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*Central Asia- Caucasus Institute
Silk Road Studies Program*

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THE CENTRAL ASIA-CAUCASUS ANALYST

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Submission Guidelines:

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

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

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

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

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

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

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

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ECONOMIC SECURITY AND NATIONAL SECURITY: CONNECTED IN GEORGIA

S. Enders Wimbush and Mamuka Tsereteli

President Mikheil Saakashvili begins his second term facing challenges he has not encountered previously as head of state. Georgians want better security, in both national and economic terms. The recent elections revealed that 77 percent of Georgians seek NATO membership for their country. A slightly larger number, nearly 80 percent, called for early Spring elections to fix internal problems, notably the economy, rejecting the government's preferred election schedule. Bold steps are needed to address national security concerns and economic discontent. The government has treated national and economic security as distinct and separate; the question is if this strategy is viable at present.

BACKGROUND: An important conclusion from the past months of instability in Georgia is that Georgia's quest for national security is being undermined by its lack of economic security. The two concepts are inextricably linked in most states, given that economic security lies at the basis for a state's capacity to defend itself. But it is nowhere more true than in the fledgling Georgian democracy, which is under extreme pressure both externally and internally.

A number of political missteps at home have heightened societal dissent that is often articulated in economic terms. Meanwhile, Russia's efforts to destabilize Georgia through various economic sanctions and stratagems – including a two-year trade embargo on all Georgian products in the Russian Federation – add an external irritant to Georgia's efforts to create a sustainable economic platform that will allow reforms to take place at home and new foreign policy initiatives to be pursued abroad.

A cacophony of voices in Georgia today, including some within the government, attribute growing social unrest in Georgia to the economic dislocations caused by the Saakashvili administration's preference of radical free-market reforms during the last four years. It is incontestable that a severe reduction in the number of state employees intensified an already

painful unemployment situation, and that many of those affected were not ready for dramatic change of this magnitude, given the weakness of the social safety net. But it is also the case that many other societies have weathered similar reductions of the state sector and still managed to stimulate prosperity across a wider cross-section of society. The Georgian government did not help its case by failing to implement an effective communications strategy to advertise opportunities elsewhere in the economy, or to explain the reforms as essential measures to build a more robust Georgian economy overall from which more citizens would benefit.

In any event, such a strategy probably would have had a limited impact, as Georgia's private sector still lacks sufficient capital and management expertise to expand dramatically and, hence, create large numbers of attractive new jobs. The diffusion of Western management culture, although increasingly visible, has remained slow. Entrepreneurs are constrained by the absence of fundamental economic essentials, for example the government's failure to enact judiciary reforms that would fully guarantee property rights and transparency. A larger flow of foreign direct investments in different industries could make a substantial difference, but so far the most significant

investment from the outside is speculation in real estate.

During the election campaign, almost all presidential candidates made substantial promises to increase social spending. Election rhetoric supported the assumption that by increasing pensions and social benefits Georgia could find its way out of its current economic problems. This approach is a long shot. An understanding of linkages between free market economics, entrepreneurial activity, sustainable employment, and, hence, internal and external stability is very thin across Georgian society or, for that matter, within the Georgian government.

IMPLICATIONS: In reality, the key problems of Georgia's economy are structural and cultural. The decision-making process in Georgia is over-personalized and under-institutionalized. A few top people make all important economic decisions. Frequent personnel changes at the top of the government and in ministries leave few opportunities for building institutions or implanting institutional memory. To date, the government has demonstrated little interest in strengthening important institutions and implement an effective interagency process. In fact, in Georgia no interagency process of note exists. The government has sought to strengthen this in the national security field by boosting the office of the national security council, but in other sectors, especially the economy, better coordination is lacking.

The government has made efforts to ease and adjust some regulations, and it has been praised by the World Bank for this. However, actions have not measured up to the letter or spirit of new rules or inflated rhetoric. Despite efforts to rebuild infrastructure, including real successes in the energy business and power generation, there are still limited incentives for modern, knowledge-based industries to move to or develop in

Georgia. Failing to create a less personalized, deeply institutionalized economic vision complete with transparent and modern processes will have important implications for national security planning. The government's ambitious plans for joining NATO and Europe are unlikely to be achieved without putting in place a strong economic foundation, as both NATO and Europe will want to see much more evidence that Georgia can pull its own economic wagon and not burden its future partners with its economic problems.

CONCLUSIONS: By its previous efforts, the Georgian leadership managed to attract the attention of the world's financial institutions and some private investors. Implementing correct policies could transform this attention into tangible economic results – which would be important for internal stability, but also for the restoration of Georgia's territorial integrity. A free and Innovative business environment will attract innovative businesses and creative individuals from all over the world.

Georgia badly needs an integrated and comprehensive national economic strategy that connects to a national security strategy. For Georgia, economic security and national security should be seen as part of one process, rather than two parallel processes that may or may not converge. A reshuffled National Security Council would be the logical place to articulate a holistic strategy. Asking the question what Georgia's security goals are, and how economic planning and processes will affect them, would be a good place to start.

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SELECTIVE IMPLEMENTATION OF ANTI-MONEY LAUNDERING REGIMES IN CENTRAL ASIA

Michael Jonsson and Christian Nils Larson

Anti-money laundering and combating the financing of terrorism (AML/CFT) regimes in Central Asia are in their infancy. Several of the region's countries still lack the basic legal and institutional tools to counter informal and illicit money flows. Countries that have adopted laws and created financial investigative units (FIUs) did so only in the past two years. The few convictions that have occurred suggest a selective implementation of legal regimes, possibly targeting the acting government's political opponents. The full adoption and fair, efficient implementation of AML/CFT regulations will require time, frank peer evaluations and significant outside technical support and political encouragement.

BACKGROUND: The struggle against money laundering in Central Asia has barely begun. Cash-based economies like Central Asia's pose major challenges to any AML/CFT regime, and the region's underdeveloped banking sector and heavy reliance on informal fund transfer systems such as *hawala* or *shema* only compound that difficulty.

A lack of political will prior to 2001 meant that little was done to combat the phenomenon. The now fledgling AML/CFT regimes in Central Asia continue to fall considerably below the international standards established by the Financial Action Task Force (FATF).

The Eurasian Group (EAG), which is the regional equivalent of FATF, was inaugurated in 2004 and has recently begun conducting mutual evaluations of AML/CFT regulations. Government FIUs tasked with gathering, analyzing and disseminating information based on suspicious transaction reports were created in Kyrgyzstan in 2005, Uzbekistan in 2006 and Tajikistan in 2007. They are not yet in place in Kazakhstan and Turkmenistan.

Although some level of criminalization of money laundering has existed for some time in Uzbekistan, Kazakhstan, Kyrgyzstan and Tajikistan, many of the laws are inadequate or inconsistent. For example, whereas money laundering is partially criminalized in Kazakhstan, bank secrecy makes it a

criminal liability to disclose suspicious data even to the relevant government authorities. Astana is reportedly working on a new AML/CFT law, but drafting the legislation has taken an unusually long time and the law is currently awaiting consideration in Parliament.

Kyrgyzstan adopted its first comprehensive AML/CFT law in November 2006. The country has made moves towards becoming a regional banking center, and although EAG's mutual evaluation reported significant gaps in its banking institutions, including insufficient due diligence and record-keeping, Kyrgyzstan's government was the first in Central Asia to create an FIU and submit to international scrutiny of its AML/CFT regime.

Despite its proximity to Afghanistan and its resulting function as a transit country for the narcotics trade, Tajikistan has no AML/CFT law. In early 2007, it nevertheless created an FIU and in June, the country underwent a World Bank assessment of its AML/CFT regime. EAG plans to consider the resulting evaluation report for adoption this month.

Although Turkmenistan has limited international banking transactions, it could be susceptible to money laundering due to its largely cash-based economy and the significant difference between the official and black-market exchange rates. The

country has not joined EAG and the lack of any AML/CFT law on the books means that tracing and prosecuting financial crime is near impossible.

In Uzbekistan, the problem may be the reverse. Efforts to rein in shuttle trading and unrecorded transactions have often been heavy-handed and have sometimes driven the country's robust black market further underground. There is also a continued risk of overzealous implementation of search and seizure laws as the Department of Investigation of Economic Crimes has a special fund that rewards officers with the proceeds of property they confiscate. In 2005, the Uzbek government began encouraging businesses to use cash registers and receipts, a move which has had some positive results in encouraging transparency in store-based transactions.



With both laws and FIUs either insufficient or recently established, it should come as no great surprise that few prosecutions and even fewer convictions have taken place on charges of money laundering in Central Asia. Most of the region's governments have not yet begun concerted efforts to publish AML/CFT statistics, but press reports indicate that Uzbekistan has brought a total of 15 prosecutions, Kyrgyzstan three, Kazakhstan one and both Tajikistan and Turkmenistan none.

IMPLICATIONS: In Central Asia, as in the [South Caucasus](#) (See August 21 2007 issue of the Analyst), there seems to be a trend towards the selective

implementation of AML/CFT and other financial crime regulations. On several occasions, opponents of the sitting government have faced charges of money laundering or other economic crimes at politically charged moments.

One of the first convictions on charges of money laundering in Uzbekistan was of opposition leader Sanjar Umarov. He was sentenced to 15 years prison in March 2006, less than a year after Umarov openly criticized the Uzbek government and rumors circulated that he might one day seek to succeed President Karimov. A number of human rights activists including Mutabar Tojiboeva and Nodira Hidoyatova have also been convicted of economic crimes in Uzbekistan.

In Kazakhstan, President Nazarbayev's former son-in-law, Rakhat Aliyev, is facing similar charges. While serving as Kazakhstan's ambassador to Austria, Aliyev fell out of political favor with Nazarbayev when he criticized changes to the Kazakh constitution. In May, Aliyev was charged with money laundering and the abduction of two bank officials. Although Kazakhstan sought Aliyev's extradition from Austria, the request was denied based on concerns about the fairness of his trial.

Aliyev's case echoes that of Kazakhstan's former prime minister, Akezhan Kazhegeldin, who was convicted and sentenced *in absentia* to ten years imprisonment for embezzlement, bribery and tax evasion in 2001. Kazhegeldin's critics maintain that he took financial advantage of the privatization process in the 1990s. Other observers have said that the charges against him were politically motivated by his attempts to run for office against President Nazarbayev. Referring to the Kazhegeldin case, a U.S. State Department examination concluded that the accusations, "while possibly grounded in facts, appeared to be politically motivated." Ironically, when the government of Kazakhstan requested Swiss officials look into Kazhegeldin's foreign bank accounts, Geneva widened its investigation and wound up freezing an account believed to belong to incumbent high officials.

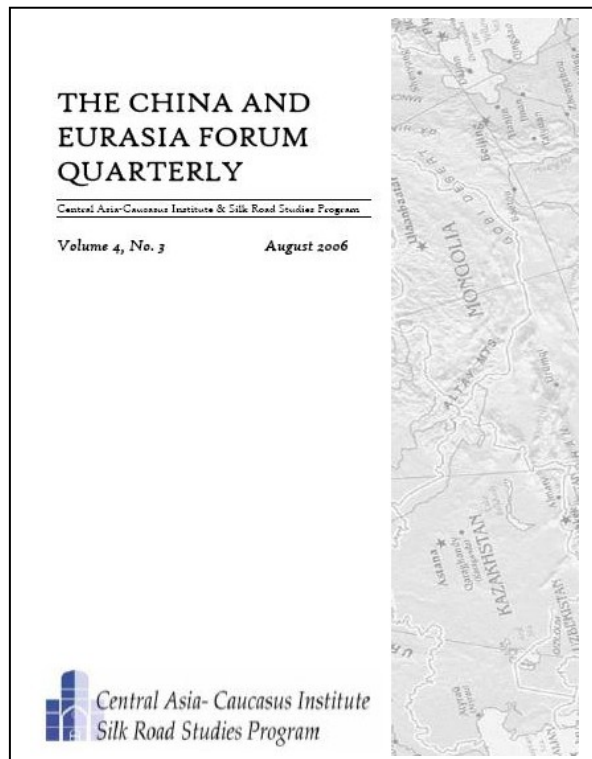
Although these prosecutions may be legally sound, it appears reasonable to ask whether Central Asia's AML/CFT regimes are being selectively implemented. The high number of perceived and actual opposition figures facing trial in Central Asia, taken together with the fact that virtually no one else has been convicted of such crimes in the region, suggests that governments may be using AML/CFT laws as new tools for an old task.

CONCLUSIONS: Although international efforts against money laundering and the financing of terrorism in Central Asia are beginning to yield results, the region has a long way to go before AML/CFT laws are fully adopted and fairly implemented. The challenge posed by the region's large informal sector is an understandable reason for slower results. There is therefore a need for political will to implement legislation based on the merits of a case.

The international community's largely technical approach to the implementation of AML/CFT regimes has been rewarded by access to officials and results on paper, and if experiences in other parts of

the former Soviet Union are any guidance, it will be reasonably easy to persuade the Central Asian countries to complete the adoption of more stringent AML/CFT regulations. Moving towards widespread and efficient implementation of these regulations, however, will be significantly more difficult. Although at least one government has learned the hard way that taking investigations international demands transparency abroad or at least better-covered tracks for any questionable financial practices, truly fair implementation of AMLCFT regimes will require not only continued technical assistance, but political sticks and carrots as well.

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New issue of the

China and Eurasia Forum Quarterly

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

The issue is freely available online
through www.silkroadstudies.org.

UMAROV'S CAUCASIAN EMIRATE: WHERE TO NOW FOR AKHMED ZAKAYEV?

Kevin Daniel Leahy

October 2007 witnessed the latest in a series of charged discourses involving opposite wings of the Chechen rebel movement. On October 22, the then-separatist foreign minister, Akhmed Zakayev, issued an angst-ridden statement predicting that his president, Doku Umarov, would soon announce the creation of a "Caucasian Emirate" on the territory of the North Caucasus. A communiqué from Umarov duly surfaced on October 30, and while he stopped short of declaring the establishment of a "Caucasian Emirate", the contents of his message contained serious implications for orthodox Chechen nationalists like Zakayev.

BACKGROUND: Portions of Umarov's statement are potentially seminal and are worth quoting at length: "I am announcing to all Muslims that I am at war against the infidels under the banner of Allah. This means that I, Emir of the Caucasian Mujahedeen, reject all infidel laws that have been established in this world. I reject all laws and systems that the infidels have established on the land of the Caucasus. I reject and outlaw all names that the infidels use to split the Muslims. I outlaw all ethnic, territorial and colonial zones named 'North Caucasus republics'..."

Zakayev was likely most unsettled by the final sentence here. It can be assumed that the "ethnic, territorial and colonial zones"

Umarov refers to are the jurisdictional entities we recognise as Dagestan, Ingushetia, Kabardino-Balkaria, Karachaevo-Cherkessia, North Ossetia and, indeed, Chechnya. Therefore, if Umarov is outlawing these entities, is he not, in effect,

disbanding the Chechen republic of Ichkeria (ChRI)?

In June 2006, in one of his first statements as president, Umarov declared that "in legal terms, the Chechen republic of Ichkeria is an independent state". In light of this assertion, if Umarov has now indeed disbanded the ChRI has he not behaved illegally? Zakayev stated on October 22 that the declaration of a "Caucasian Emirate" – an initiative

which Zakayev regards as an FSB provocation – would "spell the end of the Chechen republic of Ichkeria". Although there was no mention of a "Caucasian Emirate" in his eventual statement, Umarov has nevertheless hurriedly laid the groundwork for the imposition of such



Doku Umarov

an entity at some future point in time. Elsewhere in his message Umarov sates: "Today our brothers are fighting in Afghanistan, Iraq, Somalia and Palestine...those who attack Muslims are our common enemies; our enemy is not only Russia, but

also America, England, and Israel – all those who conduct war against Islam and Muslims”.

For Zakayev, who has been granted political asylum in the United Kingdom, Umarov’s designation of England (by which he meant the UK) as an enemy country must have been extremely embarrassing. An ardent secularist, and an unapologetic Chechen nationalist, Zakayev has been at pains over the past number of years to dispel the perception that the Chechen rebel movement is under the sway of radical Islamists. Now that Umarov has publicly made common cause with the Afghan Taliban, Zakayev’s protestations to the effect that the Chechen rebel movement is essentially secularist in outlook seem far less credible.

IMPLICATIONS: Umarov’s statement, in particular its anti-western timbre, bears the imprint of Movladi Udugov, the renowned Chechen spin-doctor who has consistently argued for the subordination of the Chechen nationalist agenda to the greater cause of pan-Islamic liberation of the Caucasus. As Umarov was given to proselytising about Chechnya’s right to self-determination and other shibboleths of Chechen nationalism during the early days of his presidency, his apparent conversion to the Udugov agenda is bracing. Zakayev, who evidently believed that Umarov was fundamentally a nationalist like him, is clearly disturbed by this turn of events and on November 20 he tendered his resignation as foreign minister.

It is not clear whether Umarov has actually undergone a profound ideological conversion or whether, at Udugov’s behest, he is merely pandering to wealthy foreign backers. What can be said, however, is that in light of Umarov’s public, ideological volte-face, Zakayev’s secular-nationalist discourse has lost considerable ground to Udugov’s

radical, pan-Islamic agenda. Among the rebel leadership, Zakayev, it would seem, is now ploughing a lone ideological furrow. Ironically, those in Chechnya who are currently best disposed toward the nationalist agenda as Zakayev sees it are now to be found on the other side of the intra-Chechen political barricade. This throws up some tantalizing possibilities.

When Ramzan Kadyrov became Chechnya’s pro-Moscow president last February, Zakayev courted

controversy by deeming it a positive development. Although he has described the Kadyrov regime as “cowardly and greedy”, Zakayev has nevertheless boasted that as a result of Moscow’s policy of “Chechenizing” the conflict, the rebels “have managed to legalize more than three thousand Chechen resistance fighters in the last six or seven years”. With respect to the Ramzan Kadyrov phenomenon, Zakayev expounds a subtle, historical argument which holds that the emergence of the Kadyrov clan is, in effect, a national self-preservation mechanism. According to

Zakayev, the Kadyrov regime is presently functioning as a buffer, sparing the Chechen nation the worst excesses of direct occupation by Russian forces. Recent political initiatives associated with Ramzan Kadyrov have patently been aimed at portraying him as the chief protector of the Chechen nation. He has been eager to make a show of standing up to the federal authorities, demanding extra funding for rebuilding the economy, financial compensation for property destroyed by federal forces since 1994, as well as the repatriation of Chechen prisoners serving time in Russian jails.

CONCLUSIONS: Chechen nationalism is a broad church. Chechen loyalists who believe that Chechnya should remain a subject of the Russian Federation see no incongruity between this conviction and their own strongly-held sense of



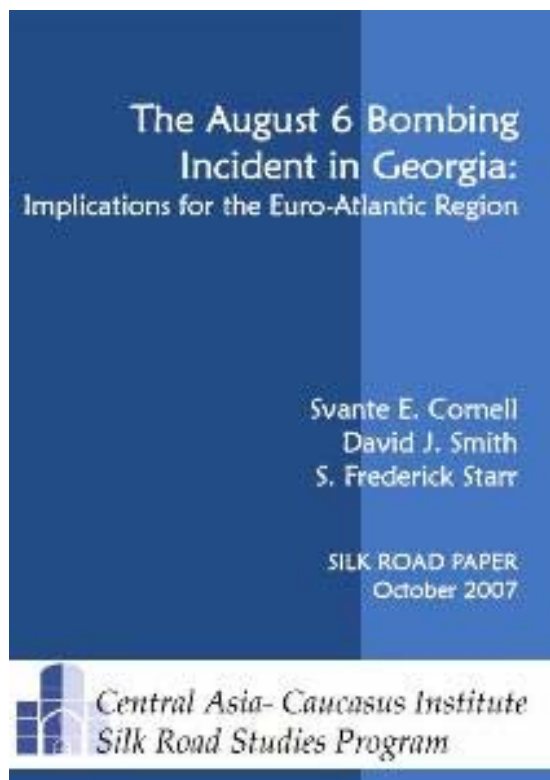
Akhmad Zakayev

patriotism. There remain, of course, ardent separatists like Zakayev for whom *de jure* independence from Russia is the principal goal. Some have veered away from the orthodox separatist agenda in various directions. Ramzan Kadyrov, for instance, possibly at heart still a separatist, has donned the political garb of a loyalist. Other erstwhile Chechen nationalists, like Udugov, have come to embrace Islam as the new ideological locus for their struggle against Russia.

As mentioned above, it remains as yet unclear whether Doku Umarov has fully shed his nationalist skin. It is possible that Umarov's recent statement is part of a Machiavellian maneuver designed to illicit greater financial support from unspecified patrons in the wider Islamic world. Indeed, Umarov has recently complained that while recruitment is not a problem for the rebels, finding the necessary funds to train these recruits is. However, Zakayev's pained, almost hysterical, pre-emption of Umarov's October 30 statement suggests that the former Ichkerian foreign minister believes that a very real ideological conversion is nigh.

Given this unfolding state of affairs, is it possible that Zakayev, now ideologically estranged from the bulk of the rebel leadership, might seek to make common cause with Ramzan Kadyrov? This is unlikely, but not quite so huge a leap of logic as one might think. Others, like the former separatist stalwart Magomed Khambiev, have made this transition, albeit under some duress. In all likelihood, however, Zakayev will remain in the United Kingdom, sniping at Kadyrov's kow-towing to President Putin while grudgingly acknowledging his usefulness as a bulwark against the outright colonization of Chechnya. In any case, recent events have reinforced the impression of Zakayev as an increasingly peripheral figure within the Chechen, or rather North Caucasian, resistance.

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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.

REGIONAL RIVALRIES CENTER ON KYRGYZSTAN

Stephen Blank

Kyrgyzstan, a relatively poor country with few natural resources, has experienced two years of ceaseless political struggles between the executive and legislature since the ill-fated ‘tulip revolution of 2005. Large-scale official corruption and criminality remain problems. These weaknesses, added to its strategic location, have left it vulnerable to its larger neighbors and external powers. There is a robust and growing rivalry among Russia, China, America, and now Kazakhstan for influence in Kyrgyzstan. This rivalry illustrates the evolving dynamics of the international relations among Central Asian states and between them and the great powers.

BACKGROUND: Since 2001, the United States has operated the air base at Manas against terrorism in Afghanistan, thus extending its umbrella to all Central Asia. Nonetheless, Moscow and Beijing have always resented this American presence and have brought great pressure to bear upon Kyrgyz governments to close the base. This pressure, combined with the Kyrgyz government’s desperate need for public support and revenue, have led the government of Kurmanbek Bakiyev in Bishkek to

substantially raise the price it charges Washington for operating the base. But inasmuch as this base is the most visible regional face of U.S. power and is necessary to ensure that Central Asia as a whole is no longer menaced by terrorism originating in and around Afghanistan, it probably will remain for the duration of the fighting there.

The major power rivalry for influence in Kyrgyzstan hardly ends there, nor is it confined to the issue of foreign military bases. Over the years,

Russia has acquired the nearby air base at Kant and steadily augmented its complement of forces and airplanes stationed there. As this is the only full-time air base available to Moscow in Central Asia, it no doubt figures prominently in Russian strategy, especially as Russia strives to develop an ever greater power projection capability. China also was reportedly interested in acquiring a Kyrgyz base



U.S. Air Force At Manas Base

in 2005, but was apparently rebuffed by both Kyrgyzstan and Russia.

Kyrgyzstan's relative poverty and distance from major oil or gas deposits renders it dependent upon its neighbors for provision of energy and foreign investment. It also must hope for revenues that could accrue to its accounts from pipelines that might traverse its territory on the way either to China, or Westward to Russia and Europe. These conditions provide the basis for its economic vulnerabilities and potential dependence upon external sources of financing and investment.

IMPLICATIONS: In August, Moscow announced that it would further expand both its military presence and its investment profile in Kyrgyzstan, conjoined signs of its growing interest in securing its position in Central Asia against all challengers. Russia is investing \$2 billion and increasing the complement at Kant. While the military moves are clearly aimed at the United States and at solidifying its military presence and capabilities, the economic moves aim at the rising profile of Chinese investment in Kyrgyzstan and more generally in Central Asia. *Nezavisimaya Gazeta* even calls Kyrgyzstan the launch pad for moving deeply into Central Asia for the purpose of controlling the region. Not only do Russian observers see these investments as a way of displaying the rebirth of Russia as a powerful player in world politics, they also see it as a move to check or counter the rising potential of Kazakhstan, which they see as "a rising tiger".

Kyrgyz observers clearly discern the rising tide of both Chinese and Kazakh presence in the local economy. Some Kyrgyz analysts even argue that closer relations with China and Kazakhstan should be the main priority of Kyrgyzstan's diplomacy. Apart from Chinese direct investment in Kyrgyzstan, Bishkek also has hoped for major investments in trade routes and pipelines to and from China. These hopes have been only partially fulfilled. On November 3, 8 regional states met and agreed to improve the network of roads, airports, and seaports in Central Asia. Such efforts are essential to realize the vision of a Silk Road that

would link Central Asia to China at one end and Europe at the other. In this connection, China and Uzbekistan announced their intention to accelerate the construction of transit roads through Kyrgyzstan. Much remains to be done here, for the Achilles heel of such declarations like the one on November 3 is the absence of any significant regional coordination and cooperation among Central Asian states. Thus the Asian Development Bank observes that less than one percent of trade from Europe to Asia goes through Central Asia.

The absence of regional cooperation can be seen in the other issue of what might be called trade routes, i.e. pipelines. Although there was speculation that the pipeline that will bring Turkmen gas to China will traverse Kyrgyzstan, Beijing agreed with Kazakhstan that the route for the pipeline should go through the economically much stronger and resource-rich Kazakhstan. This in spite of the fact that a route through Kyrgyzstan was discussed in July at the Kyrgyz-Kazakh business forum, and that the Kyrgyz route would be shorter and thus reduce the pipeline cost. However, the past history of tense Uzbek-Kyrgyz payment relations, or more accurately, non-payments, may have raised doubts in China and Kazakhstan about Kyrgyzstan's reliability. Certainly it reflects the consequences of poverty, misrule, corruption, and criminality that have held back Kyrgyzstan in so many ways.

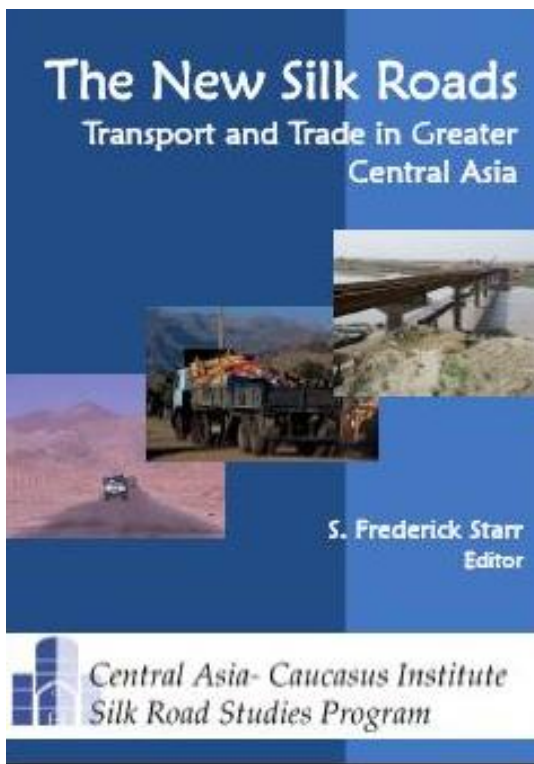
This episode illuminates why many journalistic observers argue that Kazakhstan and the West, if not Russia, are colonizing Kyrgyzstan economically. Kazakhstan's roaring economy is expanding into foreign investments and not only in Central Asia. As this growth seems likely to continue, it also seems likely that Kazakhstan will also continue to invest much more heavily in Kyrgyzstan and its other Central Asian neighbors and thus in some degree contend with Russia and China. There is no doubt that a vigorous program of foreign investment and growing foreign exposure is now at the heart of its foreign policy, and will remain a driving motive of that policy as long as its present vigorous economic growth continues.

CONCLUSIONS: This analysis indicates the multiple aspects of geopolitical rivalries. Of course, these trends highlight Kyrgyzstan's weakness and the consequences of its inability to develop a strong state or economy. But it also comprises a rivalry for military bases and foreign investment access, even control, over sectors of the economy that is a throwback to some aspects of classical imperialism. Moreover, it reflects the advent of new threats such as terrorism directed against vulnerable states. What is also novel about this rivalry is the role of new actors like China, and even more strikingly, smaller states like Kazakhstan that are now looking to play major roles as investors abroad. Indeed, Kazakhstan is being invited to invest in Black Sea energy infrastructures.

Central Asian governments are hence both actors and subjects in the regional politics of the region,

not only objects, as commonly understood. It remains to be seen to what degree Kazakhstan can hold its own with Russia and China as rivals for influence in Kyrgyzstan. Similarly, Kyrgyzstan's future viability is not easily predictable. But it is clear that the interaction between its ability, and that of other Central Asian states, to govern themselves effectively, and the rising interest of major powers in Central Asia, will play a critical role in determining the future evolution of this competition for influence - and not only in Kyrgyzstan.

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FIELD REPORTS

HISTORIC SUMMIT BETWEEN AZERBAIJAN AND TURKMENISTAN EXPECTED

Fariz Ismailzade

The Azerbaijani news agency APA, quoting the embassy of Azerbaijan in Turkmenistan, reported in January that Turkmenistan's President Gurbanguli Berdimukhammedov is expected to pay a visit to the Azerbaijani capital. The visit will take place in the first half of 2008, and at the moment, negotiations are taking place between the two countries' governments to finalize the list of documents and agreements to be signed.

President Berdimukhammedov will be accompanied by a large delegation, comprised of government officials as well as businessmen. Among the issues to be discussed are cooperation opportunities in the fields of energy, agriculture, light industry and transportation. If materialized, it will be the first visit by a President from Turkmenistan to Azerbaijan, and will significantly raise the level of bilateral relations to a new, strategic and qualitatively different level.

Indeed, bilateral relations have been tense for the most part of the post-Soviet period. The late Presidents of both countries, Heydar Aliyev and Saparmurad Niyazov (Turkmenbashi), competed for regional leadership and often had conflicting attitudes towards each other. The situation further worsened in 1997, when both governments diplomatically clashed over the oil field Kyapaz (Serdar in the Turkmen version), located in the middle of the Caspian sea. The

lack of a clear understanding about the way to divide the Caspian Sea, and continued deadlock on the negotiations to determine its legal status, gave arguments to both countries to claim this field. Subsequently, all exploration works were frozen, and bilateral relations came to a low point, with the official Ashgabat even closing its embassy in Baku.

The sudden death of Turkmenbashi in December 2006 created new opportunities for the revival of these relations. The new Turkmen President, younger and clearly more open-minded than his predecessor, seems keen to capture the momentum. His Azerbaijani counterpart, Ilham Aliyev, also younger and more prone for regional cooperation, is sending warm signals towards his neighbor.

Both Presidents have already exchanged phone conversations last year, and Turkmenistan decided to re-open its embassy in Baku. In addition to that, the two governments formed a special intergovernmental commission on cooperation, chaired by the first deputy prime ministers, and the first session of this commission already took place in Ashgabat several months ago. It is now expected that the Presidential visit will build upon the success and achievements of this intergovernmental commission. Earlier, Azerbaijani Foreign Minister Elmar Mammadyarov paid a visit to

Turkmenistan and met with the Turkmen President.

There are several issues on the agenda to discuss. Foremost, Turkmenistan is increasingly looking for alternative routes to export its gas to Europe. True, only a few weeks ago, Turkmenistan joined Russia and Kazakhstan in a project to build a new Caspian pipeline to export Turkmen gas through Russia, but most analysts believe that this is a short-term move on behalf of Berdimukhammedov, dictated out of necessity in order to maintain friendly relations with the Kremlin while still new in office. In the long term, a more strategic policy for Turkmenistan would be to focus on diversifying export pipelines. The option that Baku provides seems a natural choice. Azerbaijan recently finished a new gas pipeline to Turkey, and should Turkmenistan decide to support the idea of the Trans-Caspian pipeline, Azerbaijan will be glad to accept Turkmen gas into its new pipeline network. This, in turn, would reduce the Russian monopoly over Turkmen gas exports, and increase the capability of the Turkmen government to negotiate gas prices with Gazprom. The

pipeline is of huge interest to the EU and the U.S. government.

On the other hand, both countries could discuss possibilities of narrowing the gap between their stances on the issue of the Caspian Sea's legal status. If that succeeds, Iran will be the only country left among the littoral states to oppose the division of the sea by the median line principle.

Azerbaijan and Turkmenistan have much to gain from cooperation on the issues of trafficking, illegal migration, drug and weapons smuggling, and minimizing the militarization of the Caspian sea. The session of the intergovernmental commission has already agreed to prepare an agreement on the establishment of a railway-ferry link between the Baku and Turkmenbashi ports. The two sides also agreed on ways to repay the Azerbaijani debt to Turkmenistan, a thorny issue for many years in the past.

It seems that Turkmenistan is looking to Azerbaijan for the latter's ability to build friendly relations with the West and to attract Western investments, while also maintaining domestic stability, a key priority for the Turkmen government.

IDENTIFYING PRIORITIES: UZBEK GAS – FOR EXPORT

Erkin Ahmadov

This winter is trying the Central Asians for endurance and resistance to cold. In Uzbekistan, temperatures of -10 degrees Celsius (15 Fahrenheit) during the day and -20 (-5 Fahrenheit) at night hold strong for over three weeks. Meteorologists identify the current weather as a result of a slow-moving cyclone that came from Siberia. Such low temperatures have occurred in the region in recent years, however this year the abnormally long and stable duration of cold temperatures cause panic and

despair among the people. Perhaps the cold would not be so frightening for the heat-loving people of Uzbekistan, if they had all necessary conditions for overcoming the hardships of the freezing winter – electricity, gas and heating in their houses.

If in energy-importing Kyrgyzstan and Tajikistan, people are quite familiar with constant shortages and limits of using gas, electricity and water, one would expect that in resourceful Uzbekistan it should not be the case.

The fact that this winter happened to be one of the coldest in the past twenty years coincides with price hikes for electricity and gas delivered to freezing Kyrgyzstan, Tajikistan and other trading partners. Negotiations over Uzbekistan's prices for gas became a much-discussed issue in the end of December 2007. The month was marked by price increase for gas delivered to Kyrgyzstan and Tajikistan from \$100-\$115 to \$145 per thousand cubic meters (tcm). Moreover, following Turkmenistan's successful negotiations with the Russian "Gazprom" monopoly to pay \$130-\$150 per tcm for Turkmen gas starting from 2008, Uzbekistan expressed the intention to obtain similar trade conditions for its gas exports. After several rounds of negotiations, Uzbekistan's request was satisfied.

With the gas price negotiations settled, residents of Uzbekistan face the consequences of living in a country committed to fulfilling the conditions of the concluded export agreements. A paradox is that increased export prices did not translate into improved living conditions for the population, but in fact significantly worsened them. Starting on January 16, people held protest meetings in several regions of Uzbekistan demanding gas, heating and electricity in their frozen houses. Based on the reports of local media, in the city of Ferghana about 300 residents gather every day on the square in front of the city administration building (*hokimiyat*) requesting the nonstop delivery of gas and electricity. Their demands were not satisfied yet. In the outskirts of the major cities, people also complain of substantial gas and electricity shortages. Residents of the Samarkand and Tashkent regions also protest against unbearable conditions. In the villages, people have already switched to traditional methods of warming their houses – burning firewood, coal and pressed dung. Bukhara is so far the only region where the protest meetings resulted in the immediate resumption of gas deliveries to their houses.

The insufficient supplies of gas, in particular, have effects on other forms of heating. The deficient amount of gas supplied does not allow most boilers to warm the water for heating houses to the

necessary temperature, with some of them frozen completely. Some boilers failed simply because of outdated equipment. This is just one of the numerous effects that gas shortages have had on residents of the cities and villages of Uzbekistan.

Uzbekistan's total gas resources are estimated at over six trillion cubic meters. Currently, Uzbekistan extracts around 60 billion cubic meters (bcm) of gas per year, of which 5 bcm is exported to Kazakhstan, Kyrgyzstan and Tajikistan, and 13 bcm to Russia. This, on paper, should leave enough gas resources for the country's own needs.

Forecasts suggest that the cold will remain in the region until the end of the season. For the people of Uzbekistan, it means that they need to adjust to the freezing winter of 2008. However, there is not much hope that the state will take appropriate measures in this matter. Starting in 2008, the system of heat supply in Uzbekistan is put on a self-supporting basis. Encountering constantly growing prices for gas, water and electricity, the 10 percent share previously covered by the state budget is not enough. In light of current developments, it is no wonder that the demand for electric heaters and fans raised rapidly in the past few weeks. They are however not of much help, given that electricity is cut off on a regular basis throughout most regions of the republic.

The fact that the people of Uzbekistan took to the streets to remind the government of their needs speaks volumes about the scale of the problem. Moreover, it raises questions about the ways that state income from the export of natural resources is used. In theory, an effective trade strategy should have a positive effect on the welfare of the population. However, in the case of Uzbekistan, it appears to deprives the people, caught by surprise in unusually cold conditions, of the basic means for normal living.

BERDIMUKHAMMEDOV SLAMS MASS MEDIA IN TURKMENISTAN

Chemen Durdiyeva

On January 19, President Gurbanguly Berdimukhammedov held a meeting with a wide audience of the representatives of mass media, art and culture in Turkmenistan. Addressing the participants of the session, Berdimukhammedov laid out major criticisms on the mass media's lethargic role in propagating what he called the "new ideology" in Turkmenistan.

Although a precise meaning of the newly announced concept of "new ideology" was not pinpointed at the meeting, the president somewhat dimly referred to his latest reforms and efforts to modernize many sectors in the country. In a televised speech, the president denounced the media representatives for not being able to break with the country's idiosyncratic past. Instead of portraying the recent reforms, he said that the media was still concerned about fostering the president's personality cult. "It is high time to replace the old ideology," said Berdimukhammedov and also announced that his famous slogan "Dovlet adam uchindir! (the state is for people)" will constitute the core goal of his new ideology. Under this new concept, Gurbanguly Berdimukhammedov has also ardently spoken of protecting human rights in the country. "Protecting human rights and liberties is my main objective ... the citizens' lives ought to improve and the population will have to feel it [improvement] in no time" claimed the president. Berdimukhammedov further noted that media sources should properly enlighten the population in Turkmenistan on the

president's and government's policies and decisions. The criticisms also included news-making process in mass media. Particularly, it was noted that both TV and radio programs are of low quality and too repetitive. The president said that journalists lack basic skills such as conducting interviews, including expert opinions and doing research for TV reports and newspaper outlets.

Currently, Turkmenistan has three radio and four TV channels – Miras (heritage), Yashlyk (youth), Altyn Asyr (Golden Century) and Turkmenistan. However, the majority of population in the country opts for watching mostly Russian and western channels including BBC, CNN through the relatively cheap satellite dishes that are installed on almost every family's apartment roof. Those parts of the population living in border areas in eastern Turkmenistan watch Uzbek channels that are considered more or less entertaining.

Berdimukhammedov claimed that the national TV programs do not portray the real life conditions amongst the population, and hence the low figures watching them. In this regard, the president called for preparing well-trained journalists and experts who could meet the guidelines of the "new ideology" in Turkmenistan.

The move to criticize the mass media and calling for a significant change in news-making in the country came out rather unexpectedly, and there is still some doubt over what specifically the authorities expect from the media representatives. Principles of freedom of

speech and permitting any independent media sources were not mentioned during the session, however the president mutedly alluded to emulating western experience in mass media reporting. Under Niyazov's administration, a high level of state censure over media did not allow any alternative source of information in the country and all media sources were used as a mere source of state propaganda. If any mass media reform takes place as required by Berdimukhammedov, then it is expected to be a major positive step in the country's information policy.

It is noteworthy that President Berdimukhammedov has recently declared that organizations and institutions can from now on sign up for foreign media outlets in Turkmenistan. Berdimukhammedov has also allowed some additional access to information by opening up Internet cafes at reasonable prices in the major cities of Turkmenistan. However, whether the president's call for reform in the media will lead to significant changes in the near future remains to be seen, but the fact that he is willing to do so is already one step forward from the earlier dismal state of mass media in the country.

BAKIYEV REGIME SUPPRESSES YOUNG CIVIL SOCIETY ACTIVISTS

Erica Marat

Kyrgyzstan's civil society has been flourishing since the early 1990s. Today, it represents a diverse community of activists promoting democracy, human rights, and inter-ethnic peace in the country. At times, the ability to civil society groups to influence public opinion through workshops, publications, and mass demonstrations outmatch that of state institutions. Local NGO leaders learned to frame their agendas to make their messages accessible to a wider public.

Although most NGOs are still financed by foreign organizations and located in larger cities, their activity and diversity has been visibly growing. Some Kyrgyz experts asserted that the state was no longer capable of reacting to civil society's professionalism.

The trend of NGO professionals turning to politics began in early 2005, when dissatisfaction with former president Askar Akayev's leadership reached its peak. Several NGO leaders joined the opposition and helped to mobilize masses against Akayev's regime. Several months later, when the new regime

led by Kurmanbek Bakiyev turned out to be a great disappointment due to its endemic corruption and clientelism, NGO leaders helped political activists stage more protests. At that point, wealthy political leaders and businessmen began financing NGO groups in order to bring in changes in Bakiyev's government. There was, indeed, several populist NGO activists and organizations promoting nationalism or their personal viewpoints.

The mass protests organized in November 2006 by the For Reforms movement comprised opposition political leaders and NGO activists, and marked the culmination of civil society's ability to impact the state. Such leaders as Edil Baisalov from the NGO Coalition For Democracy and Civil Society, Raya Kadyrova from Tolerance International, Asia Sasykbayev from Interbilim Center, and a number of other activists facilitated the opposition's efforts to push through constitutional reforms to decrease presidential powers.

However, since then, President Bakiyev has worked to distance civil society from the political process.

As the political voices of professional NGO leaders became louder, and corruption was prospering in state institutions, Bakiyev's regime began to gradually suppress non-state actors. The government either intimidated NGO activists or offered them membership in the pro-regime Ak Zhol political party. Some non-state democracy activists received warnings from law enforcement agencies, while others were openly persecuted.

In December 2007, Baisalov was arrested for revealing a ballot paper on his personal blog and charged with two criminal allegations: "Impeding the implementation of voting rights and work procedures of the electoral commission" and "Causing material losses by fraud and abuse of trust". He was in the party list of the Social Democratic Party of Kyrgyzstan, which represents the moderate opposition. Baisalov fled Kyrgyzstan to avoid a trial.

Another young activist, Maxim Kuleshov, was arrested and beaten by the police for organizing a pro-democracy meeting in Bishkek without notifying the mayor. Kuleshov opposed Bakiyev's constitutional project, the constitutional referendum, and the December 2007 parliamentary elections. Both arrests intended to warn other young activists and revealed the regime's fear of young charismatic leaders.

In addition to curtailing opposition and non-state actors, the government is trying to impose

limitations to the parliament's functioning. According to new regulations, parliamentarians will be allowed to speak up only if they initiate a question, represent a parliamentary committee, or a fraction. This new regulation curbs the ability of a majority of parliamentarians to take an active part in parliamentary debates.

A number of independent mass media outlets might soon experience pressure from the government. Already today, only a few print media outlets are considered to be independent from the government's control. There are no independent TV channels with the only channel broadcasting in Kyrgyz language representing views of the regime.

The regime seems to fear any possibility of mass mobilization against it. As the next presidential elections of 2010 near, the regime appears on track to increasingly suppress civil society groups. However, shutting the voices of civil society is unlikely to succeed. To some extent, pro-democracy civil society groups represent an important economic sector in the country's larger cities, providing thousands of people with jobs.

The next elections will bring both opportunities and challenges to Kyrgyzstan's civil society. Bakiyev has surrounded himself with powerful politicians interested in the continuity of his regime. At the same time, the elections will constitute an opportunity for opposition and civil society to pressure the regime to hold fair elections.

NEWS DIGEST

GEORGIAN PROSECUTORS INDICT PATARKATSISHVILI FOR CONSPIRACY, TERRORISM

10 January

The Georgian Prosecutor General's Office has indicted businessman Arkady (Badri) Patarkatsishvili for a number of serious crimes, including conspiracy to overthrow the government, preparations for an attack on a political figure, and preparations for a terrorist attack, the Prosecutor General's Office told Interfax. As Patarkatsishvili is outside Georgia at the present time, a summons to the Prosecutor General's Office for questioning will be delivered to his family, it said. (Interfax)

KAZAKH MINISTER REPORTS ON FATAL MINE EXPLOSION

13 January

At a press conference in the town of Abai in Karaganda Oblast, Kazakh Emergency Situations Minister Vladimir Bozhko said on January 13 that the January 11 methane explosion at a local coal mine will result in the suspension of mining operations there "for many months." Bozhko added that the temporary closure of the mine will leave some 1,500 local residents without work, but explained that the mine is being filled with water while explosive methane is being removed. At least 30 miners died in the methane explosion and ensuing fire at the Abai coal mine. Murat Perzadaev, the director of Arcelor-Mittal Temirtau, which owns and operates the mine, announced on January 13 that the company will provide compensation to the families of the miners killed in the explosion and cover all funeral expenses. A similar explosion at another Mittal-owned coal mine in Kazakhstan killed some 41 people in 2006. President Nursultan Nazarbaev expressed his condolences on January 11 to the families of the

victims, and announced the creation of a special government commission to investigate the accident. (Interfax-Kazakhstan)

KYRGYZ OPPOSITION ASSESSES ELECTION AFTERMATH

14 January

At a January 14 session in Bishkek of the opposition movement For Justice!, former Foreign Minister Roza Otunbaeva characterized the December parliamentary elections in which the Ak Jol Eldik (Best Path Popular) Party of President Kurmanbek Bakiev won 71 of the 90 mandates as "a serious retreat from democracy" that served only to intensify the north-south divide within Kyrgyzstan. Oppositionist Cholpon Jakupova for her part concluded that all legitimate means of opposing the ruling authorities, including mass protests, have proven futile. Former Security Council Secretary Miroslav Niyazov compared the present political situation with a boxing ring in which the authorities and population are preparing for a fight. He denounced the new parliament as not legitimate and incapable of representing the interests of the population, and he urged voters to lobby for the decentralization of power. (24.kg)

DOZENS KILLED IN COAL-MINE EXPLOSION IN KAZAKHSTAN

14 January

At least 30 miners died on January 11 in a methane explosion and ensuing fire at the Abai coal mine in Karaganda Oblast, and 14 more were injured. Rescue operations were suspended on January 13 as water began seeping into the shaft where the explosion occurred. Prime Minister Karim Masimov expressed condolences to the families of those killed; he will head a government commission to

investigate the cause of the blast. Murat Perzadaev, director of Arcelor-Mittal Temirtau, which owns the mine, told journalists that eyewitnesses believe the blast was a natural disaster and not the result of negligence. (Kazakhstan Today)

GEORGIAN OPPOSITION, AUTHORITIES BEGIN TALKS

14 January

Acting President Burjanadze on January 14 invited the opposition to abandon street protests and move to the negotiating table, civil.ge reported. She said that the authorities are prepared to "respect" the opinion of the opposition, but that the latter should abandon its attempts at "destabilization," given that mass protests such as that by tens of thousands of people in Tbilisi the previous day are unlikely to change the election outcome. (Caucasus Press)

SAAKASHVILI'S GOALS: ERADICATION OF POVERTY AND GEORGIA'S UNITY.

14 January

President-elect Mikhail Saakashvili has indicated the main goals of his second term of office: eradication of poverty and unification of Georgia. "The Georgian people have given me a mandate to rid the country of poverty and to reunify Georgia by peaceful means. I am absolutely sure that we all together will be able to cope with those key tasks of my second and final term of presidency," he told reporters here on Monday, publicly commenting for the first time on the elections after the Georgian Central Electoral Commission had officially confirmed his victory. Saakashvili claimed that the January 5 elections were "the freest ever and the most competitive ones in the entire history of Georgia". "The electoral victory is not only my personal victory, but also a victory of the majority of the population, who had backed me, and also of the minority, who had cast their ballots for other candidates". "This is a victory of the parties that had backed me and also of the opposition because, I hope, marginal opposition will decrease as democracy develops in our country, the political dialogue will become broader and all the political groups will take more active part in the country's development," he stated. The Central Electoral Commission of Georgia published on Sunday the final figures of the elections, showing that Saakashvili had polled 53.47 per cent of the votes. Chairman of the Central Electoral Commission Levan Tarkhnishvili officially announced Saakashvili's victory on Sunday evening. In the

meantime, the National Council of the opposition (NC), which is a union of nine parties, as well as the majority of other opposition organisations, are refusing to recognise Saakashvili's victory and regard him as "an illegitimate president". They claim that the authorities and the Central Electoral Commission had "falsified the results of the voting" and that Saakashvili had polled no more than 40-41 per cent of the votes. Therefore, they are demanding a second round of voting. The NC leadership has announced that it would "continue the peaceful protest actions and would hold them also on January 20, the Saakashvili inauguration day. (Itar-Tass)

KAZAKH COURT SENTENCES FUGITIVE FORMER SON-IN-LAW OF PRESIDENT

15 January

A Kazakh district court in Almaty on January 15 sentenced Rakhmat Aliev, the former son-in-law of President Nursultan Nazarbaev, in absentia to a 20-year prison sentence on charges of kidnapping, corruption, and extortion. The court's presiding judge, Nurdilla Seitov, also ordered the seizure of all of Aliev's property and assets in Kazakhstan, and stripped him of all state awards and official titles, including his positions as major general in both the National Security Committee and the Financial Police. The trial of Aliev and some 20 co-defendants opened on November 20. Along with the corruption, money-laundering, and extortion charges, the defendants were convicted of forming an organized criminal group and abducting two employees of a leading Kazakh bank in an attempt to coerce them to turn over sizable property holdings. The 45-year-old Aliev, a former Kazakh ambassador to Austria, remains in self-imposed exile in Austria after an Austrian court rejected a Kazakh extradition request. (Interfax-Kazakhstan)

KAZAKHSTAN, AGIP REACH AGREEMENT ON KASHAGAN

15 January

Kazakhstan's KazMunaiGaz reached agreement late on January 13 with the Italian-led Agip international consortium formed to exploit the vast Kashagan oil field. Under that agreement, the various Western consortium members will cede some of their shares in the consortium to double KazMunaiGaz's stake to 16.81 percent. They will also pay between \$2.5 billion-\$4.5 billion in compensation for the delay in the start of operations, initially scheduled for 2008, until late 2010. (RFE/RL)

ARMENIAN PREMIER UNVEILS ELECTION PROGRAM

15 January

Serzh Sarkisian posted on January 14 on his campaign website his 10-page program for the February 19 presidential ballot, in which he is considered the frontrunner among nine candidates, RFE/RL's Armenian Service reported. promises to turn Armenia into a "strong democratic state" where all citizens are equal before law and live in an "atmosphere of mutual respect, love, and indulgence." The highly conceptual document contains no target figures, specific government policies or envisaged legislative measures, but it does set ambitious goals such as complete elimination of poverty and Armenia's transformation into a regional financial center. It further calls for a "meaningful and consistent fight against corruption" and a crackdown on widespread tax evasion. Sarkisian says formal settlement of the Nagorno-Karabakh conflict must uphold the Karabakh Armenians' "right to self-determination" and ensure that Armenia continues to have a "common border" with the disputed territory. At same time, he makes it clear that he would not make unilateral concessions on Karabakh and the Armenian genocide issue in order to satisfy Turkey's preconditions for normalizing Turkish-Armenian relations. The foreign-policy section of his manifesto is otherwise vague; it says only that Armenian foreign policy must become "more active" and ensure Armenia's "influential participation in international and especially regional processes."(RFE/RL)

INTERNATIONAL COMMUNITY ENDORSES FINAL GEORGIAN ELECTION RESULTS

15 January

The U.S. State Department and the head of the European Commission delegation in Tbilisi, Per Eklund, issued separate statements on January 14 commenting on the announcement the previous day by the Georgian Central Election Commission of the final vote tally for the January 5 preterm presidential ballot, according to which incumbent Mikheil Saakashvili polled over 53 percent of the vote. EU Special Envoy for the South Caucasus Peter Semneby called on all political forces to respect the outcome of the January 5 vote and embark on a dialogue, Caucasus Press reported on January 15. Noting "significant challenges," the State Department nonetheless endorsed the election

outcome; Eklund said the figures show there is "no need" to hold a second round of voting. U.S. Ambassador John Tefft similarly told journalists on January 14 after talks with parliament speaker and acting President Nino Burjanadze that no "mass violations" were registered during the voting and consequently a second round is not necessary. But former Foreign Minister Salome Zourabichvili, who backed the presidential bid of Saakashvili's closest challenger, businessman Levan Gachechiladze, told journalists in Tbilisi on January 14 that the nine-party opposition National Council has formally asked the CEC to conduct a recount because the data is "statistically very strange," RFE/RL's Georgian Service reported. She said if the recount demonstrates that Saakashvili's victory is genuine, the opposition will accept it. Meanwhile, the Georgian Young Lawyers' Association (GYLA) on January 14 accused the CEC of violating the law by rejecting outright all complaints the GYLA submitted about perceived violations of voting procedure, Prime News reported. (RFE/RL)

TURKMENISTAN, AZERBAIJAN AGREE ON MUTUAL SETTLEMENTS

17 January

Turkmenistan and Azerbaijan settled on Thursday a long-standing problem of mutual settlements and agreed to intensify partnership in the sphere of trade, energy, transport and communications, as well as environmental protection, the press service of the Turkmen government reported after the first session of the bilateral commission for economic cooperation. For the first time the two former Soviet republics "have found on the basis of mutual concessions and compromises a mutually acceptable solution to a thorny problem of the settlement of the Azerbaijani Republic' debt to Turkmenistan for supplies of Turkmen natural gas in 1993-1995 as well as inter-bank settlements over the period of 1992-1993," the press service said. The two neighbouring states "have removed a long-standing problem, which impeded progress in their relations," the press service stressed without giving the sum of the debts. Relations between the two states under the former president of Turkmenistan, Saparmurat Niyazov, were controversial. There were no mutual trips by leaders of the two countries for about a decade, and the Embassy of Turkmenistan was closed in Baku. Tensions were to a great extent fuelled by an unsettled dispute on the belonging of the oil field Kapaz-Serdar, situated between the Azerbaijani and Turkmen sectors of the Caspian

Sea, as well as by the problem of mutual settlements. A dialogue of the presidents almost froze in 1999. It was resumed only after the change of power in Turkmenistan, which the prime minister and the foreign minister of Azerbaijan visited last year. The two countries are now discussing mutual trips by the heads of state. (Itar-Tass)

RUSSIA TAKES OVER MANAGEMENT OF ARMENIAN RAIL NETWORK

17 January

Russian Railways (RZhD) head Vladimir Yakunin and Armenian Transport and Communications Minister Andranik Manukian signed an agreement in Yerevan on January 16 under which RZhD acquired the rights to manage the Armenian national rail network for a 30-year period, RFE/RL's Armenian Service reported. In addition to an immediate \$5.5 million payment to the Armenian government, RZhD will invest a minimum of \$570 million into the obsolete Armenian rail network, \$220 million of it over the next five years, and pay Armenia 2 percent of its annual revenues. Manukian explained that the deal is the only way to save Armenia's rail network from total collapse. Yakunin for his part said RZhD will not raise cargo tariffs, but will seek to increase cargo turnover. (RFE/RL)

RUSSIAN HUMAN RIGHTS GROUP TO PROBE CHECHNYA TORTURE ALLEGATIONS

17 January

Oleg Orlov, who heads the Moscow-based human rights group Memorial, told journalists in Moscow on January 15 that his organization has no information that would confirm recent claims of the use of torture in the Chernokozovo prison in Chechnya, and has itself received no complaints of such abuse, but will investigate the situation there. International Committee for Problems of the North Caucasus head Ruslan Kutayev said last week he has received a letter signed by 124 Chernokozovo inmates complaining of beatings, torture, and ill-treatment, but an aide to pro-Moscow Chechen Republic human rights ombudsman Nurdi Nukhadjiyev said that several of Nukhadjiyev's staff visited Chernokozovo and talked to prisoners, none of whom complained about conditions. Orlov added that Chechens serving prison terms elsewhere in the Russian Federation frequently turn to Memorial with complaints of appalling ill-treatment

and request the organization's assistance in securing their transfer to prisons in Chechnya. (RFE/RL)

TAJIKISTAN INAUGURATES NEW RUSSIAN-BUILT POWER PLANT

20 January

In a ceremony in the Tajik city of Sangtuda, President Emomali Rahmon on January 20 presided over the opening of the first unit of the new Russian-built Sangtuda-1 hydroelectric power plant. The ceremony was attended by Russian Deputy Prime Minister Sergei Naryshkin and the head of Russia's Unified Energy Systems, Anatoly Chubais. The Sangtuda-1 plant was hailed as a first step in alleviating Tajikistan's mounting energy crisis, but the facility's daily production capacity of just 2.4 million kilowatt-hours of electricity is not enough to make any immediate impact, as the capital Dushanbe alone already consumes a minimum of 10 million kilowatt-hours a day. Once the additional three units of the Sangtuda-1 plant, located 200 kilometers to the south of Dushanbe, are operational in late 2008, Tajikistan plans to both meet its rising domestic demand for energy and to export it to neighboring countries, including Afghanistan. (Asia-Plus)

KAZAKHSTAN BANK ASSETS GROW 32 PERCENT IN 2007

21 January

Kazakh banks' aggregate asset growth slowed to 31.7 percent in 2007 from almost 100 percent in 2006 due to the global liquidity squeeze, the country's financial regulator said on Monday. The global credit crunch hit Kazakh banks hard, following years of aggressive borrowing by local banks, and caused concerns about their asset quality and ability to repay debt. Data published by the Financial Supervision Agency showed Kazakh banks' assets reached \$97 billion as of Jan.1 2008. Their outstanding foreign debt remained flat in the second half of 2007 at about \$45.5 billion or 48.8 percent of Kazakhstan's total external debt. "The volume of foreign liabilities to be repaid in 2008 is estimated at \$12 billion," the regulator said in a statement published on its Web site www.afn.kz. "Aggregate liquid assets of the banking system stood at \$13 billion as of Dec.1 2007 which shows the solvency of the system," it said. The regulator also said it planned to tighten limits on banks' foreign borrowing starting from July 2009. The new rules will cut the limit on each bank's foreign debt to four times its regulatory capital from five. (Reuters)

UZBEKS SUFFER SEVERE GAS SHORTAGE

21 January

There are severe shortages of gas and heating in parts of Uzbekistan, as the region experiences some of the coldest winter weather in years, reports say. The state-controlled gas supply has not been meeting demand in many areas - including the second city, Samarkand. Central heating in many apartment buildings - which is also controlled by the state - has been turned down. Much of Central Asia has been experiencing gas shortages as the cold weather has increased consumption. Uzbek fire officials have been warning of the dangers of using electric hotplates for domestic heating, as they say it is a common cause of household fires. For some weeks, nightly temperatures have dropped regularly to below -20C. Samarkand and regions including Jizzakh, Kashkadarya and Surkhandarya have been particularly badly hit. (BBC)

UZBEK PASTOR JAILED AND DESERTED BUT STILL FAITHFUL

21 January

A Christian pastor in Uzbekistan has been describing how he was arrested and jailed for eight years just for conducting Bible studies and having Christian books in his home - freedoms most people take for granted. The police have come for him three times, his congregation has deserted him, his youngest daughter almost starved to death, yet still Pastor Salavat Serikbayev remains faithful to the Lord, reports Christian persecution watchdog Release International. Pastor Serikbayev leads an unregistered Pentecostal church in the autonomous region of Karakalpakstan. He tells his story on video in the latest edition of World Update on the Persecuted Church, the award-winning webcast from Release International. Under Karakalpakstan's repressive religious policy only Muslim communities and a single Russian Orthodox parish are allowed to operate. All other religious activity is illegal. Pastor Serikbayev, a former Muslim, was jailed in 1999 for conducting Bible studies, performing baptisms and having dozens of Bibles and Christian books in his home. But jail and several other brushes with the law have not stopped him from serving Jesus. "I had a family including two children at that time," he says. "Still I was happy to suffer for Christ; this was something I could do for Jesus." Undeterred he continued to lead a church. Then in February 2006, he was arrested again for his religious activities in Karakalpakstan.

He was sentenced to two years of correctional labour, reduced to one year, and was made to cultivate plants in the desert. He was in trouble again the following year when the police raided his church. Says Pastor Serikbayev: "I was at a monthly pastor's meeting at this apartment. After half an hour, 15 of 16 policemen raided the meeting and said, why are you here? Many had no passports, so everyone was arrested and taken to the police station. "I was charged with illegally teaching in an illegal meeting," he told Release International's partners, The Voice of the Martyrs, Canada. Pastor Serikbayev's wife Aitgul was confined to her home by authorities after her husband's arrest. (christiantoday.com)

TAJIK PRESIDENT, U.S. COMMANDER DISCUSS AFGHANISTAN

22 January

The United States is grateful to Tajikistan for supporting coalition troops in Afghanistan and hopes for further fruitful cooperation, Commander of the U.S. Central Command William J. Fallon told journalists after meeting with the country's president Emomali Rakhmon. I have expressed our gratefulness to the president and the people of Tajikistan for supporting the U.S. in its efforts in Afghanistan, Fallon said. The French Air Force contingent, which is part of the anti-terrorist coalition, has been deployed at the air base in Dushanbe, Tajikistan, since 2001. We discussed issues concerning the improvement of security at the border with Afghanistan, the Commander said. Tajikistan has agreed to train several Afghan citizens at the cadet officer school in Dushanbe, he said. I believe this training course for young Afghan servicemen, starting this month, is a very good initiative that will help the Afghan people improve security in their country, Fallon said. The U.S. is the main donor of humanitarian aid to Tajikistan. In 2007, it provided 63.6% of all the humanitarian assistance received by Tajikistan. Total amount of aid received by the country in 2007 is \$56.9 million. (Interfax)

GERMAN JOURNALIST INJURED IN ATTACK IN KAZAKHSTAN

22 January

A German journalist, Marcus Bensmann, 38, has been seriously injured in an attack in the Kazakhstan capital Astana, his relations said Tuesday as he was being flown to Germany for

treatment. Bensmann is based in Central Asia and reports on conflicts in the former Soviet republics. He was one of the few journalists to witness the May 2005 massacre of hundreds of demonstrators in Andijan, Uzbekistan by police and soldiers. Kazakh media said Tuesday that the attackers, who got away, beat him up, robbed him and dumped him lifeless next to a highway with the temperature 35 degrees below zero Celsius on Saturday or Sunday. German public broadcaster WDR in Cologne said he suffered fractures, head injuries and exposure. The Moscow-based news agency said Kazakh police believed he was the victim of a common mugging and was not attacked because of his profession, but central Asian news agencies suggested the Uzbek secret service may have wanted to settle scores with him. (earthtime.org)

IRAN READY TO PIPE GAS TO THE EU

23 January

Foreign Minister Manuchehr Mottaki has announced that Iran is ready to supply gas for a major European Union pipeline scheme, but added that it is up to the bloc to decide whether it wanted it or not, Reuters reported. "What happens in Europe and what choice Europe will make depends only on Europe," Mottaki told a news conference in Bulgaria on Tuesday. "As far as we know, the European Union emphasizes the need to diversify gas supplies... One of the areas where Iran can have energy cooperation with Europe is Nabucco," Mottaki said. The shareholders in the 5-billion-euro Nabucco, which aims to bring Caspian and Middle Eastern gas to Europe, have so far secured supplies from Azerbaijan. Nabucco is the key to EU efforts to diversify gas supplies away from Russia after a political dispute between Moscow and Kiev cut exports in 2006. Russia supplies a quarter of the EU's gas. Majlis Speaker Gholam-Ali Haddad-Adel has also said Iran is interested in supplying gas to the European Union. In a meeting with Bulgarian Parliament Foreign Policy Committee Chairman Solomon Pasi in Tehran on Tuesday, Haddad-Adel said, "Iran is determined to implement the project of transferring gas to Europe." (Mehr News Agency)

RUSSIA NOT TO URGE INDEPENDENCE OF ABKHAZIA, SOUTH OSSETIA - LAVROV

23 January

Russia has never said that it would demand the independence of Abkhazia and South Ossetia after the recognition of the independence of Serbia's province of Kosovo, Russian Foreign Minister Sergei Lavrov said on Wednesday. If Kosovo's independence is recognized, "it will set precedent for about 200 areas in different states of the world," he added. "If somebody allows anything to anybody, very many will count on the same attitude towards them," Lavrov said. He called "absolutely false the opinion that is taking root in some minds that Russia is firmly opposed to Kosovo's independence and is waiting to begin to recognizing all around it after the granting of it". (Itar-Tass)

ABKHAZIA SAYS OPENED FIRE ON GEORGIAN SHIPS, GEORGIA DENIES

23 January

Abkhazia opened fire on two Georgian naval vessels that entered the unrecognized republic's territorial waters, the spokesman for Abkhazia's president said Wednesday, but Georgia denied the incident. Kristian Bzhanian said the ships were detected 4 miles from the Gagida settlement in the Gali District. "In line with orders received, Abkhazia's coastal services opened fire on the vessels after which the Georgian ships left Abkhazia's territorial waters," he said. Georgia's Navy mainly consists of patrol vessels and landing craft. Georgia's border police denied the incident. "The information from Abkhazia that Georgian naval vessels were near the unrecognized Abkhazian coast is untrue," spokeswoman Lela Mchedlidze said. Abkhazia declared independence from Georgia following a bloody conflict that left hundreds dead in 1991-1992, and the CIS peacekeeping forces entered the conflict area in June 1994 under a ceasefire agreement signed in Moscow on May 14, 1994. More than 100 Russian peacekeepers have been killed in the conflict zone since the ceasefire entered force. There have been frequent and mutual accusations of ceasefire violations from both Abkhazia and Georgia. Peace talks broke off when Tbilisi sent troops into Kodori Gorge in July last year and established an alternative Abkhaz administration there. (RIA Novosti)