

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

VOL. 9 NO. 24

12 DECEMBER 2007

Searchable Archives with over 1,500 articles at <http://www.cacianalyst.org>

ANALYTICAL ARTICLES:

STUDY ABROAD BECOMES A NEW
PRIORITY FOR AZERBAIJANI
GOVERNMENT
Fariz Ismailzade

OSCE DESIGNATES KAZAKHSTAN AS FIRST
CENTRAL ASIAN PRESIDENCY
Richard Weitz

DEALING WITH UZBEKISTAN AFTER
KARIMOV'S LIKELY RE-ELECTION
Aftab Kazi

KAZAKHSTAN'S FOREIGN INVESTMENT
LAW CHANGES AGAIN
Robert M. Cutler

FIELD REPORTS:

TENSIONS IN ABKHAZIA RISE AS TBILISI
PREPARES FOR PRESIDENTIAL ELECTIONS
Johanna Popjanevski

BERDIMUHAMMEDOV EMBARKS ON
FINANCIAL REFORMS
Chemen Durdiyeva

PRIME MINISTER DISMISSED
IN KYRGYZSTAN
Nurshat Ababakirov

COMPARING PRO-PRESIDENTIAL PARTIES
IN CENTRAL ASIA
Erica Marat

NEWS DIGEST



Central Asia- Caucasus Institute
Silk Road Studies Program

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING
VOL. 9 NO. 24
12 DECEMBER 2007

Contents

Analytical Articles

- STUDY ABROAD BECOMES A NEW PRIORITY FOR AZERBAIJANI GOVERNMENT** 3
Fariz Ismailzade
- OSCE DESIGNATES KAZAKHSTAN AS FIRST CENTRAL ASIAN PRESIDENCY** 5
Richard Weitz
- DEALING WITH UZBEKISTAN AFTER KARIMOV'S LIKELY RE-ELECTION** 8
Aftab Kazi
- KAZAKHSTAN'S FOREIGN INVESTMENT LAW CHANGES AGAIN** 11
Robert M. Cutler

Field Reports

- TENSIONS IN ABKHAZIA RISE AS TBILISI PREPARES FOR PRESIDENTIAL ELECTIONS** 14
Johanna Popjanevski
- BERDIMUHAMMEDOV EMBARKS ON FINANCIAL REFORMS** 15
Chemen Durdiyeva
- PRIME MINISTER DISMISSED IN KYRGYZSTAN** 17
Nurshat Ababakirov
- COMPARING PRO-PRESIDENTIAL PARTIES IN CENTRAL ASIA** 19
Erica Marat

- News Digest** 21

THE CENTRAL ASIA-CAUCASUS ANALYST

Editor

Svante E. Cornell

Assistant Editor, News Digest

Alima Bissenova

Chairman, Editorial Board

S. Frederick Starr

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

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

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

Submission Guidelines:

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

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

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

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

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

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

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

Svante E. Cornell

Research Director; Editor, Central Asia-Caucasus Analyst

Central Asia-Caucasus Institute & Silk Road Studies Program

Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University

1619 Massachusetts Ave. N.W., Washington, D.C. 20036, USA.

Tel. +1-202-663-5922; 1-202-663-7723; Fax. +1-202-663-7785

STUDY ABROAD BECOMES A NEW PRIORITY FOR AZERBAIJANI GOVERNMENT

Fariz Ismailzade

After the collapse of the Soviet Union, the state of Azerbaijan's education system reached very low levels. Azerbaijani students, graduating from local universities, are simply not ready for the needs and requirements of the globalized market economy. The government is seeking to bridging the gap in the field of human resources in the short-term through and impressive Study Abroad program.

BACKGROUND: in October 2006, President Ilham Aliyev signed a new decree on establishing a scholarship program for Azerbaijani youth to study abroad. The program envisions sending hundreds of Azerbaijanis to prestigious universities abroad for degree and non-degree studies in order to fill the gap in human resources. For the initial year of the program, the government allocated 2,2 million manats (close to US\$2.5 million) to cover the administrative costs as well as tuition expenses of students. It is expected that should all management issues of the program go smoothly, some 20 million manats will be spent on the program in the next few years.

This move comes as no surprise, since many international organizations and domestic experts have long advocated for the investment of oil revenues into human resources. The UNDP office in Baku has even been promoting a slogan called "let's turn black gold into human gold." And the local youth movement called "Alumni Network", comprised mainly of alumni of various exchange programs, have been organizing public advocacy events to promote the idea of sending 5,000 Azerbaijani youth abroad. This campaign, under the slogan "Gelecek ozu gelmeyecek"- "The future won't come by itself" has been widely covered in the local press. Public TV's "Achig Ders"- "Open classroom" talk show program dedicated several discussions to this issue even before the Presidential decree was signed.

Similar programs exist in other oil-rich countries of the region, including Kazakhstan (the Balashak or Future program) and Uzbekistan (Umid or Hope) programs. Since the beginning of the 1990s, American, European and Japanese exchange programs and fellowship

opportunities have flooded the country, by training a new generation of Azerbaijanis and providing quality work force for the booming private sector.

Azerbaijan is not new to study abroad programs. Even during Soviet times, under the leadership of Heydar Aliyev, then first secretary of the communist party of the Azerbaijani SSR, thousands of students were sent to universities in Russia, Ukraine and Belarus to be trained and returned home to Azerbaijan to lead the economy. In the post-Soviet period, the Azerbaijani government has been sending youth mainly to Turkey and Russia, but this trend was both small in numbers and poor in quality.

The new program, envisioned by President Aliyev, has been managed by three different state bodies, to ensure transparency and accountability. The highly respected State Committee for Student Exams collects applications and conducts necessary tests and interviews. Then, the selected students' list is passed on to the Ministry of Education to manage the logistics of the travels as well as relations with the host universities and financial matters. The Ministry of Education also acts as the primary focal point for promotion and PR of the program in society. Finally, the list of selected students is given to the President's commission on education, which considers a number of issues, such as the importance of the field of study and its relevance to the priority areas of the state.

In its first year of implementation, a number of problems emerged, such as the low awareness of the public regarding the existence of the program. This was the main reason for the small number of applicants and successfully selected persons, little over 40; the lack of pre-departure trainings and orientation for the selected

students; the unclear list of universities eligible to participate in the program; and unclear procedural rules for the application process. The most difficult problem, however, remains the eligibility criteria itself: at the moment, students must individually apply and be accepted to a foreign university before becoming eligible for the scholarship funds. This effectively leaves many intelligent students out of the benefits of the program, because they are not familiar with the admissions rules in foreign universities and do not possess language skills as others do. The government is also considering to demand recipients of scholarship funds to sign a contract and promise to return to Azerbaijan upon the completion of the studies, to work for the government for several years. This practice, although widely spread in other countries, such as Turkey and Kazakhstan, remains a serious concern for the applicants.

IMPLICATIONS: Despite some shortcomings, which the state bodies promise to address in the second year of the Program, the Study Abroad program is a sign of very positive changes in the country. Foremost, it calms down some critics of the ruling regime, who claim that oil revenues are not spent wisely. Everyone will agree that spending on education will bring many dividends for the country and will allow making Azerbaijan's development more sustainable.

Secondly, this program allows President Ilham Aliyev to show his vision and priorities. Upon election, he promised to create 600,000 new jobs, ensure the prosperity of the country, and turn Azerbaijan into the strongest state in the region. Without investing oil revenues into education, Azerbaijan will not be able to achieve these goals. Thus the President's priority area has become education, and under his leadership the government has already built more than 170 new schools, repaired another 630 secondary schools, established a Diplomatic Academy, launched a process of computerization of schools, and invested into the development of cadre in the IT sector. These initiatives show that President Aliyev is keen to invest into social and humanitarian programs and ensure the sustainable development of the non-oil economy.

Finally, the Study abroad program is aimed at solving the shortage of human resources, which appeared in the

local market since the rapid development of both the oil and non-oil economies in the mid-1990s. The Soviet-style educational system of Azerbaijan is not able to provide the necessary highly educated cadre for the booming economy of the country, because the curriculums are based on old materials and the teaching methodology is still top-down, strictly dogmatic. It is very difficult to change the mentality of hundreds of professors and shift the system into a new one overnight. The World Bank has provided a number of grants and loans for the restructuring of the education system, but this has yet to provide the desired results. Thus, a wide gap has emerged, where local universities are not able to provide the needed cadre for the booming banking, audit, constructing, legal, management, IT and many other sectors.

The study abroad program will help to alleviate this gap and supply badly needed professionals to the economy of Azerbaijan. The large influx of Western-educated personnel will positively impact the overall development of the country, because their management and governance style will be much more liberal, softer and open-minded than the one of the older generation. Western-educated cadre are more tolerant to the initiative on the part of students and to democracy, and thus it is expected that the increase of their numbers in the country will bring more positive societal changes as well.

CONCLUSIONS: President Ilham Aliyev has once again demonstrated that despite serious concerns about the management of oil revenues, he is keen to invest them for the benefit of the people, and this Study Abroad Program is one of the signs of this vision. The program is expected to significantly improve the economy of Azerbaijan, provide it with needed professionals and eventually ensure the sustainable development of Azerbaijan. But more importantly, the program will lay the foundation for future democratization as the alumni of these study programs will bring back not only skills, but also new values and norms.

AUTHOR'S BIO: Fariz Ismailzade is a Baku-based freelance writer.

OSCE DESIGNATES KAZAKHSTAN AS FIRST CENTRAL ASIAN PRESIDENCY

Richard Weitz

At their November 29-30 meeting, the foreign ministers of the 56 member governments of the Organization for Security and Co-operation in Europe (OSCE) designated Kazakhstan as the first Central Asian country—and also the first former Soviet republic—to assume the position, in 2010, of the OSCE Presidency. Kazakh Foreign Minister Marat Tazhin, who could become OSCE Chairman-in-Office, called the decision “a testament to the transformation our country has undergone since independence and as a strong vote of confidence by OSCE Member States for the Central Asian region as a whole.”

BACKGROUND: The Kazakh government has waged a multi-year campaign to secure the OSCE Presidency. President Nursultan Nazarbayev, who has long aspired for a leadership role in Eurasia, personally lobbied foreign governments to support Kazakhstan’s candidacy. The OSCE designation

candidacy. But several governments—most openly Britain, the Czech Republic, and the United States—considered 2011 a better date. Their main argument was that Kazakhstan needed to make further progress in upholding democratic principles and human rights at home before taking charge of



the main organization tasked with promoting these values throughout Eurasia. The dispute prevented last year’s Ministerial Council, an annual meeting of all OSCE foreign ministers, from reaching a decision on the 2009 chairmanship, with the members postponing the issue until this November. On this occasion, the parties evidently settled on 2010 as a suitable compromise date.

Though noting some improvements since the previous ballot, OSCE election monitors had faulted Kazakhstan’s parliamentary elections of August 18, 2007, for failing to meet international standards for a

will bolster his international status as well as help legitimize his government’s domestic practices.

Kazakh officials had originally hoped their country would become OSCE Chairman in 2009. Most European members—including Russia and Germany—publicly endorsed Kazakhstan’s

genuinely free and fair vote. Nazarbayev’s Nur Otan party received 88% of the votes and won all available seats in the legislature. All the opposition parties fell short of the 7% threshold required to enter parliament. OSCE monitors complained about overly restrictive legal provisions such as the use of a high threshold for representation in the

parliament, rules allowing parties to select after the ballot which of their candidates will become members of legislature, and excessive restrictions on the Kazakhs' rights to seek public office.

Since August, Kazakh and OSCE representatives have been exchanging views how to overcome these election problems. According to U.S. officials, their Kazakh counterparts have pledged to improve their country's civil rights practices—especially their electoral laws and media freedoms—by 2010. Under Secretary of State for Political Affairs Nicholas Burns said: “These are very important commitments by the Government of Kazakhstan. We intend to see that these commitments are implemented.”

Nevertheless, some human rights and democracy advocates criticized Kazakhstan's designation as OSCE President. Human Rights Watch said that placing Kazakhstan in charge of the OSCE's human rights policies was “a singularly bad idea.” Freedom House—which rates Kazakhstan as “not free” and had opposed allowing Kazakhstan to assume the OSCE chairmanship in 2009—indicated the organization would withhold judgment pending evidence that the Kazakh government would fulfill its promises to make its domestic political system more democratic and support the OSCE's human rights objectives internationally.

In the end, Western governments apparently decided that Kazakhstan was too important a country to alienate over the Presidency issue. Europeans are counting on obtaining increasing supplies of Kazakh oil and gas in coming years. Western countries are presently engaged in a massive project to develop Kazakhstan's offshore Kashagan oil field. The Kazakh government has already expressed displeasure regarding the slower than expected progress at the field. Rejecting Kazakhstan's OSCE bid would have added yet another layer of tension.

In addition, the United States and its allies worried that Russian officials might exploit their differences with Kazakhstan to bind Astana closer to Moscow. At Madrid, Russian Foreign Minister Sergei Lavrov openly attacked Western countries for seeking to link Kazakhstan's appointment to changes in its government's policies: “Unfortunately, during the several years that have preceded today's meeting, there were absolutely unacceptable and unseemly maneuvers concerning this bid aimed at creating conditions on the right of a specific country—an equal member of the OSCE—to chair this organization by making demands on its internal and external policies.”



IMPLICATIONS: One of the most important issues for the Kazakhstan presidency could be resolving the dispute between Western governments and Moscow and its allies over the functions and authority of the OSCE Organization for Democratic Institutions and Human Rights (ODIHR). The governments of Russia and the other former Soviet republics have called for reducing the OSCE's democracy promotion efforts, especially in the area of election monitoring. At Madrid, Lavrov said the OSCE was facing a “moment of truth” since, in his assessment, the organization either had to change its ways or “the whole European security architecture could collapse.” In contrast, most Western governments

urge the OSCE to continue strong efforts to promote democracy and human rights in the former Soviet Union, where these values are seen as gravely threatened.

Foreign Minister Tazhin released a statement affirming Kazakhstan's support for ODIHR, including its mandate and operations. Yet, he added that Kazakhstan, whose next nationwide elections are scheduled for 2012, plans to work with all OSCE members to achieve a clear understanding of the criteria and standards ODIHR should use in assessing elections throughout the OSCE region. This formulation suggests an openness in principle to revising ODIHR's activities. Russian officials likely will perceive Kazakhstan's chairmanship as an opportunity to advance their OSCE "reforms" in a favorable institutional environment, but the OSCE's consensus decision-making rules would allow any government to veto proposed changes affecting ODIHR.

In addition, the appointment of a Central Asian country to the Presidency of the OSCE could help strengthen the organization's currently beleaguered position in several of the former Soviet republics. Burns applauded Kazakhstan's appointment as "recognition by the rest of us that this organization is more than just about West Europeans and Americans. It's about the people who live in Central Asia, the Caucasus and the Balkans, as well. So, symbolically it's important."

Another of Kazakhstan's priority for the OSCE could become reinforcing the organization's commitment to developing transit and transportation corridors linking the Central Asian countries with one another and other OSCE members. Kazakhstan's strong economic performance in recent years, which has been partly due to high global prices for its energy exports, has led Astana to become one of the leading proponents of Eurasian economic integration.

Conversely, Kazakhstan may also play a role in shaping the OSCE's new initiative, launched at the

Madrid summit, to curb the trafficking of narcotics, weapons, and people across the Afghan-Tajik border. For example, the Ministerial Council decided to expand an OSCE project, which began earlier in November, designed to aid Afghan counternarcotics officers by allowing agents from Afghanistan's Central Asian neighbors to participate. The OSCE's current Chairman-in-Office, Spanish Foreign Minister Miguel Angel Moratinos, told a press conference that, "With this new contribution . . . we hope to bolster our security and we acknowledge the link between OSCE countries and the problems and challenges which exist in Afghanistan."

The two processes of economic integration and border security are intimately related. Central Asian governments will remain reluctant to relax their border controls, which impede regional commerce, if they fear transnational criminal organizations would exploit the opportunity for illicit purposes.

CONCLUSIONS: At the end of the Madrid session, Moratinos called on the member governments to convene a summit of their heads of state to resolve the stark differences that have divided the members in recent years. Some OSCE members hope that such a high-level gathering might be able to achieve a comprehensive settlement that would deal with the complex interlinking issues of the future of ODIHR, the Conventional Forces in Europe Treaty, the Minsk process seeking a negotiated solution to the conflict between Azerbaijan and Armenia over Nagorno-Karabakh, and other disputes. Given the time required to organize such a meeting among the contentious participants, Astana could well have the honor of hosting the first such gathering since the 1999 OSCE summit in Istanbul.

AUTHOR'S BIO: Richard Weitz is Director for Project Management and a Senior Fellow at the Hudson Institute.

DEALING WITH UZBEKISTAN AFTER KARIMOV'S LIKELY RE-ELECTION

Aftab Kazi

On December 23, Uzbek President Islam Karimov will almost certainly secure a third term in office. With Karimov re-elected, the West will whether it likes it or not have to consider how to approach relations with this pivotal country. This poses both challenges and opportunities. Karimov's sixteenth Independence Day speech provided indications of a wish for an opening to the West. Ahead of the election, the EU has been easing post-Andijan sanctions imposed two years ago, while General Motors is negotiating the establishment of a Chevrolet plant in Uzbekistan, indicating a possible opening for an improved relationship with the West.

BACKGROUND: President Islam Karimov will be contesting the presidential election on December 23, nominated by his Liberal Democratic Party of Uzbekistan. Karimov is seeking a third term, in spite of legal controversies surrounding his ability to stand for a third term. Several legal loopholes allowed Karimov to skirt the ban on a third term, a decision that he seems to have taken rather late. Official Tashkent links the decision to the alleged insistence of the network of local Uzbek civil associations (Mahalla and other) around the country, comprising approximately 5000 local associations nationwide that carry substantial influence in Uzbek civil society but are largely ignored by the West.

In spite of continued executive dominance over the political system, Uzbekistan has implemented several reforms that could provide the institutional basis for political development. One example is the bicameral political structure, which is in place; while the second is the gradual devolution of powers from the federal to the local government, as local governments or Hakimiyat are now elected, not appointed by the executive. While it will take time for this reform to be effectively implemented, it is a potentially important step. Other important reforms include the abolition of the death penalty, and the

transfer of the right to issue arrest warrants from the prosecutor to the courts. Uzbekistan now has formally adapted a national integration policy for national minorities and a program of affirmative



action. The Oliy Majlis has enacted several new laws of governance in various sectors including privatization of farms and in the health sector.

Amid significant difficulties, a new railroad from Nukus in western Uzbekistan to Navai (close to Bukhara) was constructed, together with an oil

refinery in Andijan and refurbishing of several national monuments that provided work opportunity. The country is now self-sufficient in grain as well as in some industrial products. The independent development plan also benefited from assistance from Russia, China, South Korea, Japan, and Kazakhstan, besides the major international financial institutions. For 2008, Uzbekistan has already signed foreign direct investment accords worth US\$1.8 billion.

For the December 23 elections, the Uzbek government has invited approximately 300 international observers, including 8 from the United States, to monitor the election. The government's electoral strategy is based upon an evolutionary model corresponding with the operating levels of political culture and the geopolitical psychology of this landlocked state, which despite its international orientation tends to rely inward.

Two recent speeches by President Karimov indicate a movement toward greater openness to restoring damaged relations with Europe and the United States. Karimov's Independence Day speech last August sought to address Uzbekistan's past and current problems. Karimov's speech highlighted the significant post-Soviet transition problems and his government's resolve to deal with them, coupled with his handling of international terrorism, of which Uzbekistan has had a significant share. His speech emphasized that his government had to recreate almost every ministry and department to govern the new nation. He also claimed a 7 percent rise in GDP over the last two years, asserting that Uzbek per capita income has increased twelve-fold since 1991 and by a factor of 2,5 since 2000. Karimov acknowledged that the income distribution may not be standardized nationwide, with particularly rural areas lagging behind, but it is gradually improving. Moreover, Karimov emphasized that the Uzbek model of development focused on building a strong state, "which was objectively necessary in conditions of transition period and establishing the national statehood", but that "the main task of this period of reforming our state system must be a

consistent and step-by-step transition from a strong state ... to a strong civil society."

A December 10 speech, for the occasion of the fifteenth anniversary of the Constitution, went further, focusing directly on foreign relations. President Karimov directly addressed relations with the West, noting that "it is not a secret for anyone: there are still those who assert that today some discord still continues between Uzbekistan, and the United States of America and European states. It is not difficult to understand that they would want such discord to exist from which they would draw a particular interest." This statement is reminiscent of Karimov's speeches in earlier days, when they usually referred to Moscow's imperial agenda, and constitutes an important break with recent trends.

IMPLICATIONS: In his speech, President Karimov stressed the need for Western governments to invest in Uzbekistan's infrastructural development projects. He emphasize that Uzbekistan will "never turn off the road" of seeking cooperation with international partners, specifically mentioning America and Europe.

So far, the West has shown interest only in purchasing Uzbekistan's major assets or invested into non-infrastructural projects. Criticism on slow economic and political reform appears to have isolated this Central Asian country – in spite of being pivotal in terms of its location, literate population and national resources – that once was considered the most pro-U.S. government in the region, something that numerous academic studies have highlighted.

The perceptual differences between Uzbekistan and the West derive from Uzbekistan's evolutionary model of economic and political development, which emphasizes the requirement of national stability before the democratic foundations are laid on a solid footing. Uzbek officials also complain that the Uzbek government is often criticized in the West, even when it does the right thing. In particular, the perceptual differences over the May 2005 Andijan incident, in which several hundred people were killed, have been a serious impediment.

Where Western officials accused Uzbek government forces of firing on peaceful crowds, the Uzbek government argues that it faced militants and terrorists attacking government installations. Moreover, the perceptual differences resulted partly from uncorroborated initial negative media coverage of the Andijan incident. At least three scholarly studies in the United Kingdom and the United States (by Shirin Akiner, John C.K. Daly et.al., and Abdumannob Polat) have shed greater light on the incident, the latter specifically addressing the early media reporting, but failed to alter the predominant Western view. This has further prevented the normalization of relations.

However, Uzbekistan continues to participate in the dialogue against international terror, including hosting the anti-terrorism headquarters of the Shanghai Cooperation Organization. Furthermore, the geopolinomic balance in the world is in the process of changing, with the weakening of the West both as a player with clout, and as a model in Eurasia and elsewhere. Alternative transit routes and the gradual revival of the Silk Roads, as well as new oil and gas pipeline projects, contribute to this. This is particularly true in Eurasia where China and Russia are emerging as leading regional powers. The isolation and geopolitical psychology of landlocked states have left Central Asian states with no alternative but to participate in the emerging regional economic and political networks. However, whereas the West has accepted countries such as Egypt and their political and economic systems within the bounds of their operating political culture, this has not been the case in Central Asia. With regard to Uzbekistan, a country of considerable size and regional self-image, this has made western policies counter-productive. If these perceptual differences continue, Western long-term influence in the region will be left handicapped.

CONCLUSIONS: Trade and transportation routes are important potential solutions to the problems in

the regional economy in Central Asia and the Caucasus. Just as the EU has embarked on a process of trying to normalize its relationship with Uzbekistan for the sake of its long-term interests, a debate is ongoing in the United States on rectifying differences with Uzbekistan. Whereas western companies often claim that Central Asia lacks an appropriate investment environment, General Motors' decision to establish a major Chevrolet plant in Uzbekistan boldly reflects major business considerations regarding the region.

President Karimov is likely to be re-elected for a third term, ensuring that the United States will need to remain engaged with his government for the foreseeable future. Considering the nature of the political culture and geopolitical psychology of this double landlocked state, the United States would benefit by seeking a *Modus Vivendi* with President Karimov's third term and his evolutionary model of development, something that in turn may help Uzbekistan to feel safer and less isolated in the world community, something that would likely increase the influence of Western actors over the medium term. Uzbekistan shares our concerns on anti-terrorism and is a secular country. As is the case in the EU, there is a need for proactive policy changes in the U.S.. In this currently deadlocked context, the recent conciliatory statement by President Karimov on relations with the United States and Europe for mutually advantageous relations (reported by the *Moscow Times* on December 12, 2007) reflects a possible opening in foreign policy matters that could be utilized to bring Western interests in the region forward.

AUTHOR'S BIO: Professor Aftab Kazi is Nonresident Senior Fellow with the Central Asia-Caucasus Institute & Silk Road Studies Program Joint Center, affiliated with Johns Hopkins University-SAIS and the Institute for Security and Development Policy, Stockholm.

KAZAKHSTAN'S FOREIGN INVESTMENT LAW CHANGES AGAIN

Robert M. Cutler

A little over a month ago, Kazakhstan's President Nursultan Nazarbaev signed amendments passed several weeks previously by the Majilis (parliament) to the law "On the Subsurface and Subsurface Use" that would allow the government to amend or annul natural-resource contracts if these are judged to threaten the country's national security. This dispute indicates the changing nature of Kazakhstan's energy sector.

BACKGROUND: On August 27, the Kazakhstani government, citing increasing costs and delays in the implementation of production plans as well as violations of ecological legislation, suspended for three months the work of the Agip KCO consortium, led by the Italian energy company Eni, at the offshore Kashagan oil field. Kashagan is the largest oil field discovered in the world in over three decades, and current estimates of recoverable oil are around 13 billion barrels. The oil companies now project that costs originally estimated at US\$27 billion will more than double to US\$60 billion; the Kazakhstani government suggests that the ultimate costs will be more than double that new estimate and reach US\$136 billion.

At the end of September, the country's parliament approved amendments to legislation on subsoil resources that would allow the government to revise and even to annul contracts with foreign investors. Nazarbaev did not sign them at the time. At the end of the first week of October, Italy's Prime Minister Romano Prodi visited the capital Astana to meet with him, afterwards expressing confidence that some manner of compensation for production delays and cost overruns would be agreed. After Prodi's return to Italy, it became generally understood that Kazakhstan would accept, as compensation, an increase in the 8.33 per cent share of the international consortium held by the state oil company KazMunaiGaz (KMG), which, it hinted, could also become co-operator of the project.

Negotiations proceeded in view of an October 22 deadline set by the government. Just before this deadline, the consortium agreed in principle to

increase KMG's share, without suggesting publicly from which other members this increased share might be taken. According to one report, the Kazakhstan government rejected consortium member ExxonMobil's counter-demand that, in return, the Kashagan contract be extended beyond 2041. Then at the end of the month, news reports emerged saying that an unnamed member of the consortium had objected to the redistribution in favor of KMG.

A few days later, in early November, Nazarbaev signed the amendments to the Law on the Subsurface and Subsurface Use that the Majilis had approved in late August. Nazarbaev signed the amendments only after the first round of negotiations over Kashagan, ending in early November, failed to reach a positive conclusion. A second round has since followed.

As of mid-December, the situation is still unresolved, despite earlier optimism by the Western oilmen involved, that a resolution would be reached by the end of the year. A joint memorandum with the government, signed in early December, had set the 20th of the month as the deadline for agreeing terms. On December 7, Nazarbaev publicly stated that Kazakhstan was not seeking to have KMG replace Eni as consortium operator. However, he pointedly did not rule out KMG becoming a joint operator with Eni, stating rather that the desideratum was either monetary compensation for delays and cost overruns "or an increased stake in the consortium": which does not rule out KMG becoming a joint operator with Eni.

IMPLICATIONS: It is possible to outline several phases in Kazakhstani legislation on subsurface use. The first, an initial period of legislative development, began with the declaration of sovereignty in 1990 and lasted until 1996. The 1995 Petroleum Law and 1996 Subsurface and Subsurface Use Law marked the beginning of the second phase, which lasted until 1999. That year saw significant amendments to these two laws, marking the start of the third phase, which lasted until the 2005 Law on Production Sharing Agreements. The third phase also saw the development of model contracts, a new Law on Investment in 2003, and amendment of the Tax Code coverage of production sharing agreements (PSAs). The 2005 Law on PSAs, which gives special attention to offshore petroleum deposits, may be considered to have inaugurated a fourth phase of legislation, foreshadowed by changes in 2004 in the investment tax regime and complemented in 2006 by a new Environmental Code.

Western observers are of the opinion that the consortium could proceed to arbitration if it really wished to do so, although its Western industrial leaders have consistently maintained that they expect this to be unnecessary. On the other hand, in early October the Kazakhstani energy minister warned the consortium that it would face arbitration unless it agreed to the revised contract. This seeming paradox highlights a significant ambiguity in Kazakhstani legislation and legal procedure. The January 2003 Law on Investment states that investment disputes may be settled by negotiation, in Kazakhstani courts, or through international arbitration. However, it does not provide clear mechanisms for access to international arbitration or choice among venues.

Possible judicial instances of review include the International Center for the Settlement of

Investment Disputes, any tribunal applying the United Nations Commission on International Trade Law Arbitration rules, the London Court of International Arbitration, and the Stockholm Chamber of Commerce, as well as the Arbitration Commission at the Kazakhstan Chamber of Commerce. Moreover, although Kazakhstan ratified the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1995, judicial review of international arbitral awards by Kazakhstani courts is not unknown. Indeed, the application of the December 2004 Law on International Arbitration appears to give broad authority for judicial review of such arbitral awards in Kazakhstan.

CONCLUSIONS: Kazakhstan's financial and banking system is the most reformed of any Central



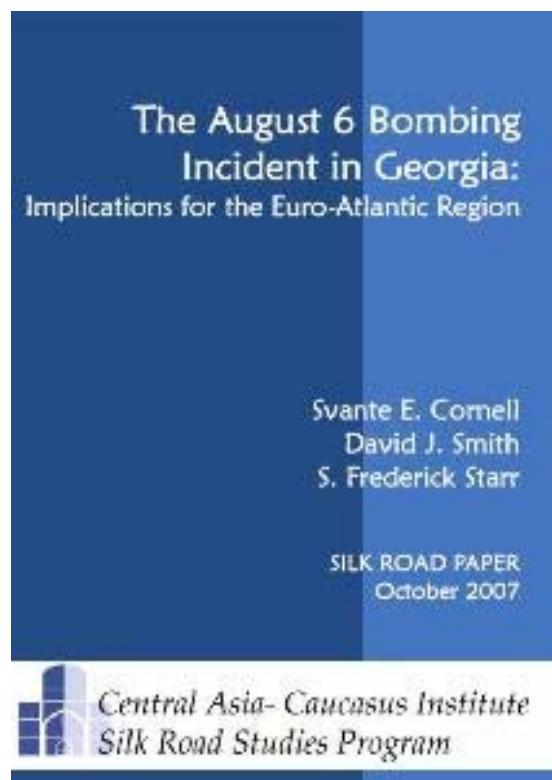
Asian or South Caucasus country. Until very recently, the country has had an excellent reputation for relative stability of the business environment. However, Nazarbaev's decision to sign the amendments passed several months ago is causing Western observers to wonder whether Kazakhstan intends to go down the same road that Russia has taken, hardening its dealings with international energy companies. His actions threaten investor confidence and continuing flows of foreign direct investment. In the Kashagan case, outright expropriation is unlikely for the simple

reason that the development is so challenging that virtually no other international firms have access to or experience with the necessary technology, and the few that may are unlikely to step in.

The record price of oil today, along with Kazakhstan's relatively favorable past track record, makes it unlikely that Western investors will flee the country. New ones, however, may tread lightly, wondering whether Kazakhstan is planning a Russian-style "resource nationalism." Probably the Kazakhstani leadership does not itself know the answer to this question, and will proceed on a case by case basis. In the past, Western energy companies have been able win challenges against fines and penalties within the domestic Kazakhstani judicial system. The law and the precedent have now changed, however. A basic divergence of view has arisen. Western investors feel that the playing field has been tilted against them, while Kazakhstani actors feel that it has only been leveled.

The fines imposed by the Kazakhstani government against the operators of the Tengiz oil field for violating ecological legislation, announced at the time when the differences over Kashagan became public, reflect such a divergence of opinion. The "sulfur mountains" (extracted from the oil before it is put into a pipeline) have been a bone of contention since the mid-1990s. Watching the recent Russian experience has undoubtedly given the Kazakhstani leadership more confidence to be bold in such matters. Still, the new amendments do not appear to have been adopted as part of a program of radical nationalization as seen recently in Venezuela.

AUTHOR'S BIO: Dr. Robert M. Cutler is Senior Research Fellow, Institute of European, Russian and Eurasian Studies, Carleton University, Canada.



New Silk Road Paper:

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

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

The Paper can be downloaded free at www.silkroadstudies.org. Hardcopy requests should be addressed to Alec Forss at aforss@jhu.edu.

FIELD REPORTS

TENSIONS IN ABKHAZIA RISE AS TBILISI PREPARES FOR PRESIDENTIAL ELECTIONS

Johanna Popjanevski

Only weeks ahead of the Georgian presidential elections, tensions are again rising in the Georgian-Abkhaz conflict zone. After a National Security Council meeting in Tbilisi on December 10, the Georgian authorities criticized Russia's continuing exploitation of the domestic situation in Georgia through stepping up its military presence in Abkhazia. Tbilisi now urges Moscow to refrain from taking advantage of the election period through provocative actions with regard to the separatist regions and the UN to closely observe and react on the developments in the Abkhaz conflict zone.

Georgian Minister for conflict resolution, Davit Bakradze, warned of Russian mobilization in Abkhazia already on November 12, pointing at an increase of military hardware and personnel in Abkhazia in connection with the November unrest in Tbilisi. During the past week, Tbilisi stepped up its criticism, objecting particularly to the rotation of 600 CIS peacekeepers in the conflict zone which it referred to as a cover-up for Russian mobilization in Abkhazia. The rotation took place under the direction of CISPK commander-in-Chief, General Sergey Chaban, who was declared an unwanted person by the Georgian authorities in October, following a standoff between Russian peacekeepers and Georgian Interior Ministry officers in Ganmukhuri, on the Georgian side of the Line of Control. The Georgian side has since called on

international agencies to back Tbilisi's plea for Chaban to leave the conflict zone, but with no result. The Russian side dismisses Tbilisi's allegations of a military step-up in Abkhazia, and maintains that the rotation was a routine procedure in accordance with the 1994 ceasefire agreement, involving no deployment of additional arms or servicemen.

Indeed, the January 5 presidential election in Georgia has brought the Abkhaz and South Ossetian issues into the regional spotlight. As part of his election campaign, former president in late November, Saakashvili promised the Abkhaz IDPs in Georgia a safe return to their homes in the nearest future and to resolve the South Ossetia issue within months. However, Moscow's repeated statements in favor of Abkhaz and South Ossetian independence indicate that the battle over the separatist regions is far from settled. In particular, the recent statement by Boris Gryzlov, Head of the ruling United Russia Party, that the Duma may address the issue of independence of the separatist regions as early as January 2008 has triggered a harsh response by the Georgian side. Several representatives from the Georgian leadership have stated that such an action by the Russia may trigger an armed confrontation between Georgia and Russia. The Georgian government is also pleading for continuing Western support for Georgia's

territorial integrity, should Kosovo's independence be recognized by the western community.

For Tbilisi, timing for attempting to regain control over its separatist territories could not be worse. Sukhumi is unlikely to resume any negotiations with the Georgian side before the Kosovo issue is settled, and is seemingly mobilizing its own resources in case of a confrontation with Georgia. Aware of Tbilisi's intentions of declaring the Russian-led peacekeeping mission illegal in a near future, Abkhaz *de facto* President Bagapsh continues to argue that the Abkhaz army has the capacity to defend the Abkhaz territory against Georgian aggression, should the CIS mandate be suspended. On December 6, Georgian TV station Rustavi-2 reported that the Abkhaz *de facto* President had declared a state of Emergency in Abkhazia, motivated by anticipated provocations from the Georgian side during the election process. These reports were however later dismissed by the

Abkhaz side. Last week Georgian media reported also that the Abkhaz side is forcefully recruiting young ethnic Georgians in the Gali district to the Abkhaz separatist army. After the December 10 NSC meeting, Georgian foreign minister Gela Bezhuashvili accused the Abkhaz side of placing mines in the Gali district and along the border to Georgia proper.

Once again, the Georgian side is pleading with the international community to ensure that Russia's actions in the conflict zones are in accordance with international and Georgian legislation, and once again a response is absent. While all eyes are on the Georgian elections next month, the situation in Abkhazia is rapidly deteriorating and will, at the very least, result in a serious set-back in the Georgian-Abkhaz mediation process, which only months ago showed prospect of progressing.

BERDIMUHAMMEDOV EMBARKS ON FINANCIAL REFORMS

Chemen Durdiyeva

On November 12, 2007, Turkmen President Gurbanguly Berdimuhammedov held an extensive plenary session of the Cabinet where the results of the past ten months were evaluated in all sectors of economy. Amidst the issues being reviewed, the main highlights were significant cabinet reshufflings and the beginning of major financial reforms in Turkmenistan.

This event constituted the first sweeping cabinet reshuffles since Berdimuhammedov was sworn in. After the ministers of all sectors of the economy reported a significant growth rate, major criticisms were issued regarding the heads of the country's five velayats. H.Muhammedov, the head of the newly created national watchdog committee – the Higher

Control Chamber – reported to the President that the ongoing agricultural reforms are facing significant obstacles due to the velayat heads' sluggish work in the fields. Particularly, criticisms involved the shortfalls in cotton production and the lack of financial incentive programs for agricultural workers. As a result, the *khyakims* or the heads of three (Ahal, Mary and Lebap) of the five regions of Turkmenistan were sacked, and investigative measures were rapidly instituted.

Making structural changes in the agricultural sector has remained one of the top priorities of Berdimuhammedov's most recent reforms. In March of this year, during the twentieth session of the *Khalk Maslahaty*, the country's chief legislative

body, the President dedicated the two-day session to working out new ways of raising the productivity level in rural areas. In this connection, expediting payment processes for harvesting and attracting the *daikhans* or agricultural workers to the credit allocation system had been set forth. But in the cabinet session on November 12, Berdimuhammedov expressed his major dissatisfaction to the heads of the agricultural *DaihanBank* and the Central Bank regarding the pace of credits being allocated to agricultural workers. The *DaihanBank* chief, T. Mammedov, was removed from his post and similarly, a severe reprimand was officially issued to Central Bank chief G. Abylov. The head of the Turkmen Parliament was also highly criticized for not filing new recommendations on purchasing cotton from cotton producers in the fields.

Speaking on the issue of removing the major impediments and raising productivity levels in cotton production, Berdimuhammedov ordered the introduction of new mechanisms of payments to *daikhans*. Particularly, he said that payments for cotton production should be issued half in Turkmen manats and half in US dollars. He further noted that a special trade organization should be created to oversee the purchase of cotton from agricultural workers at international market rates, and facilitate an immediate payment processes. Previously, *daikhans* all over the country would receive their annual income from cotton harvesting with a year's delay. Hence introducing above-mentioned reforms is expected to create added financial incentives in the agricultural sector. The President's main stated objective was to allow more self-sufficiency for agricultural workers in the near future. At the November 29 meeting of the Cabinet, Berdimuhammedov spoke of reforming the banking system to fit international standards, and gave personal directives to study experiences and establish cooperation in this regard with the world's largest banks. It is also noteworthy that, as was declared by the President in September, Turkmenistan will denominate its national currency starting from 2009.

In the context of overhauling the financial system, the president also spoke of adjusting official currency exchange rates. Turkmenistan has been keeping a fixed exchange rate officially, with the difference with the black market rate at almost a factor of four. An official currency exchange rate has never legally existed in practice, and hence the difference where one dollar costs 5,200 manats officially, but 23,000 manats in the black market. On November 12, the President gave the Central Bank chief and the Ministry of Economy and Finance a ten-day time limit to work out the details of adjusting the two exchange rates. The given deadline has already passed, and nothing specific appears to have come out yet. The expected adjusted exchange rate also remains uncertain and a major subject of rumor in the country.

The president's move to set a single exchange rate came out especially in light of the latest efforts to attract more foreign direct investment into the country's opening economy. However, his televised speech to abolish the fixed currency rates produced a lot of mixed reaction in the population, and caused the exchange rate to the dollar to drop by nearly 50 percent within a day. Rumors over a weakening dollar traveled fast, and caused a certain level of panic among the population. Caught up by fear of currency devaluation, many people ironically exchanged their last dollar savings into the national currency at a relatively low exchange rate. Some with relatively big savings were reported to have caught heart diseases over the plummeting price of the dollar.

Thus, President Berdimuhammedov appears to have tightened his grip over the shortfalls of his Cabinet members. Considering the pace of the reforms, especially in the financial system and the agricultural sector, it can be inferred that Turkmenistan is not too far from modernizing its economy to a greater extent.

PRIME MINISTER DISMISSED IN KYRGYZSTAN

Nurshat Ababakirov

With less than a week to the parliamentary elections and election campaigning fully underway, Kyrgyz President Kurmanbek Bakiyev has dealt the opposition a series of blows and secured the complete servility of his supporters, by reshuffling key government positions and sacking the acting Prime Minister, Almazbek Atambaev. Despite cautions that Kyrgyzstan has no economic and political potential to follow the paths of Russia and Kazakhstan, the president looks too preoccupied with planning the victory of the pro-presidential party, Ak Jol (Bright Path), while the number of sidelined heavyweight politicians is growing.

Almazbek Atambaev's assumption of the premiership in March 2007 came at a critical moment, when the United Front led by Felix Kulov, who was dismissed as Prime Minister and fell out of his tandem with the president, organized loud demonstrations of several thousand people to demand the resignation of President Bakiyev.

If it had not been for Atambaev's step to initiate negotiations, his supporters still believe, Kyrgyzstan would not been able to avoid interregional clashes and bloodshed. With the support of moderate opposition politicians, who eventually became key members of the Social Democratic Party of Kyrgyzstan (SPDK), Atambaev in vain tried to reconcile the opposing sides to create a coalition government. He dismissed several ministers and the First Deputy Prime Minister, Daniyar Usenov, one of the closest advisors of President Bakiyev. Nevertheless, the hard-core opposition members refused the offer, viewing it as another "maneuver" of Bakiyev's, and pointing to the powerlessness of the government.

Almazbek Atambaev maintained a centrist view, and sought common ground with Bakiyev. When protests by the United Front lost footing and riot police put down an "unruly" crowd that chanted

calls for a coup, Mr. Atambaev shared the president's triumph. Frequently seen as his rival, Atambaev blamed Felix Kulov for his "silent" support for the president at crucial moments while being prime minister, which Kulov argued helped Bakiyev restore power.

Crippling inflation and pressing economic problems in early fall again made Atambaev vital for the President's image. His quick and pragmatic actions kept inflation from increasing during economically challenging times. But Atambaev's term as Prime Minister apparently did not distinguish him from his predecessors, especially on political matters. He often turned a blind eye on the national referendum in October conducted through widespread falsifications, but frequently appeared supportive of the president's vision of constitutional reforms.

On October 24, Atambaev initiated the resignation of the government after the new constitution was signed. Atambaev also willingly opted out of the December 16 parliamentary elections by not leading the list of the SDPK, mainly seen as an attempt to counter-balance the influence of the President and his administration on the result of the elections.

As the only key official representing the opposition in the government, he guaranteed "impartiality" and promised to fend off the election from administrative leverages, already practiced in the recent referendum. However, as the election campaigns started, and as political parties indulged in a in hectic struggle to win votes, Akmatbaev fell out of favor with the president. Reportedly, behind the scene, he resisted the President's plans to create a puppet parliament and warned of the consequences.

His dismissal on the eve of election hardly came as a surprise, as some opposition members referred to it as "predictable" and "a matter of time." Notably, Atambaev, whose popularity soared after his

voluntary resignation as the Minister of Industry, Trade and Tourism in April 2006 in protest against the family rule, surge of criminals, and abandoned constitutional reforms, was one of the vociferous rally leaders in November 2006 that forced Bakiev to endorse a pro-parliament Constitution. The crowd long remembered his harsh rhetoric, labeling Bakiev as a “political corpse” for his stubbornness to adopt constitutional reforms.

In the meantime, the newly appointed First Deputy Prime Minister, Iskender Aidaraliev, one of the closest loyalists of the president, leads the cabinet. A native of Talas oblast, he was appointed governor of Jalalabad oblast, Bakiev’s birthplace, a year ago and stayed close with the President’s brother, Akmat Bakiev, who is said to have strong influence over administrative resources and cadre matters in the oblast. Although commanding popular support among grassroots, previous governor Jusupjan Jeenbekov, now a top member of the SDPK, left the office, reportedly after having stern encounters with the president’s family. Currently, a little known local government official, Koshbai Masirov, became the new governor of Jalalabad oblast.

On November 27, the President also dismissed the popular governor of Osh oblast, Jantoro Satybaldiev, who was allegedly involved in “financial machinations.” Satybaldiev himself rejects official accusations that he caused a loss of US\$50,000 to the state budget. According to Edil Baisalov, spokesman of SDPK, “Satybaldiev was ready to resign and to be in the top list of SDPK candidates, but the government warned him not to do it if he wanted to work as a governor until 2010. Appointed as Governor of Osh in 2006, he maintained a more opposition-oriented outlook, and sought an expanded decision-making role for regional authorities. The new governor of Osh oblast is Aaly Karashev, who worked as an officer in the president’s administration.

The Social Democrats have suffered from further accusations. The Central Election Commission (CEC) accused Baysalov of disclosing secret state information after he posted a picture of the ballot paper on his website. He was taken off the election race. The CEC is now filing a lawsuit against SDPK to force the party to compensate for the ballots that were eventually discarded, estimating the damage at some US\$590,000. Some members of the CEC demand that the SDPK be removed from the ballot. Baysalov in turn argues that the CEC is conducting an effort to overshadow all the flaws of the ballots – which were made of the lowest quality paper – and find a scapegoat.

As Atambaev is currently technically neither leading the government nor his party, there is a possibility that SDP, with its key members out of race, may enjoy lower support in the elections.

Along with these strategic replacements, which help him secure control during the elections, President Bakiev appointed Ishengul Boljurova as Minister of Education and Science. The manipulation of students brings a pool of easy votes, a successful practice inherited by the previous regime.

The president’s recent move to staff the government with low-profile officials will certainly eliminate all unpredictable outcomes and bring about desired results in the election. Election results will likely be contested, since at least three parties are expecting to win a majority of votes in the parliament. However, as more disappointed high-profile politicians find themselves out of power, in contrast to Ak Jol party that instead harbors little known people, the risk of political turbulence is tangible. Therefore, Bakiev would be advised to watch his political steps, which have become boisterous and confident, not to spark up the kind of popular anger that his predecessor Askar Akaev once did.

COMPARING PRO-PRESIDENTIAL PARTIES IN CENTRAL ASIA

Erica Marat

Despite obvious differences in the post-Soviet development, Central Asian states are increasingly similar in the way that one pro-regime party dominates the local political scenery. The process of rapid centralization of political systems took place in Uzbekistan in the late 1990s, Tajikistan in the early 2000s, and in Kazakhstan and Kyrgyzstan in 2007.

For the most part, these changes followed the extreme decentralization of the political system and the emergence of a consolidated opposition. In this respect, the strongest intra-governmental and parliamentary fractions evolved in states with several parties where clan and family structures enjoyed unrestricted access to political and economic resources.

In one-party systems in Kazakhstan, Tajikistan, and Turkmenistan, members of ruling elites' families are eliminated from active participation in the political and economic domains. In states with several political parties competing for power, ruling elites' family members, by contrast, occupied leading positions in the political and economic domains.

At various periods in the recent history of Kazakhstan, Kyrgyzstan, and Uzbekistan, presidential family members contributed to the decentralization of state power by participating in political and economic processes on a national level. Incumbent presidents' offspring led their own political fractions, where potential parliamentary candidates preferred to register to increase their chances of electoral victory. By distributing offices and economic assets, presidents' family members inadvertently contributed to the destabilization of ruling regimes.

Uzbekistan's five political parties were created already by the late 1990s. Only the Liberal Democratic Party (LDP) was launched in December 2003, and was able to acquire 34% of votes – more

than any other party – in the 2004 elections. Each of the five parties represented in the parliament claims to have its own niche in the society, uniting the intelligentsia, youth, farmers, arts community and lawyers. The People's Democratic Party (PDP), a successor of former Communist Party, identifies itself as in opposition to all other political parties present in the government. However, as other political parties represented in the parliament, the PDP is loyal to the president.

After almost three years of Kurmanbek Bakiev's leadership in Kyrgyzstan, corruption rates surged in the government and private sector, making state structures more unpredictable, ineffective, and susceptible to internal shocks. In late 2007, Bakiev was able to prevail over other political forces in Kyrgyzstan by creating a powerful pro-regime bloc, "Ak Zhol". His political bloc largely followed the model of centralization of presidential powers maintained by ruling regimes in Kazakhstan, Russia, and Tajikistan. Ak Zhol constitutes a political force that controls all state structures and enables the President to configure the domestic situation according to his own interests. The party may well win a majority of seats in the December 16 parliamentary elections, despite Bakiyev's low popularity.

Although Kazakhstan and Tajikistan differ from one another in their economic development, they both have a pro-presidential political party that dominates the parliament and government. Kazakhstan's Nur Otan and Tajikistan's Peoples' Democratic Party (PDP) are both created and managed by the presidents. Both Kazakh president Nursultan Nazarbayev and Tajik president Emomali Rakhmon appoint and sack party members, representing the single most important source of authority. There is a limited mobilization of political forces outside the public domain.

Kazakhstan's largest political party, Nur Otan, was founded in 1999, collecting about a million members.

In 2004, it received over 60% of votes, while its rival Ak Zhol won 12%. In 2006, Nur Otan merged with the Asar political party and a number of other smaller parties, increasing its level of support in parliament to 70%. Asar was controlled by Nazarbayev's daughter Dariga, but she was removed from the party's leadership position shortly before parliamentary elections in August 2007. Nur Otan then unified with two other large political parties, the Civic Party and the Agrarian Party. Nur Otan membership mostly includes civil servants from all levels of the government. To further centralize the party system, Nazarbayev initiated constitutional reforms that allowed him to run for president for an unlimited number of times. These constitutional changes in 2007 were followed by early parliamentary elections entirely based on party lists. The elections secured Nur Otan 88% in the parliament and made it the only political party represented in the parliament, clearly transforming Kazakhshtan from a somewhat political pluralism to a one party system.

The Tajikistan People's Democratic Party (PDP) formed by Emomali Rakhmon in 1998 has been representing an absolute majority of the parliament and government despite the Islamic opposition's

right for a 30% quota established in the power sharing agreement in 1997. With the 2005 parliamentary elections, the PDP acquired an absolute majority in the parliament, depriving any other political party of forming a parliamentary bloc. Rakhmon was not able to openly suppress the Islamic Renaissance Party (IRP) due the popularity of Islam in Tajikistan. Instead, he agreed to allow the IRP some public appearance and the participation of its main leaders in the economic process. Today, the IRP and other political parties have the ability to gather and hold meetings, but lack access to public positions.

Amid competing economic interests and political power among state institutions and presidents' family members, Uzbek and Kyrgyz leaders lacked a vertical power structure that would work for the benefit of the ruling regime. Due to the confrontation between formal government institutions and informal networks among ruling elites, both Uzbek President Karimov and his Kyrgyz counterparts suffered from low popularity among government members and the masses.

NEWS DIGEST

AZERBAIJANI AND ARMENIAN FMS MEET IN MADRID

29 November

Foreign ministers Elmar Mammadyarov of Azerbaijan and Vardan Oskanian of Armenia met Thursday in Madrid, Spain, to discuss settlement of the Nagorno-Karabakh conflict. The meeting was held in the presence of the OSCE Minsk Group co-chairs as well as Russian Foreign Minister Sergey Lavrov and US Under Secretary of State Nicholas Burns. The meeting took place within the framework of the OSCE's 15th Ministerial Council. (Azertag)

OKRUASHVILI PLACED IN GERMAN CUSTODY FOR 2 MONTHS, DENIED POLITICAL ASYLUM - GEORGIAN AMBASSADOR

29 November

Former Georgian Defense Minister Irakly Okruashvili requested political asylum in Germany nearly a month before being arrested in Berlin yesterday, Georgian ambassador to Germany Levan Duchidze said.

Okruashvili filed a formal request for political asylum on November 1, almost immediately upon his arrival in Germany, Duchidze told Georgian Rustavi-2 television on Thursday. The Germany authorities cannot grant Okruashvili political asylum because he has not got a German visa, Duchidze said. After his arrest, Okruashvili has not asked for meetings with Georgian embassy officials, the ambassador said. The Georgian side is in permanent contact with the Berlin Prosecutor's Office, he said. On Thursday, Okruashvili was transferred to a pre-trial detention center after a court ruled to place him in custody for two months, Duchidze said. If an upper court upholds the ruling, the Georgian authorities will have 40 days to prepare and submit extradition papers, he said. (Interfax)

PRIME MINISTER OF KYRGYZSTAN LEAVES OFFICE

29 November

Kyrgyzstan's president signed an order relieving Prime Minister Almazbek Atambayev of duty on Wednesday, nine months after he was appointed in a move to appease opposition groups. The order followed Atambayev's request to be relieved of the post, said Nurlan Shakiyev, spokesman for President Kurmanbek Bakiyev. However, a spokesman for Atambayev's Social Democratic Party, Edil Basailov, said Atambayev was fired "because he was interfering with efforts to manipulate the upcoming elections" for Parliament that are set for Dec. 16. Bakiyev appointed Atambayev in February amid a political crisis in which opposition groups were calling for Bakiyev to resign over corruption and cronyism allegations. In May, Atambayev lost consciousness for two days and later claimed he had been poisoned. He said he had received death threats connected with a government decision to nationalize a semiconductor plant. Politics in Kyrgyzstan _ where both Russia and the United States have military air bases _ have been mired in squabbling for two years since Bakiyev came to power in the wake of the overthrow of longtime President Askar Akayev. (AP)

"ROLE OF POLITICAL LEADERS IN DEVELOPMENT OF TURKISH SPEAKING NATIONS IN 20TH CENTURY" CONFERENCE DUE IN ALMATY

30 November

The second international conference "Role of Political Leaders in Development of the Turkish Speaking Nations in the 20th Century" organized by the Bishkek-based Public Foundation in Support of the Turkish-speaking Countries will take place in Almaty, Kazakhstan on 12 December, AzerTAc own correspondent reports. The event is expected bring

together political figures, parliamentarians, scientists and journalists from Azerbaijan, Kazakhstan, Kyrgyzstan and other Turkish-speaking countries. According to the Foundation's president Nusrat Mammadov, participants in the conference will hear the reports on the Turkic world's renowned political figures including Heydar Aliyev, Mustafa Kamal Atatürk, as well as the Presidents İlham Aliyev of Azerbaijan, Nursultan Nazarbayev of Kazakhstan, Kurmanbek Bakiyev of Kyrgyzstan and Emomali Rahmon of Tajikistan. He added that the book "Founder and Creator of Modern Azerbaijan" dedicated to national leader Heydar Aliyev published in Kazakh language will be presented in the framework of the conference. The first conference on the role of political leaders in development of the Turkish speaking nations was held in July 2007 in Kyrgyz capital Bishkek.

KAZAKHSTAN WANTS \$7 BILLION FOR KASHAGAN DELAYS

30 November

Kazakhstan demanded \$7 billion in compensation from an Eni-led consortium on Friday for delays in developing the huge Kashagan oilfield, a source close to the talks said as a deadline for a settlement was hours away. Kazakhstan has set the November 30 deadline for its negotiations with the group to resolve a long-running dispute over cost overruns and production delays at the Caspian Sea oilfield, but some officials have said talks may last longer. "(We demand) more than \$7 billion. That's for the delays," said the source, who declined to be identified. Eni had no immediate comment. Kazakhstan had previously demanded more than \$10 billion, according to other sources. Kazakhstan heaped further pressure on Western investors on Friday as Deputy Finance Minister Daulet Yergozhin announced it planned to introduce a new oil production tax to boost budget revenues, probably starting in 2009. Kashagan, with its estimated 38 billion barrels of oil in place, lies at the heart of Kazakhstan's plans to triple its crude output by 2017 as the former Soviet state fast emerges as a new source of non-OPEC oil. But its development has been plagued by cost overruns and delays which have irked Kazakhstan. It is now due to start production in 2010, instead of 2005 originally. Its costs have escalated from \$57 billion to \$136 billion. Speaking earlier in the capital Astana, Yergozhin said a high-profile consortium delegation was in the Kazakh capital on Friday to discuss the future of the world's biggest oil find in three decades. "We are

continuing our talks. November 30 is not over yet," he said. "I think we still have time. They are still here. ... We are discussing many issues." Officials have said, however, that talks might continue until the end of the year. Sources close to the deal have told Reuters that one of the consortium members considered pulling out altogether from the complicated project. Yergozhin said Kazakhstan was discussing a possible scheme to secure a share of profit from Kashagan earlier than planned and still wanted Kazakh national oil firm KazMunaiGas to be co-operator of the field, currently managed by ENI. "We've said that KazMunaiGas should be co-operator," he said. "Kazakhstan cannot choose the operator unilaterally. The operator is chosen by all consortium companies." Kazakhstan has accused Eni and its partners -- Royal Dutch Shell Plc, Exxon Mobil Corp, Total, Conoco Phillips and Japan's Inpex Holdings Inc -- of ecological and other violations at the Kashagan field. Kazakhstan put further pressure on the Eni-led group and alarmed other investors in the oil and gas business by passing legislation allowing the government to break contracts with foreign companies. (Reuters)

MAN DETAINED IN DAGESTAN ON SUSPICION PLANNING ATTACK ON POLLING DAY - POLICE SPOKESMAN

30 November

A resident of Khasavyurt in Dagestan was detained on Friday morning on suspicion of planning a terror attack on the day of the elections to the Duma, December 2. A search in the suspect's home led to the discovery of a suicide bomber's belt prepared to be used, a spokesman for the Khasavyurt city police department told Interfax. (Interfax)

LEADER OF AZERBAIJANI DIASPORA IN GEORGIA ARRESTED FOR TWO MONTHS

1 December

The Tbilisi City Court has handed down a two-month preliminary arrest on Dashgyn Gulmamedov, the leader of the National Assembly of Azerbaijanis in Georgia. Gulmamedov, who leads the campaign staff of Georgian presidential candidate Fazil Aliyev, has been charged with propagating ethnic discrimination. Lawyer Giorgi Zumbadze told journalists Gulmamedov had been placed in the Ortachala prison. "There is no evidence to substantiate this arrest and this ruling is politically motivated. An appeal will be filed on this case," the lawyer said. Aliyev had said earlier that Gulmamedov's arrest had been aimed at exerting

pressure on him as a presidential candidate. Georgian law enforcement agencies detained Gulmamedov on November 27. (Interfax)

KAZAKHSTAN PICKED TO CHAIR OSCE **1 December**

Kazakhstan will assume the presidency of the Organization for Security and Co-operation in Europe (OSCE) in 2010, the body's council has decided. The Central Asian country will be the first ex-Soviet republic to chair the human rights and defence watchdog. The move has been criticised by Human Rights Watch (HRW), which says Kazakhstan's human rights record is not up to scratch. The US says Kazakhstan has pledged to improve its electoral system by 2009. "These are very important commitments by the government of Kazakhstan. We intend to see these commitments are implemented," said US Under Secretary of State for Political Affairs Nicholas Burns.

But Human Rights Watch was pessimistic about the prospects for reform in Kazakhstan.

"Kazakhstan doesn't observe OSCE commitments at home. Entrusting in Kazakhstan the leadership to uphold the organisation's human rights commitments is a singularly bad idea," said Holly Cartner, Europe and Central Asia director at the US-based human rights organisation. Finland is to hold the OSCE presidency in 2008, followed by Greece in 2009. (BBC)

PKK REPORTEDLY PLANNING MOVE TO AZERBAIJAN **1 December**

The Kurdistan Workers Party may be planning a move to Azerbaijan from northern Iraq, Turkish intelligence reports say. Leaders of the party, usually known by its initials, PKK, have been discussing the move with Armenian officials, Today's Zaman reported. They would relocate to the Nagorno-Karabakh region, which is under Armenian control. The Turkish parliament recently authorized military operations across the border into Iraqi Kurdistan. In response, the United States and the Iraqi government have put pressure on Kurdish leaders to deny the PKK a base. A former PKK member has told Turkish intelligence that most of the camps in Iraqi Kurdistan have been evacuated. (UPI)

KAZAKHSTAN OIL TAX CRACKDOWN **2 December**

Kazakhstan warned international oil companies at the weekend to stop living "in ancient times" as it prepared to "tighten the fiscal regime" at oilfields and increase state ownership of its flagship Caspian Sea development. Daulet Yergozhin, Kazakhstan's deputy finance minister, said, draft revisions to the tax code, to be debated in parliament early next year, would increase budget revenues, be "simple to administer and collect and very understandable for oil and mineral producers". There are plans to introduce a new blanket tax covering all oil production to replace existing royalties and rents charged only on oil exports.

Analysts said the tough tax proposals reflected widespread frustration in Kazakhstan, led by President Nursultan Nazarbayev, about the advantageous contracts secured by foreign oil companies in the 1990s when oil prices were low and the republic was sunk in an economic recession that followed the collapse of the Soviet Union. "We are trying to catch up with the times. If investors want to live in ancient times it may suit them, but it does not suit us," Mr Yergozhin told the Financial Times. Foreign investors would be consulted about the tax amendments, he said. His comments came as Kazakhstan appeared close to asserting greater control over the giant Kashagan field as part of a settlement of a dispute with an oil consortium led by Eni of Italy about surging costs and production delays at the giant Caspian Sea project.

KazMunaiGas, Kazakhstan's state oil company, said in a statement that four out of five members of the Eni group, which includes ExxonMobil, Shell, Total, ConocoPhillips and Inpex of Japan, had agreed in principle to dilute their shares in Kashagan to allow it raise its interest to match that of a "large participant".

Industry insiders said KazMunaiGas was negotiating to raise to 30 per cent its 8.33 per cent interest in Kashagan, one of the world's biggest untapped oilfields. Exxon is understood to have demanded an extension of the Kashagan contract beyond 2041 in exchange for handing shares to KazMunaiGas. Exxon could not be reached for comment. A deadline of December 20 was set for the finalisation of a settlement at Kashagan during talks last week, the Eni group said in a statement at the weekend. (FT)

TURKMENISTAN STARTS WORK ON NORTH-SOUTH RAIL LINK TO KAZAKHSTAN AND IRAN **2 December**

Turkmenistan formally opened construction Saturday on a north-south railroad from the border with Kazakhstan to Iran, a project seen as an economic boon for the oil- and gas-rich Caspian Sea region. President Gurbanguli Berdimukhamedov ceremonially began the construction by laying a section of gilded rail in the northwestern city of Bereket. The 700-kilometer (420-mile) line will improve Turkmenistan's connections with Russia via Kazakhstan and to the Persian Gulf coast via Iran. Turkmenistan is the second-biggest natural gas producer in the former Soviet Union, after Russia. Turkmenistan's immense natural gas resources and Kazakhstan's booming oil industry play an increasingly important role in regional geopolitics. The United States has long opposed plans to export Central Asian hydrocarbons via Iran and supported new export routes bypassing the existing ones through Russia. (AP)

GEORGIAN ACTING PRESIDENT WILL NOT CONGRATULATE UNITED RUSSIA

3 December

Georgian Acting President Nino Burjanadze has said she will not congratulate United Russia's administration on their victory in the State Duma elections because of the Sunday statement by party leader Boris Gryzlov. He said that the new parliament might consider the independence of Abkhazia and South Ossetia. "I think I am not the only one indignant at another hint by the Russian authorities at the possible recognition of independent an Abkhazia and South Ossetia and their possible affiliation to Russia this January," she told a Monday press briefing in Tbilisi. The international community should react to Gryzlov's pronouncements appropriately, Burjanadze said. "Russian citizens who live in Abkhazia and South Ossetia were naturalized in an evasion of bilateral agreements, Georgian laws and international norms," she said. (Interfax)

BAKU IS CHOSEN ISLAMIC CULTURE CAPITAL FOR 2009

3 December

Baku has been chosen the capital of Islamic culture for 2009, the agency reports referring to the press service of the Ministry of Culture and Tourism of Azerbaijan. The decision was accepted at the 5th conference of ministers of culture taken place in Tripoli of the countries members of the Organization of the Islamic Conference (OIC). The parties accepted the proposal of Azerbaijan to carry

out the 6th conference of ministers of culture of OIC countries in Baku in 2009. The participants of the conference approved the strategy of cultural solidarity on missions of development and civilization of Moslems, the plan of activity on updating cultural policy in the OIC countries, its conformity with the international changes and the strategy of development of information-communication technologies in the Islamic countries. The Azerbaijan delegation presented at the conference the National report on application in Azerbaijan the strategy of culture for the Islamic world prepared by the Ministry of Culture and Tourism of Azerbaijan. The Azerbaijan delegation at this meeting was headed by the Minister of Culture and Tourism Abulfas Karayev. (Kazakhstan Today)

TURKMENISTAN TO BUILD CASPIAN TOURIST RESORT

3 December

Turkmenistan's leader inaugurated the construction of a \$5 billion (2.4 billion pound) tourism complex on the Caspian coast on Monday, his latest gesture to open up the reclusive nation to the world. Locked away during Soviet times and later under the 21-year rule of Saparmurat Niyazov, Turkmenistan has been slowly opening its doors since Kurbanguly Berdimukhamedov came to power a year ago. Unlike Niyazov, who banned ballet and opera during his rule, Berdimukhamedov has sought to attract foreign investment and turn his desert nation into a tourist destination. On Monday, he officially opened construction of a complex on Turkmenistan's Caspian Sea coast, where he plans to build dozens of new hotels, fountains, roads and parks. "Any government that has such a coast would see it as a huge blessing," he said after a ceremony. "Turkmenistan is actively integrating into the global community while following its own model of development." State media have touted the area as a tourist hotspot but critics believe its long, cold winters and remote location dent its allure as a tourist destination. The Turkmen leader said the government would earmark \$1 billion for the project, not far from the Iranian border, while foreign companies including Russia's Itera and France's Bouygues have pledged to put in a further \$4 billion. He vowed to introduce tax breaks for construction companies and easier visa procedures for tourists -- a step forward for a country which was first in the ex-Soviet block to introduce a visa regime for other former members. Separately over the weekend,

Berdymukhamedov opened a project to build a 560 mile railway that would eventually link Iran and Russia through Central Asia. "Turkmenistan is turning into an important transport centre for the continent which will economically benefit the nation," the state Turkmen news agency reported. (Reuters)

GEORGIA NOT TO INVITE RUSSIAN ELECTION OBSERVERS

4 December

Georgia will not invite Russian observers to monitor the January 5 early presidential elections, Nino Burjanadze, the acting president, said in an interview with the Russian newspaper, Vremya Novostei, published on December 4. "Russia also is not inviting us to monitor elections [in Russia]," she said. "At the same time, I think that not everyone who would have come to Georgia would be objective. There are more and more signs that Russia is not interested in Georgia's stability and welfare." She also said that invitation to monitor Georgia's elections were not sent to the Commonwealth of Independent States (CIS), although Tbilisi, she said, had invited some of CIS member states, which have "friendly" relations with Georgia.

The Georgian authorities have already called on OSCE and other international organizations to send "as many observers as possible" to observe the January 5 polls. (Civil Georgia)

AFGHANISTAN ASKS U.S. FOR MORE WEAPONS, TRAINERS

4 December

The Afghanistan military needs more trainers and equipment in order to gain control of their country's security, the Afghan defense chief told Secretary of Defense Robert Gates on Tuesday. Gen. Bismillah Khan said that while "the U.S. has been more than generous," the Afghan army's weapons are inadequate and old, specifically its heavy artillery and armored vehicles. Speaking through an interpreter while sitting at a small table with Gates, Khan added that "we don't have enough mentors, enough advisers." Gates told Khan that "we know your interest in small arms and mortars and we are looking for ways to expedite" the equipment. And he added that he also was well aware of the shortage of trainers — a shortfall U.S. military officials said was as many as 2,000-3,000. According to Maj. Gen. Richard Cone, the U.S. is about to begin providing M-16 rifles to the Afghans, and is poised to deliver

about 10,000 a month, up to 60,000. And he said there is an ongoing effort to obtain helicopters for the Afghanistan forces, including plans for an additional 34 in the near future. Cone said the helicopters will be key to relieving some stress on U.S. and NATO forces, which currently have to shuttle Afghan troops around the country. (AP)

EXXON REFUSED TO TRANSFER ITS KASHAGAN SHARE TO KAZMUNAYGAS

5 December

Exxon Company refused to transfer its share in Kashagan project to KazMunayGas. The Minister of Energy and Mineral Resources Sauat Mynbayev informed on Tuesday. Earlier KazMunayGas informed on signing new memorandum of mutual understanding with Kashagan consortium that includes solution of the issue of delay in realization of the project and increase in expenses. "According to the new memorandum all members of consortium, except for one, reached consent on transfer the part of shares to the project at the rate of necessary for increase of KazMunayGas Company share up to the level of large participants," KazMunayGas press service informs. According to the document of December, 20, 2007 the parties should finish negotiations on transfer of shares and increase of KazMunayGas role in operational activity. New memorandum of mutual understanding has been signed following the results of intensive negotiations at the level of CEO's of the companies." (Kazakhstan Today)

PRESIDENT GUL TO TRAVEL TO TURKMENISTAN

5 December

Turkish President Abdullah Gul will depart for Turkmenistan on Wednesday on a formal visit upon an invitation by President Gurbanguly Berdimuhamedov. Gul and Berdimuhamedov will have a tete-a-tete meeting on Thursday. During his stay in Turkmenistan, Gul will also visit mausoleum of Saparmurad Turkmenbasi, former president of Turkmenistan, who passed away last year. After attending a business forum between the two countries, Gul will return to Turkey on Friday. (Turkishpress)

TURKEY PROPOSES GAS PIPELINE FROM TURKMENISTAN

6 December

Turkey has offered to revive the idea of building a pipeline to deliver gas from Turkmenistan via Iran,

Turkish Energy Minister Hilmi Guler said on Thursday. Guler said Turkish President Abdullah Gul made the offer during talks with Turkmen President Kurbanguly Berdimukhamedov in the Turkmen capital, Ashgabat. "They are going to discuss the project to build a Turkmenistan-Iran-Turkey gas pipeline with capacity of 16 billion cubic metres per year," Guler, who is travelling with Gul's delegation, told reporters.

Turkish government sources told Reuters on Wednesday that Ankara also planned to propose a joint venture with Turkmenistan to operate the ex-Soviet state's abundant natural gas and oil fields. Turkey, which is seeking to become a regional energy transit hub, has signed a natural gas supply contract with Iran but some European Union countries have misgivings because Iran is subject to United Nations sanctions over its nuclear programme. Turkey is also involved in the consortium planning to build the 31-bcm Nabucco pipeline to take Caspian gas to Europe. The consortium, which includes Austria's OMV, Hungary's MOL, Bulgaria's Bulgargaz and Romania's Transgaz, has secured gas from Azerbaijan but also sees Iran and Turkmenistan as other possible suppliers for the route. Turkmenistan and Russia are also discussing building a Caspian Gas Pipeline, linking Turkmen gas with global markets via Russian territory, but the project has been delayed due to a pricing dispute. The Russia-proposed pipeline would have capacity of between 10 billion and 20 billion cubic metres a year. Turkmenistan, which currently exports most of its gas through Russia, is also working on a separate pipeline to China. Some analysts have questioned the country's ability to go ahead with so many projects at once, but Turkmenistan says it has enough gas reserves for everyone. (Reuters)

AFGHAN, TAJIK ENTREPRENEURS MEET FOR CROSS-BORDER TRADE FORUM

7 December

A forum supported by the OSCE Centre to promote cross-border trade between Tajikistan and Afghanistan opened in the Tajik city of Kurgonteppa on 6 December. The two-day international business forum brought together entrepreneurs, public organizations and high-ranking officials from the two countries, including Afghanistan's Ambassador to Tajikistan, Sayd Muhammad Khayrkhon. "This forum is part of the Centre's work to strengthen business contacts between Afghanistan and Tajikistan and it is in line

with the decision taken by the OSCE participating States in Madrid at the end of November to expand the OSCE's engagement in Afghanistan," said Ambassador Vladimir Pryakhin, Head of the OSCE Centre in his opening statement. "We also hope that the event will contribute to the international community's peace-building efforts in Afghanistan." (UzReport.com)

BAGAPSH DENIES ALLEGATIONS OF STATE OF EMERGENCY IMPOSED IN ABKHAZIA

9 December

Georgian media claims that a state of emergency has been introduced in Abkhazia have been described as "stupidity" by Abkhaz President Sergei Bagapsh. "All this is nothing but stupidity. Nothing of this kind has happened. All this is absolute idiocy," Bagapsh told Interfax on Sunday, in comments on Georgian media reports claiming that a state of emergency has been introduced in Abkhazia ahead of the Georgian presidential elections. "Peacekeepers and UN military observers are located in Abkhazia. Georgia should ask them, if it wants to get real information," Bagapsh said. (Interfax)

OPINION: GUAM INTRODUCES QUESTION ON FROZEN CONFLICTS IN RESPONSE TO RUSSIA'S STATEMENTS

10 December

A draft resolution on frozen conflicts released at the UN headquarters is a failure of the Armenian diplomacy, Armenian political analyst Hamayak Hovhannisyan told a REGNUM correspondent. According to the analyst, it is absolutely clear that the Armenian envoy to the United Nations must be acting effectively so that he could respond to all challenges timely and adequately. "However, Armenia failed to prevent from putting it on the agenda, despite the fact that it had managed to do so several times by threatening to Azerbaijan to withdraw from the current format of the negotiations," Hovhannisyan said. It is unclear for him why Armenia, in particular, its foreign ministry, did not make effort to prevent from debating the issue at the UN and explained it by the fact that "they do not want to harm the negotiation process within frameworks of the OSCE Minsk Group." However, according to Hovhannisyan, discussion of the issue at the UN coincided with increasing prospects of declaration of independence by Kosovo and with escalation of the tension

between Abkhazia and South Ossetia on one side and Georgia on the other side. As the analyst believes, in reality, Georgia and Moldova are more interested in discussing the frozen conflicts at the UN than Azerbaijan is. According to him, the conflicts in Abkhazia, South Ossetia and Transdnestr are seen in the frameworks of the Russian mandate and, to avoid one-sided mediation, and taking into account the willingness to take away the peacekeeping mandate from Russia, those countries proposed the issue for discussion of the international community, while the Nagorno Karabakh conflict was a subject of a multilateral debate within the OSCE Minsk Group. "The key reason for putting the question for the discussion at the UN so fast was Russia's statement that if the West recognizes Kosovo, it would recognize independence of the republics in the post-Soviet territory," Hovhannisyanyan concluded. (Regnum)

AZERBAIJAN CONVICTS 15 OF PLOTTING IRAN-BACKED COUP

10 December

A court in ex-Soviet Azerbaijan Monday convicted more than a dozen people of plotting a coup with the backing of Iranian intelligence services. Said Dadashbeyli, mastermind of the coup, was sentenced to 14 years in prison while 14 others were handed sentences of between two and 14 years. Authorities alleged the group had been cooperating with Iranian special services to mount a coup against the government of President Ilham Aliyev. Members of the group were arrested in January and charged with high treason, plotting a coup, being in possession of illegal weapons and manufacturing false documents. No other details of the plot have emerged. The verdict was announced after a two-month trial held behind closed doors for reasons of state security. Despite growing trade links, relations between Baku and Tehran have been difficult since Azerbaijan broke away from the Soviet Union in 1991, with disputes over oil reserves in the Caspian Sea and the status of a large ethnic Azeri minority in Iran. Azerbaijan has accused Iran of trying to export its brand of fundamentalist Islam to the fellow Shiite Muslim country. But critics say Azerbaijan, a key U.S. ally in the strategic Caucasus region, also uses the potential threat of extremism as a cover for persecuting political opponents. (AFP)

TAJIKISTAN ASKS FOR LARGER ELECTRICITY SUPPLIES FROM TURKMENISTAN

10 December

A three-day official visit of Tajik President Emomali Rakhmon to Turkmenistan will focus on the deliveries of Turkmen energy resources. "My country has strictly limited the consumption of electric power, so we need the imports of electricity and fuel," Rakhmon said. "I have asked the Turkmen president to set quotas on the deliveries of petroleum products, liquefied natural gas and a number of prime commodities to Tajikistan." "Turkmenistan will continue to develop close economic cooperation with Tajikistan," Turkmen President Gurbanguly Berdimuhamedow said in comments on the first day of the visit. He said Turkmenistan had been successfully delivering electric power to the neighbor.

A tripartite agreement on electric power supplies was signed in Dushanbe in early October on results of an official visit of the Turkmen president. "The three-year contract implies the Turkmen annual deliveries of one billion kilowatt/hours of electricity to Tajikistan," Berdimuhamedow said. As for the request to enlarge electricity quotas, he said, a modern power plant had been recently commissioned in the northern area of Dashoguz. Thus, it is possible to enlarge electricity exports, in particular, to Tajikistan, he said. In addition, Turkmenistan and Tajikistan will restore air and motor traffic and set up joint ventures. Agreements to that effect were signed during the visit, the Turkmen presidential press service said on Sunday. The presidents signed a joint communiqué and a convention to prevent double taxation and capital gain tax evasion. "Our countries have a huge cooperation potential," Rakhmon said. In the opinion of the presidents, the documents will spur on cooperation, the establishment of joint ventures and the protection of investments. A joint economic cooperation commission will also help to attain the goals. The foreign ministers signed an intergovernmental agreement on the mutual protection of classified information. On Monday Rakhmon will attend the opening of a UN regional center for preventive diplomacy in Central Asia and a related international conference. On December 11 he will visit the Turkmenbashi seaport, the Avaza national tourist zone and a cluster of oil refineries. (Itar-Tass)

NINE UPGRADE PROJECTS COMPLETED IN AFGHANISTAN

11 December

Nine projects to upgrade utilities in Afghanistan were completed under the National Solidarity Program (NSP) in the country's central Parwan province, said Mohammad Dawod, regional director of the Habitat Organization, Monday. "These projects worth about 5.5 million afghanis (US\$1.1 million) were completed with the support of the Rural Rehabilitation and Development Ministry (RRDM)", he added. These projects include the construction of an 8 kilometre long road, three water supply schemes, the digging of six wells and cleaning of one canal in Koh-i-Safi district. Some 850 families of Adin Khel, Dandar, Dewana Khel, Hasan Zai, Char Ghati, Karez Gai, Khak Khor, Sanzali and Spin Chapli villages will benefit from these projects. (Pajhwok Afghan News)

SIXTEEN DEAD OR MISSING IN AFGHAN AVALANCHE: GOVERNMENT

11 December

Eight people were killed and as many others were missing after an avalanche engulfed a village in remote northeastern Afghanistan on Tuesday, the interior ministry said. Fifty people were initially trapped by the avalanche, the first this winter in the remote and mountainous northeastern province of Badakhshan, but most were rescued by police and villagers, it said in a statement. "Eight people were killed, four wounded and eight others are missing," the statement said. Badakhshan, a mountainous region on the border with China and Tajikistan, sees frequent natural disasters such as floods and avalanches. Dozens of people were killed in such incidents last year. (AFP)

PRESIDENT OF TURKEY TO VISIT KAZAKHSTAN

11 December

The President of Turkey Abdulla Gul will pay the state visit to Kazakhstan on December 13-15, the agency reports referring to the press service of the Ministry of Foreign Affairs of Kazakhstan. "The state visit of the President of the Turkish Republic Abdulla Gul to Kazakhstan will take place on December 13-15, during which Turkish President will hold negotiations with the leadership of our country," the press service of foreign policy department informed. During the visit business-forum of the representatives of business circles of two countries will be held. (Kazakhstan Today)

SEVEN CANDIDATES TO RUN FOR GEORGIAN PRESIDENCY

11 December

Seven candidates will participate at the presidential election in Georgia on January 5, 2008, the Georgian Central Election Commission told Interfax on Tuesday. Registration of presidential candidates ends at 6 p.m. on December 11. The following presidential candidates have been registered: Mikheil Saakashvili of the National Movement Party; David Gamkrelidze of the New Rightists Party; Levan Gacheladze of the united opposition; Shalva Natelashvili of the Labor Party; Irina Sarishvili of the Imedi Party; Giorgy Maisashvili of the Future of Georgia Party; and Arkady (Badri) Patarkatsishvili of the activist group of citizens. According to the Election Code, Georgian presidential candidates are protected by immunity. (Interfax)