions. It also discusses at length impediments to India's great power status, while devoting special attention to the issue of energy in India's future regional and global role, as well as its relations with the United States.

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 www.silkroadstudies.org.

FIELD REPORTS

FELIX KULOV JOINS THE KYRGYZ OPPOSITION

Nurshat Ababakirov

Following his loud failure to regain the post of prime minister a month ago due to the parliament's aversion and increasingly spurred by the president's

despite his strong support of the president's ideas while being in power.

At a long-awaited press conference on 14 February,

Kulov spoke about his reasons for joining the opposition and why he does so when already out of power. First, Kulov claimed that by voting for Kurmanbek Bakiev in the presidential elections of 2005, the electorate voted for the tandem between Bakiev and himself. He underlined that his supporters played a significant role and, therefore, he still bears obligations before his voters on achieving his objectives. "It is not an agreement of two people," he argued.

In his speech, he emphasized that governance has become increasingly defective, particularly in the corrupted energy and telecommunications

sectors, and attempts to change it have had little success. On the other hand, Kulov justified his failure to bring reforms by saying that sometimes, he had to prioritize an atmosphere of domestic stability and the country's image abroad before the option of direct confrontation with the "faulty"



Kulov: Getting Ready to Broadcast His Message?

unwillingness to share power with his strong political rival, Felix Kulov joined the opposition. The opposition, taking into account Felix Kulov's political weight and eagerness to fight corruption as an independent politician, seems to be readily accepting the "betrayed" former prime minister,

system, although at the expense of his own reputation among his supporters.

“Initially, I was against HIPC,” said Kulov. According to him, his position on it changed after the president’s statement that the foreign debt should be written off at any cost. He understood it as a guiding principle to free the state from the debt burden as well as to use it as a mechanism to fight corruption in the key economic industries, such as energy sector and mining. During his term as prime minister, he took “personal” responsibility for the HIPC initiative as the only alternative way to reduce the foreign debt, in spite of the public distrust and discontent. Nevertheless, he immediately recalled his signature on accepting HIPC’s first stages after he failed to regain his position.

In a nutshell, Kulov now sees himself not only within the opposition, but also, in a broader context, as an opponent of what all “decent” people are against – corruption. In his speech, he underscored that a narrow group of people is “seizing” private property as well as government property; a division on a regional basis is overtly observable on the level of the political elite, and media outlets are already under the control of the people close to one “family.”

Kulov revealed that his political activity will not be confined to his Ar-Namys party, but rather will try to “unite and lead the fragmented, but like-minded public and political forces.” His unifying block has become the United Front coalition. With the objective of “President Bakiev’s resignation and the holding of early elections” through “moral and political pressure”, the majority of the opposition members already joined the coalition. Yet Kulov warned that the government would discredit his supporters with various means.

Nevertheless, his clearly stated position has not been sufficient to earn the trust and support of some opposition members. As generally anticipated, an

immediate unification is unlikely. Azimbek Beknazarov, the co-leader of the Asaba party, and Almaz Atambaev, the leader of Social Democratic party, do not want to join the new coalition, pointing to its radical goals, which may lead to the destabilization of the country and the use of unlawful means, in contrast to the goals of coalition For Reforms. “Our president will not leave easily,” argues Azimbek Beknazarov.

Atambaev blames Kulov for reversing the movement towards a parliamentary state by his resignation in December. He also wonders why Kulov tried to regain his position over and over, and if he would appear with the same position if he were approved to the premiership again. Nonetheless, such criticism gives an impression that Kulov, now being on the oppositional side, may become an unchallengeable rival for some opposition politicians intending to run for the presidency in the next elections.

Apparently, most of the opposition members understand that “past” squabbles should be forgotten for the sake of their unification and strength. The opposition still remembers the ‘diskette gate’ scandal that took place during the November rallies, in which Kulov emerged with the recorded voices of opposition leaders allegedly planning to stage a coup, which led to unpleasant conversations with National Security officers. Also, Kulov appeared increasingly supportive of the president’s position in the politically troubled Fall of 2006, which in its turn reinvigorated the president to maintain his rigid position.

Nonetheless, many still expect tangible steps and convincing actions by Kulov to gain public confidence and support. Having worked with President Bakiev shoulder to shoulder for two years, Kulov is believed to possess compromising facts about the current government, which already seems to be losing its legitimacy with Kulov on the side of the opposition.

AZERBAIJAN'S NEW ECONOMIC ICON: THE IT SECTOR

Fariz Ismailzade

“In fifteen years, Azerbaijan’s revenues from the IT sector will equal to the revenues from the oil sector.” This sensational and rather ambitious statement was made by the Minister of Communications and Information Technologies, Mr. Ali Abbasov, while speaking at the February 15 meeting of the Caspian Integration Business Club, an organization that unites 300 companies from 30 countries in the Black Sea-Caspian region. However, a closer look at the latest developments in Azerbaijan’s economy shows that this statement might not be unrealistic.

While attending the World Economic Forum in Davos on January 26-28, President Aliyev met with Microsoft CEO Bill Gates, as well as the CEOs of CISCO, INTEL and other hi-tech companies and invited them to invest in Azerbaijan. Following that, Gates announced that Azerbaijan seemed to be an attractive country for his company to work with.

As Azerbaijan is rapidly expanding its GDP and gaining significant amounts of oil revenues, the political leadership of the country is seeking ways to diversify the economy and develop the non-oil sector to ensure sustainable growth in the future. Development of the IT sector and making Baku the IT hub of the region was chosen as the new icon of Azerbaijan’s future economic model – one which will not depend on oil and gas.

Speaking at the third anniversary of the implementation of the State Program on “Poverty Reduction and Economic Growth” last week, President Aliyev re-emphasized his intention to invest oil revenues into the IT sector and called it “a priority area.” The President also instructed the Ministry to transform Azerbaijan into the regional center for the “transit of information.” “If we manage to improve our legislative basis and implement it with transparency, we can succeed in making Azerbaijan the center for the transit of information between the East and the West,” Minister Abbasov noted later.

Minister Abbasov also stated that in order to succeed in this direction, works are being done in several directions. Foremost, the computer network in the country is being upgraded and remodeled and it is expected that by 2009, the number of computer users in Azerbaijan will more than double. Secondly, the government of Azerbaijan is engaged in negotiations with the World Bank and the South Korean Government to receive \$30 million for the implementation of the E-Government project in the country.

The most ambitious project, however, is the creation of the Regional Investment Zone (RIZ), which in the words of Minister Abbasov, is already underway. An American company was selected to consult with the Ministry in its execution. It is planned that the packet of suggestions on the establishment of RIZ will be submitted to the Parliament in March. The packet will include suggestions on how to change the fiscal and monetary policy of the state, as well as customs tariffs, taxes and legislative acts in order to simulate the development of the IT sector in the country.

As part of the development of the IT sector, it is planned also to expand the human resources in the country by creating an IT university, sending Azerbaijani students abroad and improving the quality of education at local colleges. At the same time, by the end of 2008, the whole country will be provided with telephones based on a digital system. Abbasov recently also announced that the state companies Aztelecom and Baktelecom will be privatized as another step towards the development of a dynamic IT and telecommunications sector in the country. Aztelecom, a natural monopolist in the country, uniting 54 companies, will be privatized to stimulate the competition in the IT sector.

The growing potential of Azerbaijan’s IT sector was felt recently when a “war of hackers” erupted between Azerbaijan and Armenia. Minister Abbasov warned the Armenian side that,

“Azerbaijan’s technological capabilities are several times higher than the ones of Armenia. So Armenian hackers should stop destroying websites in Azerbaijan, otherwise they will regret it.”

Last year, Minister Abbasov traveled to the U.S. to launch his campaign on turning Azerbaijan into the

IT hub of the Caspian region and subsequently came up with the idea of creating a “Technopark” in Azerbaijan. Although Azerbaijan was never a center of communications and technologies during Soviet times, the opportunity is ripe now to change the country’s image for future decades.

KAZAKH FOLK POETRY SLAMS CORRUPT ESTABLISHMENT

Marat Yermukanov

You can behead your critic but you can't cut his tongue, runs a popular Kazakh saying reflecting the inherent tolerance displayed by rulers in Kazakh society for fair criticism. In socialist Kazakhstan folk poets, or better to say, court poets were employed by the establishment to praise the achievements of socialism in contests between poets, who vied with each other demonstrating their skills in aitys, the art of composing poems offhand, before the audience.

Over the recent years, Kazakhs have seen a rapid revival of traditional *aitys*. Every Sunday, Kazakh television gathers millions of its viewers for *aitys* contests which keep people glued to the screens for hours. What makes the *aitys* so popular among the Kazakh-speaking audience is that folk poets (*aqyns*) during these contests publicly lambaste social ills, such as deep-rooted corruption, mismanagement, disrespect for national interests and missteps in foreign policy. In a society with limited press freedom and rigid codes of social behavior imposed from above, the *aitys* is the most available and a safe way to give vent to public feelings. Exchanging views on issues of far-reaching social relevance in the form of dialogues in satirical verses, poets express what official papers never dare to write about.

In recent *aitys* organized in commemoration of the victims of the December 1986 uprising of Kazakh students in Almaty, the establishment was denounced for covering the truth about the real implications of that tragic event, while the unwillingness of officials to recognize it as people’s revolt against the oppressive system was lambasted. They concluded that justice would never be restored as long as many officials of the former Communist Party, suspected of actively collaborating with the Kremlin in crushing the student rebellion twenty years ago, keep holding high posts in government offices. The moral of the 1986 uprising was, as conveyed by the poets, that Kazakh society would not tolerate a comeback of authoritarian rule.

Folk poet Saltanat Otembayeva from Qostanay, retorting to a remark about corrupted rulers made by her opponent Salauat Isakov from Atyrau, said there is hardly an honest man among those who ascended the throne and there will never be one as long as the elections of local *akims* (governors) are reduced to a formal procedure. “You in Atyrau are rich in oil, but what’s the use of sitting on oilfields if your people go hungry and the budget is short of funds even to repair the roads?” sneered Otembayeva. But her opponent was not at a loss for an answer. “In Qostanay nobody speaks Kazakh

properly, and everyone babbles in Russian. We are an open-hearted and hospitable people, but others misuse our welcome.” Isakov was referring to migration policy and the reluctance of the government to promote the use of state language, Kazakh, at the official level.

Satirical verses of poets often target the inefficient legislative system. Last summer, the Parliament of Kazakhstan adopted a contradictory law on legalizing the assets of property owners. The ambiguous campaign became a topic of debates in poetry contests. “In a society ruled by corporate greed and corruption, legalization changes nothing, thieves will remain thieves and legalizing property in essence boils down to pardoning corrupt officials,” argued a participant in aitys. His views on legalization may be wrong, but a poet in aitys often mirrors the dominating views among the members of the society.

The renaissance of the traditional folk poetry – aitys – which is a unique form in the poetic culture of Central Asia, may serve as a manifestation of the reshaped ethnic consciousness of Kazakhs. Folk poets increasingly choose to eulogize the Khans Abylai, Toktamys and Yesim, who symbolized national unity and a will to build an independent state of Kazakhs who resisted Russian colonization.

Historic figures of the past are often contrasted to modern rulers, held low in public esteem. But government officials have no other choice but to tolerate folk poets who, in Kazakh society, always enjoyed an enormous popularity for their ability to speak out words of truth in public, holding their head high before a despot.

Nevertheless, the ruling elite never ceased their attempts to tame folk poets by sponsoring aitys contests, rewarding poets with foreign-made cars, computers and other expensive gifts as prizes. Not so long ago, the pro-presidential Otan party (now renamed Nur-Otan) decided to patronize folk poets and aitys shows. Aitys have always been an essential part of folk festivities in Kazakh culture. Poets use the two-stringed Kazakh musical instrument *dombra* to spice their verses with music. In many regions of Kazakhstan, including the predominantly Russian-populated northern parts of the country, well-trained poets have opened schools of aitys. Some critics say aitys in market-economy Kazakhstan is losing its original value in Kazakh culture, and resembling more and more an ordinary entertainment show without any social content. Perhaps, that is the sort of “modernized” aitys authorities would like to appreciate.

PROPERTY RIGHTS ROW TARNISHES GEORGIAN GOVERNMENT’S IMAGE

Kakha Jibladze

The Saakashvili administration has survived another potentially deadly scandal with barely a scratch, after both the parliament and the president promised to take action against alleged property rights violations in the capital and throughout the country.

In December 2006, opposition leader Kakha Kukava, an MP with the Conservative party, started a

campaign against alleged property violations on behalf of a group of business people in downtown Tbilisi who reportedly were forced to “give” their property to the government.

The issue took on additional weight once the opposition television station Imedi broke the story of the Tbilisi city mayor’s office seizing apartments that the previous government had given to famous

Georgians. Soon after, the city also started to seize and destroy small businesses and kiosks around the city.

According to Tbilisi Mayor Gigi Ugulava, the property was illegally privatized during the Shevardnadze government, and the city had the right to reclaim it. However, according to Georgian law, the government can only revisit issues of privatization up to three years following the purchase. The property in question had already passed that deadline. In addition, according to Georgian law, if the government wants to reclaim a piece of property, it must issue the order in writing in a timely manner so the owner of the property can take the matter to court; in the most recent cases the property holders were informed orally as little as two or three days before the city destroyed their buildings and reclaimed their property.

Although representatives from the National Movement and the president's office never officially addressed the issue, at the height of the scandal in early February president Mikheil Saakashvili met with members of the opposition and promised to send a draft law to the parliament to further protect property rights. No details of the draft law were released and no date for its presentation was announced.

On February 12, Georgian Parliament Speaker Nino Burjanadze announced that the parliament would draft the law, as well as create a joint committee with members of the opposition to look into the cases. While she noted that "most" cases were likely instances of illegal privatization, the government would offer compensation if there was evidence that the seizure was illegal.

According to the public defender's office, while there have been several cases of property abuse already in 2007, the problem is not a new one. The difference is that prior to 2006, most cases involving property seizure were part of the plea bargaining system that the Saakashvili government initiated as part of its ongoing anti-corruption campaign. A company or wealthy individual with suspicious wealth agreed to "give" the government private

businesses or sums of money in exchange for his freedom. While this campaign enjoyed wide public support in 2004, in 2006-07 the government is no longer just targeting big business and has moved quickly into the realm of small stores and kiosks.

Surprisingly, the cases have not had a great resonance within the Georgian population or the investor market. Foreign direct investment was up in 2006 to reportedly \$1 billion and the government announced in December that even higher investments are anticipated in 2007. For instance, on February 19 Georgian media announced that a Persian Gulf Emirate agreed to invest \$817 million in real estate in Georgia.

Despite the fact that the Georgian constitution clearly protects property owners – and the owners affected had all the proper paperwork – the government's actions against them did not result in a huge public outcry or protest.

Once again, the Saakashvili government has survived a potentially painful scandal with little more than an extra press conference and a few vague promises. Like the Sandro Girgvliani murder case and the 2006 prison riots, the recent wave of illegal property seizures could have caused the government – at the least – a great deal of embarrassment. However, due to the weakness of the opposition and general public apathy, the ruling party was able to bypass any potential harm without making any significant sacrifice or gesture.

While no one denies that privatization was often carried out illegally during the Shevardnadze regime, once the statute of limitation has expired, the owners enjoy all the rights of any other property owner. The Saakashvili government has not suffered noticeably from the allegations of property right violations but the praise it has received throughout the past year over progress in reform of the business climate could be jeopardized unless it can prove that property owners – and their investments – are protected in Georgia.

NEWS DIGEST

ARMENIAN OPPOSITION DEPLORES HIGH COST OF ELECTION BROADCASTING

11 February

Leading members of the opposition Artarutiu bloc and the National Accord Party (AMK) complained on February 10 that the tariffs set for election campaign advertising in the run-up to the May 12 parliamentary ballot are disproportionately high. Each party or electoral bloc is allocated up to 60 minutes of free airtime on national television and 120 minutes on state radio; each additional minute of election-related programming on the first channel of national television will cost 80,000 drams (\$220), compared with \$120 during the 2003 parliamentary elections campaign. Private broadcasters will reportedly charge up to 100,000 drams per minute. Grigor Harutiunian of Artarutiu claimed that the Armenian authorities set such high prices in a deliberate attempt to deprive cash-strapped opposition parties of airtime. "They are trying to make sure that only those who have made fortunes by illegal means can have access to TV airtime," Harutiunian said. (Noyan Tapan)

KYRGYZ SPEAKER QUERIES U.S. AIR BASE PAYMENTS

12 February

Marat Sultanov, speaker of Kyrgyzstan's parliament, told a news conference in Bishkek on February 12 that he has asked U.S. officials for more information on the United States' payments for its air base in Kyrgyzstan. Noting that U.S. officials estimate total annual aid to Kyrgyzstan, including compensation for the base, at \$150 million, Sultanov said, "We asked them to explain and indicate concretely where this aid goes, since we sort of receive it, but we don't see it." Sultanov also questioned the need for a large contingent of U.S. forces since "the Afghanistan issue is quieting down." Sultanov said that his talks with U.S. officials also touched on the December shooting death of a Kyrgyz citizen at the U.S. air base in Kyrgyzstan. Sultanov met with U.S. Assistant Secretary of State for South and Central Asian Affairs Richard Boucher and Pentagon officials on January 30. (akipress.org)

KAZAKH PRESIDENT SENDS SON-IN-LAW TO AUSTRIA

12 February

President Nursultan Nazarbaev has removed Rakhat Aliev, who is his son-in-law, from the post of deputy foreign minister and appointed him ambassador to Austria. Aliev previously served as Kazakh ambassador to Austria in 2002-05 after he was implicated in corruption. More recently, Aliev has been accused of exerting pressure on managers at Nurbank, in which he is a shareholder. Aliev's wife, Darigha Nazarbaeva, who is President Nazarbaev's daughter, has dismissed the allegations as "fictions" (RFE/RL)

TURKMENISTAN HOLDS PRESIDENTIAL ELECTION

12 February

A total of 98.65 percent of registered voters took part in Turkmenistan's presidential election on February 11, according to data from the country's Central Election Commission. RFE/RL correspondents in Turkmenistan reported light turnout, however, in the capital of Ashgabat and in Lebap Province. Preliminary results are expected to be announced on February 13, AP reported. Six candidates took part in the election, with acting President Gurbanguly Berdymukhammedov widely expected to win. No foreign observers monitored the ballot. The OSCE sent an Election Support Team, rather than an observation mission, to Turkmenistan. A spokesman for the CIS Executive Committee's election monitoring department told Interfax on February 9 that CIS observers were not invited to monitor the election. (RFE/RL)

REPORT SAYS 20 ORGANIZED-CRIME GROUPS ACTIVE IN KYRGYZSTAN

13 February

The Kyrgyz newspaper "Agym" published Interior Ministry information on February 13 indicating that 20 organized-crime groups are active in Kyrgyzstan. One Bishkek-based group has a core membership of 25 people but can mobilize 200 armed men if necessary, the newspaper claimed. The report noted that some groups control substantial business holdings and have powerful protectors among the country's political elite. (akipress.org)

KAZAKH DEPUTY PREMIER VOICES CONCERN OVER ECONOMY

13 February

Aslan Musin, deputy prime minister and ministry of economy and budget planning, told an expanded session of the Kazakh cabinet on February 13 that he is concerned about the state of the country's fast-growing economy. "Every year, budget expenditures are growing," Musin said. "The population has significant funds that don't go toward financing projects or modernizing the economy, but mainly go to inflating the 'bubble' on the real-estate market." (Kazinform)

CONCERN MOUNTS OVER UNEMPLOYMENT IN KYRGYZSTAN

14 February

Aigul Ryskulova, head of the Committee on Migration and Employment, told a news conference in Bishkek on February 13 that the situation on Kyrgyzstan's job market "has been officially recognized as a crisis." According to the Internet newspaper "Tazar," an officially sponsored study in 2006 found that the unemployment rate is 16.8 percent, or 9.8 percent of the economically active population. The study found that 424,400 employable Kyrgyz citizens are looking for work. The study also determined that the outflux of labor migrants in 1990-2006 was 547,000, with 60 percent of whom were from Bishkek or Chuy province. (RFE/RL)

KYRGYZSTAN RECEIVES \$17 MILLION A YEAR FOR U.S. BASE

14 February

Kyrgyz Finance Minister Akyzbek Japarov announced on February 13 that Kyrgyzstan receives \$17.4 million from the United States annually for the rent of a U.S. air base outside Bishkek, RFE/RL's Kyrgyz Service reported. Japarov told parliament that until 2006, Kyrgyzstan did not receive any money from the United States for the lease of the base. President Kurmanbek Bakiev said before mid-2006 negotiations with the United States that Kyrgyzstan would like to receive \$200 million for the facility. (RFE/RL)

NEW TURKMENISTAN PRESIDENT TAKES OFFICE

14 February

Turkmenistan's new president took office Wednesday with a pledge to follow the ways of longtime autocrat Saparmurat Niyazov, but also promising changes in a country ruled for decades in an all-encompassing cult of personality. Gurbanguli Berdimukhamedov was sworn in at a session of the People's Council, the highest legislative body, a few minutes after the head

of the central elections commission announced he had won Sunday's election with nearly 90 percent of the vote. That poll was the first time Turkmenistan held a presidential election with more than one candidate. But all six candidates were members of the country's only legal political party and Berdimukhamedov has shown no signs of interest in ending Turkmenistan's one-party system. However, since becoming interim president after Niyazov's Dec. 21 death, Berdimukhamedov has called for changes from the path set by Niyazov, who had fostered an all-encompassing cult of personality in his two decades in power and had kept Turkmen largely isolated. He repeated those calls in his inauguration speech to the People's Council, including a pledge to allow ordinary Turkmen access to the Internet. Under Niyazov, Internet was available only to officials, journalists and some organizations. He also promised "development of private ownership and entrepreneurship," educational reforms, and more doctors and hospitals. As health minister, Berdimukhamedov was responsible for implementing Niyazov's order in 2005 to close all hospitals outside the capital and fire some 15,000 doctors. Niyazov had kept the country's economy largely under state control and had reduced compulsory education to nine years instead of 10. Although Berdimukhamedov's proposed reforms would roll back some of Niyazov's policies, he also has pledged to follow the general course set by Niyazov, who called himself Turkmenbashi (Father of All Turkmen). In his inauguration speech he promised "to dedicate myself to the legacy of Saparmurat Turkmenbashi the Great." (AP)

AZERBAIJAN'S OMBUDSMAN VISITS DETAINED EX-MINISTERS

14 February

Ombudsman Elmira Suleymanova has visited former Economic Development Minister Farhad Aliyev and former Health Minister Ali Insanov in the Security Ministry pretrial detention center where they have been held since their separate arrest in October 2005. Both men have been rejected the charges against them of plotting to overthrow the Azerbaijani leadership, and both have complained of a serious deterioration in their health. According to Suleymanova's office, neither complained about the conditions in which they are being held or claimed to have been subjected to mistreatment or violence. (day.az)

RUSSIA PRAISES TURKMEN ELECTION

15 February

The Russian Foreign Ministry issued a press release on February 14 praising the conduct of Turkmenistan's February 11 presidential election. "All the election

procedures met the requirements of Turkmen law, were well organized, and took place in a calm atmosphere," the news agency quoted the press release as saying. And in a telephone conversation with Berdymukhammedov, Russian President Vladimir Putin offered congratulations. "Your convincing victory in the election is evidence of the great trust the Turkmen people has place in you," Putin said. "I am convinced that the election and the consolidation of Turkmen society will mark an important phase in the further development of your country and the strengthening of its standing in the international arena." (RFE/RL)

TURKMENISTAN TOOK MODEST STEP TOWARD DEMOCRACY: U.S.

15 February

Turkmenistan took only a "modest step" toward democracy in its recent election, the United States said on Thursday as it urged the Central Asian nation to hold free and fair polls in the future. Kurbanguly Berdymukhamedov, who became acting leader of the energy rich nation after the December 21 death of long-time autocrat Saparmurat Niyazov, was declared to have won Sunday's presidential election with 89 percent of the vote. "It's better than 99," State Department spokesman Sean McCormack said sardonically before making clear both the U.S. desire to see democracy take root and also its understanding that this might take time Turkmenistan. Niyazov had ruled the country with an iron fist since 1985 when it was still a Soviet republic, building a personality cult, declaring himself president-for-life and adopting the title Turkmenbashi, or Head of the Turkmen. Having held all the top posts in the country, Niyazov left no designated heir and his death had raised concerns about the transfer of power in the former Soviet nation of 5 million, where foreign oil and gas companies are keen to invest. There was no formal monitoring of Sunday's election but the head of a group of visiting parliamentarians from the OSCE said it was not free or fair. However the fact that five other candidates were on the ballot was called a step forward. "This process represents a modest step toward ... electoral change that could help create the conditions in the future for a free, fair open and truly competitive elections that meet international standards," McCormack told reporters. "Democracy takes time to establish. We encourage the government of Turkmenistan to take the essential first steps toward establishing a more transparent and open society," the spokesman said. "Let's also remember that this is a country that is emerging from the shadows -- only three months out -- from a cult of personality

dictatorship," he added. "They are making (their) first baby steps. ... we encourage further such steps." (Reuters)**ALU ALKHANOV IS NO LONGER CHECHEN PREZIDENT**

15 February

Russia's President Vladimir Putin relieved Alu Alkhanov of his duties as President of Chechnya and appointed him as Deputy Justice Minister of Russia, Vesti report. As the Russian president said at a meeting with Alkhanov, he considered Alkhanov's request for resignation and appointing him to another post and signed a decree to appoint him as deputy justice minister. (regnum.ru)

IS CHECHEN PRIME MINISTER INTENSIFYING PRESSURE ON RIVAL?

15 February

On February 14, two days after pro-Moscow Chechen administration head Alu Alkhanov harshly criticized the "personality cult" surrounding his arch rival, Prime Minister Ramzan Kadyrov, the electricity, telephones, and Internet access in the Grozny offices of Alkhanov's aides were cut off. The Chechen resistance website kavkazcenter.com on February 14 quoted unidentified Russian sources as saying that the services were restored after the Federal Security Service intervened, while members of Kadyrov's entourage attributed the interruptions to "technical glitches." (RFE/RL)

KYRGYZSTAN CAN BE NAMED COUNTRY OF FLOURISHING PIRACY

16 February

In the near future, Kyrgyzstan can be pronounced a country of flourishing piracy, head of the State Intellectual Property Agency Roman Omorov announced at a news conference today, a Regnum correspondent informs. "According to WTO regulations, it envisages annual fines worth from \$10 mln," Roman Omorov stressed. According to the official, such sanctions are applied to countries where the level of piracy is high and their authorities do not take effective measures to decrease it. "Already twice we were about to be listed among such countries," Roman Omorov mentioned. According to the head of the agency, Kyrgyzstan could be listed among transgressors due to State Secretary of Kyrgyzpatent Kalnur Ormushev. According to Roman Omorov, on November 22, 2006, at an international panel in Bishkek with participation of Microsoft representatives in Kazakhstan, Kalnur Ormushev said that Kyrgyzstan would decide whether it would fight piracy. "Microsoft is not authority for us," Roman

Omorov quotes Kalnur Ormushev as saying.
(regnum.ru)

VISA-FREE TRAVEL BEGINS BETWEEN KYRGYZSTAN, UZBEKISTAN

16 February

Visa-free travel for a period of up to 60 days began along the Kyrgyz-Uzbek border on February 15, RFE/RL's Uzbek Service reported. Baktybek Yusupov, a Kyrgyz Foreign Ministry representative in the country's south, confirmed that the agreement on visa-free travel between the two countries is now being implemented. The agreement, which was signed in October, allows Kyrgyz and Uzbek citizens to cross the border without a visa and remain for up to 60 days, although they must still undergo registration procedures upon arrival. (RFE/RL)

TURKMEN PRESIDENT DECREES EDUCATION REFORM

16 February

Newly elected Turkmen President Gurbanguly Berdymukhammedov issued a decree on February 15 rolling back his predecessor's curtailment of the country's educational system. The decree will increase grade-school education from nine to 10 years, and university education from two years of study and two years of work to five years of study. The decree sets up a task force with representatives from various ministries to draw up plans for the reform within three months. The reforms will go into effect for the school year starting in September. Education reform figured among Berdymukhammedov's presidential election-campaign promises (RFE/RL)

GEORGIAN COURT SENTENCES ABKHAZ OFFICIAL

16 February

A court in the west Georgian town of Zugdidi sentenced Abkhaz local official Fridon Chakaberia to 10 years' imprisonment on February 16 on charges of drug dealing and stealing gravestones from a Georgian cemetery. Chakaberia was arrested and charged two months ago, and insists the drugs police found on him were deliberately planted. The Abkhaz authorities earlier this week released from prison a Georgian sentenced four years ago on charges of terrorism, hoping that Tbilisi would reciprocate by releasing Chakaberia and a second Abkhaz official, David Sigua, who was arrested earlier this month. (RFE/RL)

S. OSSETIA'S CASE FOR INDEPENDENCE STRONGER THAN KOSOVO'S - KOKOITY

16 February

South Ossetia has much more reasons than Kosovo to claim independence, says President of the unrecognized republic Eduard Kokoity. "We are not expecting a Kosovo outcome at all, as South Ossetia has much more political and legal grounds for being recognized," Kokoity said at a press conference in Moscow on Friday. According to Tskhinvali officials, the international community must work out a single approach in solving problems of the so called unrecognized states, which should be based on the rule of law, rather than "sympathies," he said. (Interfax)

TURKMEN MINISTRIES TO BE CONNECTED TO COMPUTER NETWORK

18 February

Turkmen President Gurbanguly Berdymukhammedov has said work will continue to switch ministries and government agencies of the financial-economic bloc to one computer network. "Access to a single computer net and fast information exchanges between users will make the tax system more transparent, to say nothing of other advantages of this project," Berdymukhammedov said on Saturday. The president announced the plan following the inauguration of a new building of the Main State Tax Service and a visit to the Internet center, telecast nationwide. Berdymukhammedov made special mention of the importance and capabilities of electronic mail, and said e-mail services must be launched between regional, district and city tax inspectorates. (Interfax)

AIDS SPREAD SPARKS WORRIES IN KAZAKHSTAN

19 February

Anatolii Belonog, Kazakhstan's chief epidemiologist, told a meeting of health officials in Astana on February 16 that the spread of HIV/AIDS could soon threaten the country's national security. The number of new HIV cases officially registered in Kazakhstan in 2006 -- 1,745 -- reflected an 80-percent year-on-year increase. Belonog stressed that blood transfusion procedures and overall medical controls need to be tightened to hinder the spread of the disease. He stated, "We have to regard this problem through the prism of the country's national security." According to official data, there are more than 7,000 HIV-positive persons in Kazakhstan. (Interfax)

KAZAKH PRESIDENT BACKS CONSTITUTIONAL CHANGES TO BOOST PARLIAMENT'S POWERS

19 February

Nursultan Nazarbaev told a meeting of the country's democratization commission in Astana on February 19 that he supports changes to the constitution to give the country's parliament broader powers. He said, "I

support the proposals to increase the role of parliament by giving it a number of functions currently performed by the president, such as forming the Constitutional Council, Central Election Commission, and Accounting Committee." But Nazarbaev stressed that the expansion of parliament's powers should not weaken the presidency. Noting that "it's not worth delaying changes to the constitution," Nazarbaev said that he will create a task force to develop proposals for changes to the country's basic law to speed political modernization, Khabar reported. (Kazakhstan Today)

ARMENIAN PRESIDENT: YEREVAN READY TO ESTABLISH DIPLOMATIC RELATIONS WITH ANKARA WITHOUT PRE-CONDITIONS

19 February

Armenia is ready to establish diplomatic relations with Turkey without any pre-conditions, Armenian President Robert Kocharyan said in an interview to Le Figaro newspaper (France). Kocharyan arrived in the country on an official visit on February 17. At the same time, the Armenian president rejected Turkish proposal to establish a joint commission of historians who would examine issues connected with the Armenian Genocide in the Ottoman Empire in 1915 and called upon Ankara to create an intergovernmental commission to discuss the questions. "Normalization of the bilateral relations is a duty of the governments, not historians. So, we are ready to establish diplomatic relations without pre-conditions, to create an intergovernmental commission and discuss all issues including the most delicate ones," Robert Kocharyan stressed. (regnum.ru)

SERGEI SHAMBA: WE SPEAK FOR RUSSIAN PRESENCE IN CAUCASUS, WE DON'T WANT NATO

19 February

"The statement that the Kosovo precedent is unique and it cannot be spread to our republics is at least naïve. It is a part of the process occurring after the collapse of the USSR and the Warsaw Treaty Organization, when many countries were granted independence. Now, another stage is taking place: big autonomies start becoming independent," Abkhaz Foreign Minister Sergei Shamba announced at a news conference in Moscow on Friday, a Regnum correspondent informs. "Opinions differ among Russian experts whether Abkhazia's independence is worth recognizing. Some people say it is dangerous, and it must not be done. We can answer to it like this: Georgia will soon become a NATO member, what Armenia will do after that? And Azerbaijan? And

what should Abkhazia and South Ossetia do in this case? And how will peoples of North Caucasus behave after that? The question is here, whether Russia needs Caucasus and Transcaucasus? If not, independence of Abkhazia and South Ossetia does not need to be recognized and then the region will enter NATO," Shamba believes. "From our side, we speak for Russia's presence in the area. We don't want to go to NATO!" the minister said. (regnum.ru)

KULOV MAY HEAD NEW KYRGYZ OPPOSITION MOVEMENT

20 February

Former Kyrgyz prime minister Felix Kulov may head a newly established opposition movement. "Kulov may become coordinator of the recently formed opposition movement the United Front for a Decent Future for Kyrgyzstan," a source in the organization told Interfax on Tuesday. Former Interior Minister Omurbek Suvanaliev may head the front's headquarters, he said. "An announcement about the other leaders of the United Front and the organization's plans will be made within the next few days," the source said. The movement's member Omurbek Tekebayev, also co-chairman of the For Reforms! movement and head of the Ata-Meken party, told journalists on Tuesday that "the United Front for a Decent Future for Kyrgyzstan will put moral and political pressure on the authorities." Tekebayev, however, declined to comment on possible forms of pressure. "Our goal is the holding of early presidential elections. They can be called in two cases: as a result of impeachment proceedings, when the head of state can be dismissed following parliament's decision, and if he [the president] agrees to step down," he said. "A sensible person can take such a decision under certain circumstances," he said. Tekebayev said he does not rule out that the United Front will cooperate with the For Reforms! movement as it works to achieve its objectives, including the implementation of constitutional reform. "We will hold joint actions and other events," he said. (Interfax)

INTERNET CAFES OPEN IN TURKMENISTAN

20 February

Two Internet cafes have opened in Ashgabat, turkmenistan.ru reported on February 16. Fifteen more such cafes will soon appear in the capital, with more to come in other parts of Turkmenistan. Greater access to the Internet featured among President Berdymukhammedov's campaign promises in the February 11 presidential election. Despite the apparent easing of restrictions on the Internet, Deutsche Welle reported on February 19, citing an unidentified source in Turkmenistan's National Security Ministry, that

Chinese specialists will assist the Turkmen security services in controlling the Internet to ensure that Turkmen citizens cannot access pornography, opposition websites, and media critical of Turkmen authorities. (RFE/RL)

JAPAN STARTED BUYING AZERBAIJANI OIL

20 February

Idemitsu Kosan Co (Japan) bought 1 mln barrel of Azerbaijani light oil for processing in the country. Idemitsu Kosan Co is the second largest oil processor in Japan. The company bought 1 mln barrel of oil from Inpex Holdings Inc., Japan's leading oil company, with delivery to Aichi oil refinery (central Japan) in March. The oil is extracted at Azeri-Chirag-Guneshli oil fields, where Inpex owns 10% of the share holding. The oil is transferred to the Turkish port of Ceyhan via the Baku-Tbilisi-Cejhan pipeline, where Inpex has 2.5% of the share holding, Trend news agency informs. (regnum.ru)

AZERBAIJAN CHARGES REPRESENTATIVES OF ETHNIC MINORITY WITH SPYING FOR IRAN

20 February

Novruzali Mamedov, who is head of the Institute of Philology of the Academy of Sciences of Azerbaijan and chief editor of the Talysh-language newspaper "Tolyshi sado," has been charged with espionage on behalf of Iran. Mamedov was detained in Baku on February 3 and sentenced to 15 days' detention on charges of obstructing the police. A second employee of Mamedov's institute, Elman Quliyev, was arrested on charges of espionage on February 16. On February 18, Iran's state-run satellite television channel Sahar, which broadcasts in Azeri to Azerbaijan, called on Azerbaijan's Talysh minority, whose language is related to Persian, to engage in civil disobedience. According to the official results of the 2003 census, Azerbaijan's Talysh minority numbers 80,000 people; members of the unofficial Talysh National Movement claim the true figure is closer to 1.5 million. (RFE/RL)

KADYROV OFFERS ZAKAYEV ACTING JOB AT GROZNY THEATER

21 February

Chechnya's acting President Ramzan Kadyrov has said he would welcome Chechen separatist envoy Akhmed Zakayev back in Chechnya from London as an actor in a local theater. "Zakayev is a good actor. Everyone knows that. He played at a local theater at one time and did a great deal in the cultural domain," Kadyrov told a news conference in Grozny. "We propose that he come back to Grozny and work in his native Chechnya if he is not guilty and if his conscience is clear before the Chechen people and Russia," he said. "He played very well and is playing well in London. He speaks the truth sometimes and speaks untruths with equal ease. We are eagerly awaiting his return and will welcome him here. If he is a Chechen he must be in Chechnya and in Grozny. We do not understand why he is hiding in London if he claims he is not guilty of anything," Kadyrov said. (Interfax)

TURKMENISTAN WRITES OFF NEARLY \$4 MILLION IN DEBTS OWED TO IT BY AFGHANISTAN FOR ELECTRICITY

21 February

Turkmenistan has written off almost US\$4 million (euro3 million) in debts owed to it by neighboring Afghanistan for electricity, President Gurbanguli Berdimukhamedov said in remarks televised Wednesday. Berdimukhamedov, who last week succeeded the late autocratic ruler Saparmurat Niyazov, said the debt accumulated since 2002 was eliminated as a "goodwill gesture" to help Afghanistan's recovery. Since the U.S.-led offensive that ousted the Taliban militia from power, Turkmenistan has supplied electricity to Afghanistan's northern regions via Soviet-built power transmission lines at a discounted price. Turkmenistan, whose immense oil and gas reserves allow cheap generation of electricity, also plans to build more transmission lines to the Afghan capital Kabul and farther to Pakistan and India. Berdimukhamedov has vowed to continue the long-standing policy of neutrality conceived by Niyazov, who died in December after two decades of absolute power. (AP)