

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

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ANALYTICAL ARTICLES:

**UZBEKISTAN AND RUSSIA: ALLIANCE
AGAINST A MYTHIC THREAT?**
Farkhad Tolipov

**ARMENIA'S REFERENDUM: WHAT IM-
PACT ON PRESIDENTIAL ELECTIONS?**
Grigor Hakobyan

**THE GREAT GAME GOES TO SEA: NAVAL
RIVALRIES IN THE CASPIAN**
Stephen Blank

**POST-ELECTION KAZAKHSTAN: TOWARD
A DEMOCRATIC BREAKTHROUGH?**
S. Frederick Starr

FIELD REPORTS:

**KAZAKH – CHINESE PIPELINE: A BOND OF
STRATEGIC PARTNERSHIP OR SOURCE OF
TENSIONS?**
Marat Yermukanov

**KYRGYZSTAN: MEDIA AND BUSINESS DIS-
PUTES CONTINUING**
Zoya Pylenko

**THE KULMA–KAROKURUM ROAD: A NEW
LINK BETWEEN CHINA AND CENTRAL ASIA**
Bakhtiyor Naimov

**NEW ZEALAND PROJECT TO DOUBLE
POOREST VILLAGE COMMUNITIES' INCOME**
Aziz Soltobaev

NEWS DIGEST



Central Asia- Caucasus Institute
Silk Road Studies Program

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Contents

Analytical Articles

- UZBEKISTAN AND RUSSIA: ALLIANCE AGAINST A MYTHIC THREAT?** 3
Farkhad Tolipov
- ARMENIA'S REFERENDUM: WHAT IMPACT ON PRESIDENTIAL ELECTIONS?** 5
Grigor Hakobyan
- THE GREAT GAME GOES TO SEA: NAVAL RIVALRIES IN THE CASPIAN** 8
Stephen Blank
- POST-ELECTION KAZAKHSTAN: TOWARD A DEMOCRATIC BREAKTHROUGH?** 11
S. Frederick Starr

Field Reports

- KAZAKH – CHINESE PIPELINE: A BOND OF STRATEGIC PARTNERSHIP
OR SOURCE OF TENSIONS?** 14
Marat Yermukanov
- KYRGYZSTAN: MEDIA AND BUSINESS DISPUTES CONTINUING** 15
Zoya Pylenko
- THE KULMA–KAROKURUM ROAD: A NEW LINK BETWEEN
CHINA AND CENTRAL ASIA** 17
Bakhtiyor Naimov
- NEW ZEALAND PROJECT TO DOUBLE POOREST VILLAGE COMMUNITIES' INCOME** 18
Aziz Soltobaev

- News Digest** 20

THE CENTRAL ASIA-CAUCASUS ANALYST

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The Central Asia-Caucasus Analyst is an English language global Web journal devoted to analysis of the current issues facing the Central Asia-Caucasus region. It serves to link the business, governmental, journalistic and scholarly communities and is the global voice of the Central Asia-Caucasus Institute, The Johns Hopkins University-The Nitze School of Advanced International Studies. 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.

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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 NGO. 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, 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

UZBEKISTAN AND RUSSIA: ALLIANCE AGAINST A MYTHIC THREAT?

Farkhod Tolipov

On 14 November 2006 in Moscow, Presidents Islam Karimov of Uzbekistan and Vladimir Putin of Russia signed an Alliance Treaty. The rapid passage from the Treaty on Strategic Partnership signed in Tashkent by these two states in June 2005 to the Alliance Treaty, however, symbolizes not so much a new level of bilateral relationships but rather a new “defensive” measure taken by Uzbekistan against the background of a perceived growing western “offensive” on this state.

BACKGROUND: Uzbekistan’s falling into Russia’s embrace was preceded by a chain of events that, on the one hand, have led to Uzbekistan’s recent isolation from the West, and, on the other hand, reinforced the geopolitical competition of great powers over Central Asia. The main reason behind the Karimov-initiated Uzbek-Russian alliance was undoubtedly the freezing of Uzbekistan’s relationship with the West in general and America in particular in the aftermath of the May 2005 Andijan events. The Uzbek President met western demands on an international investigation of what was called “indiscriminate use of force against an unarmed population” in Andijan painfully and angrily. Having appealed to the principle of sovereignty, and insisting that this problem was an internal Uzbek affair, he overlooked Uzbekistan’s international obligations and rejected any possibility of an international investigation.

Karimov did not make a secret of the anti-Western character of the Alliance. In his traditional pre-travel interview at Tashkent’s airport before getting on the flight to Moscow, he emphasized that Uzbekistan had to rely on a strong power like Russia in the face of the western offensive on Uzbekistan. In fact, Karimov made it clear that the West threatens his country. But is this really the case, or is there a serious confusion of terms that describe the mode of cooperation?

A strategic partnership is normally defined as a special type of cooperation between states, a type characterized by the following features. First, the strategic partners have reached a very high level of mutual trust and confidence; second, cooperation between them is intended for a long-term perspective; third, intensive

cooperation takes place not just in one but in many spheres with special emphasis on national security interests; fourth, the sides have common or very close interests in international politics and can correlate their positions on key international issues; fifth, such a partnership inevitably has long-term geopolitical implications on the regional and international levels. Prominent examples are the United States’ relations with Great Britain, Turkey, and Japan. In Russian, the term alliance is used in two senses. Alliance as an association (*soyuznicheskiye otnosheniya*) is a type of cooperation arising in reaction to a common enemy or a threat to vital interests. It is a loose association, or coalition-like relation between states, with examples including the anti-Hitler coalition or the anti-terrorist coalition.

An alliance as a block (*voenno-politicheskiy blok*) or union, on the other hand, is an institutionalized form of cooperation of states in the politico-military sphere and primarily an integrative relation, with examples including NATO, the former Warsaw Pact, the EU, or the CIS. It is more characteristic to the regional collective security systems.

Which one of these three do Uzbek-Russian relations fit in? From a strategic point of view, the purpose of the Alliance Treaty is dubious. There is no enemy and no threat to make such an alliance so urgent or expedient. It would have been more relevant, for example, at moments of severe threats from Afghanistan during the period from 1996 to 2001. But Afghanistan is no longer a threat, since, according to Tashkent’s official position, the anti-terrorist military campaign in that country is successful and there is no

need to keep a U.S. military base in Uzbekistan. Even the challenge of the so-called color revolution like that in Georgia, Ukraine or Kyrgyzstan does not yet pose a threat to the vital interests of the country, although it could pose a potential threat to the existing political regime. The recent color revolutions in Georgia, Ukraine, and Kyrgyzstan, even if one agrees that they were inspired by the US, did not constitute a threat to vital interests of the respective states, nor were they an aggression by an enemy on their territory. There was no reason for the leaders of these countries, for the purposes of national security, to devise an alliance with Russia. On the other hand, traditional Russian friends in Central Asia including Kyrgyzstan, Kazakhstan, and Tajikistan did not go so far as to proclaim an alliance with Russia, although they appear to be de facto permanent Russian allies.

IMPLICATIONS: Who is the enemy? Allies have to consider the same enemies and the same threats. But it is obvious, for the time being, that what is an enemy for Uzbekistan is not an enemy for Russia. Whereas Russia tries to maintain strategic relations with the U.S., Uzbekistan no longer seems to do so. By and large, the Russian-Uzbek Alliance Treaty, as compared to the previous treaty on Strategic Partnership, in fact seems to have been written for the sake of one new article only. This new article stipulates that aggression by any state or a group of states against one of the sides will be considered an aggression against both. All other principle provisions already existed in the Strategic partnership Treaty including the following: first, if a situation emerges that could negatively affect mutual security interests or the security interests of one party, a mechanism of consultations could be launched for adjusting positions and coordinating practical measures to manage the situation; second, if the situation so dictates, the parties can provide military installations located on their own territory to each other. Given the absence of a real common enemy or common threats to vital interests of the two parties, and the fact that Uzbekistan has so far pursued a policy of declining to take part in military blocs, the Alliance Treaty fits in none of the abovementioned modes of alliance-like cooperation. Strategic partnership has been the most appropriate mode. It provided enough legal and political ground for long-term close cooperation in all spheres and already opened the way for everything that

today - after the Alliance Treaty - became a matter of euphoria and glory in Uzbekistan.

Meanwhile, the mass media in Uzbekistan immediately started a propaganda campaign expressing admiration for what was very recently the object of criticism and disappointment, that is Russia and its policy in Central Asia. On the official level and in the mass media of Uzbekistan, the United States - which is being referred to as "some foreign forces" - is blamed for a hegemonic attitude with respect to Uzbekistan and a reluctance to provide real economic assistance. Surprisingly, however, they consciously or unconsciously overlook the fact that for over seventy years "other foreign forces", not the United States, had been the real hegemonic power in Central Asia. At independence, those "forces" left this region in a state of raw material suppliers to the Center.

It is also worth mention that while the Uzbek-American Declaration on Strategic Partnership signed in March 2002 mentions such terms as democratic values, institutions or democratization 11 times, the Uzbek-Russian Treaty says not one word on democracy as such.

CONCLUSIONS: From all the aforementioned, it can be assumed that Uzbekistan's seeming defensive action against the alleged Western offensive is aimed not at the protection of the country but solely at the protection of the regime.

The positive changes in the overall relationships between Uzbekistan and Russia were too swift and too controversial to be real. In fact, there should be nothing new in this relationship except a demonstration or show-case effect. Better relations between Uzbekistan with Russia are needed and can be effective. But this should not be done at the expense of relations with the West and the obligations fixed in the Uzbekistan-U.S. Declaration on Strategic Partnership. In fact, the questions arises whether Karimov voided all, albeit modest, assets of fifteen years of independence for the sake of a Russian security umbrella against a mythic American threat.

AUTHOR'S BIO: Farkhod Tolipov, PhD in Political Science, independent researcher, Tashkent, Uzbekistan.

ARMENIA'S REFERENDUM: WHAT IMPACT ON PRESIDENTIAL ELECTIONS?

Grigor Hakobyan

On November 27, many Armenians voted in a referendum on proposed constitutional amendments, and according to official reports showed overwhelming support for constitutional reforms in the country. The passage of the constitutional amendments in Armenia is going to impact the upcoming presidential elections in 2008, while the profile of the Armenian Diaspora and their role in the formulation and implementation of the country's domestic and foreign policies may have serious regional consequences.

BACKGROUND: According to official results published by the Armenian government and currently disputed by the country's political opposition, 93.3 percent of 1.5 million voters expressed their support for the proposed constitutional amendments on November 27. As such, the new constitutional amendments entered into force on December 7, 2005. Meanwhile the Prosecutor-General's office set up a special commission to investigate the reported voting irregularities.

The many constitutional amendments have diluted the power of the president, strengthened the parliament, speeded up the formation of an independent judiciary, made the position of Yerevan city mayor elected, established a system of checks and balances in the government and, among other changes, also allowed for the institution of dual citizenship. These new realities will affect the formulation of Armenia's domestic and foreign policies.

An important economic and political factor that has been enhanced in the country and subsequently will affect the region is the increased role of the Armenian Diaspora provided by the new Armenian constitution. As citizens of Armenia, Diasporan Armenians will gain the right to vote, the right to buy and own land, enjoy legal protections of private property laws, and the ability to run for political

office in case they have successfully established that they have resided in Armenia for at least ten years. The only law that may hinder a Diasporan Armenian from enjoying those rights and most likely to be amended in the near future upon the successful conclusion of military reforms currently underway in Armenia, is the law which requires every male Armenian citizen to serve in the Armenian military.

IMPLICATIONS: It would be foolish to assume that all Diasporan Armenians will start applying for citizenship in the Fatherland. However, those who are most likely to line up at the doors of Armenian consulates and embassies around the world will be the Armenians who left Armenia in the last 15 years and subsequently adopted the citizenship of their host countries, as most of them still have members of their families, relatives and friends residing in Armenia and continue to maintain plots of land and property in their native land. Their number range from 700,000 to nearly a million people. Most are currently residing in Russia, the United States, and Europe.

The second category of Diasporan Armenians who are most likely to express an interest in adopting Armenian citizenship are likely to be from neighboring countries, specifically from Georgia, Turkey, Iran, Iraq, Syria, Lebanon and a number of other Middle Eastern states. Their motivation to

get Armenian citizenship will be the better living standards enjoyed in Armenia as compared to those available in their host countries, together with a familiar business environment, where bribery, corruption and the importance of having influential patrons in the local or state government could easily determine how successful their business are. Existing family ties with extended family members currently residing or studying in Armenia could be another motivation to do so.

The third category of Diasporan Armenians likely to apply for Armenian citizenship will be the Armenians currently residing in the United States, Canada and Europe for a long time. Many of these maintain active participation in their local communities and continuous ties with their Fatherland. Hundreds of them are engaged in charity work or have already established their businesses in Armenia. Others take active part in fundraisings, fellowships and volunteer work associated with rebuilding Mountainous Karabakh or getting their graduate education in Armenia.

The increasing business participation of Armenian Diasporans from the west who are used to do business in more transparent and less corrupt environments without any political patronage may have significant results upon the struggle against corruption in Armenia. They may also accelerate a notch the developing market economy in the country, where the laws of supply and demand would reign supreme, at the expense of reduced government involvement in the country's economy. The adoption of Armenian citizenship by tens of thousands of Armenian Diasporans around the world, often with conflicting cultural backgrounds due to the influences of their upbringing in their host countries and contrary political views about democracy, electoral process and the role of government in the lives of its citizens, and the extent of acceptable government involvement in the economic performance of the state, could significantly affect the outcome of political campaigns in Armenia, especially that of presidential elections in 2008.

Up to now, the current government in Armenia was somewhat successful in maintaining a balance in its foreign policy by subscribing to a self-proclaimed policy of geopolitical complementarity. Balancing between the often clashing interests of Russia and the West in the region, Armenia has to a great extent managed to assuage Russian fears of losing the region, avoided to provoke the ire of the United States, and developed the vital business dealings with Iran. Armenia has also managed to maintain a non-hostile policy toward Turkey and publicly supported Turkey's membership in the EU. The government also managed to implement a controversial deployment of Armenian peace-keeping troops in Iraq, despite opposition at home and by Iraqi Armenians.

However, the forthcoming increase of Armenian electorate at the expense of additional voters from Diaspora may change the political playing field in Armenia and significantly alter Armenia's foreign policies in the region. Specifically, the anti-Turkish feelings of most of the Diaspora will most likely affect Armenia's support for Turkish membership in the EU and furthermore bring up arguments of legal charges against the government of Turkey, requesting financial compensations and return of territories that these groups claim were illegally seized during the Armenian Genocide.

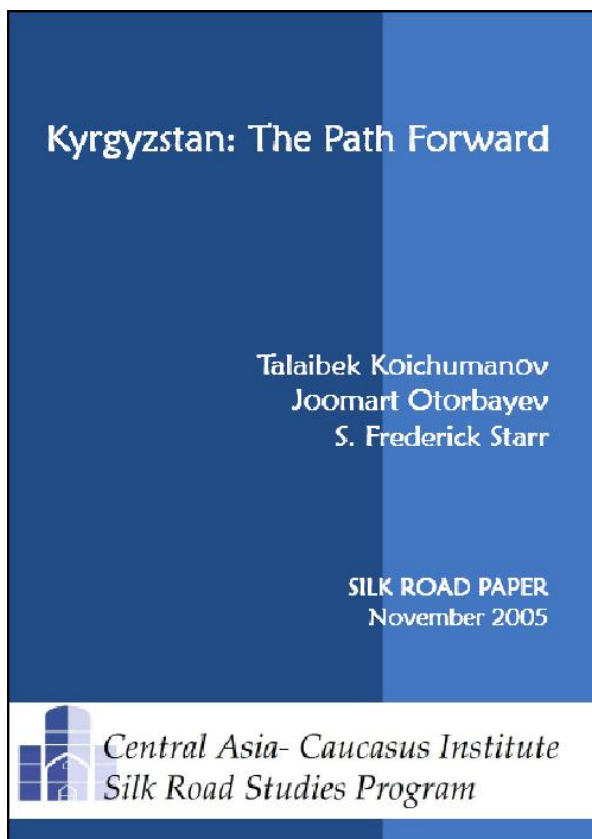
Moreover, Armenian citizens voting from the Diaspora, who are residing in Russia, CIS or the Middle East are more likely to support a pro-Russian candidate in the upcoming 2008 presidential elections in Armenia, while those residing in the United States, Canada and Europe are more likely to vote for a pro-western candidate. The amounts of funds that may begin to pour in from the Diaspora, in support of one or another candidate, may directly affect the outcome of the presidential elections and subsequently determine the foreign policy orientation that a new president would follow.

CONCLUSIONS: The practice of dual citizenship will attract more Diasporan Armenians back to Armenia and encourage them to invest more in their native country. As such the GDP of Armenia is expected to rise increasingly as more Diasporan

Armenians take comfort that their investments and the inviolability of their property will be constitutionally secured and upheld in court. But the adoption of dual citizenship has a great potential to affect the political situation in the country and influence the formulations and implementations of domestic and foreign policies by the government. The political and economic strength of the Armenian Diaspora will become more decisive in the Armenia's foreign policy orientation, and has a potential to undermine the policy of geopolitical complementarity currently pursued by Yerevan.

The 2008 Presidential elections could also bring forth clashes of interests between the regional and great powers of the east and west, who will most definitely clamor to see an Armenian president who is most fitting to their national interests in the region. Armenia as part of the CIS or some greater body under Russian tutelage, or Armenia as part of NATO and an integral part of the Euro-Atlantic community, are both possible future scenarios.

AUTHOR'S BIO: Grigor Hakobyan is a freelance writer based in the United States.



New Silk Road Paper!

Kyrgyzstan: The Path Forward

by Talaibek Koichumanov,
Joomart Otorbayev,
and S. Frederick Starr

Kyrgyzstan's "Tulip Revolution" remains an enigma. It has indeed brought change, but by no means are all of the transformations positive. For all the rhetoric of revolution, the continuities from the former order are scarcely less striking.

In this paper, two former high-level officials of Kyrgyzstan and a well-known western expert analyze the way forward for the country. The paper strongly argues for a refocusing of attention to reforming public administration as the key to building Kyrgyzstan's future.

THE GREAT GAME GOES TO SEA: NAVAL RIVALRIES IN THE CASPIAN

Stephen Blank

Among Russia's intensified endeavors to consolidate its hegemonic position in the CIS, one that has received scant attention in the West, is Russia's attempt since April 2005 to establish an international naval task force or operations group called CASFOR in the Caspian. CASFOR would allegedly defend against terrorism, arms and drug trafficking, and supposedly modeled after BSEC's Blackseafor. But it is planned as a conventional naval force inappropriate to such missions, generating suspicion that its intention is to subsume naval forces of riparian states within a Russian command structure and prevent them from obtaining Western support for developing their own defense capabilities, making the proposed CASFOR an intended instrument of Russian hegemony in Central Asia.

BACKGROUND: The Caspian Sea is a hotly contested, albeit enclosed sea. In 2001, Iran threatened Azerbaijani oil platforms and has since then often lambasted Kazakhstan's energy platforms. Russia has retaliated since then by holding extensive maneuvers and by building up its Caspian Flotilla. Russia has also seen fit to emphasize Azerbaijan's economic vulnerability by stalling resolution of the question of letting Azerbaijani ships pass through the Volga-Don canal that connects the Caspian to the world's waterways. Meanwhile Russia, Azerbaijan and Kazakhstan have also concluded agreements on the disposition of the waters of the Caspian Sea. But Iran has refused to accept those agreements and Turkmenistan has hesitated to accept them, fearing that agreement would place it within a Russian-led security framework that contradicts its self-proclaimed neutrality.

Recognizing these threats, Kazakhstan has acted to build up its own navy despite Russian opposition. Turkmenistan too may be trying to enhance its military capabilities by purchasing arms from Ukraine in return for energy shipments. Turkey and possibly Israel are selling Azerbaijan weapons and helping train its military personnel although it remains unclear if naval weapons are involved in these transactions. Finally America has allocated about \$100 Million to Azerbaijan and Kazakhstan through Operation Caspian Guard to help them

enhance their capabilities for monitoring and surveillance in the Caspian Sea, to defend their energy platforms and conduct counter-proliferation activities although no bases or American forces will be involved other than to help train local forces. These plans also include upgrading the littoral states' radars and overall naval surveillance capabilities. But since then, the Russian media has reacted hysterically, as if the U.S. military was coming to occupy those waters even though no U.S. forces other than trainers have been deployed.

All these manifestations of foreign interests and regional independence in defense and security affairs alarm Moscow. Russia clearly intends to be the sole power capable of providing security in and around the Caspian shores except its southern Iranian one. Indeed it demands a veto power over other CIS members' defense ties to the West. Russian Defense Minister, Sergei Ivanov stated (wrongly, since not all are members) that "The countries of the region are members of the Collective Security Treaty Organization (CSTO). And [if the countries of the region are] making a decision about hosting new bases on their territory, they should take into account the interests of Russia and coordinate this decision with our country." Similarly, Foreign Minister Sergei Lavrov threatened supposedly 'disloyal' governments in the CIS with the use of "every conceivable economic pressure tactics".

IMPLICATIONS: Russia fully intends to dominate the Caspian by virtue of its buildup and qualitative modernization of its Caspian Flotilla, and its accompanying naval infrastructure, the only fleet to actually increase since 1991. And as the Chechen war now engulfs the entire North Caucasus, Putin and Ivanov have announced plans to increase both the number and quality of Russia's naval and land forces in the Caspian area. Thus they also have upgraded the number and scope of Russian and multilateral exercises among littoral states in the Caspian.

From August 16-18, 2005 Russian, Belarussian KGB, Kazakhstani, and Ukrainian forces conducted anti-terrorist exercises in and around the Kazakh city of Aktau and the Caspian coast. The exercises' formal purpose was to demonstrate the capabilities of the CIS' Counter-Terrorism Center working in tandem with Kazakhstan's National Security Committee and Emergencies Ministry. In the exercise scenario, terrorists would seize an administrative building at an international seaport and an oil tanker with its crew, and demand an end to the negotiations among the littoral states about the division of the Caspian Sea, signifying those talks' importance to Moscow. After the exercises, Nikolai Patrushev, head of Russia's FSB, singled out the Kazakh organizations for special praise and professed great satisfaction with the exercise.

But obviously the purposes behind them far transcended the importance of coordinating CIS anti-terrorist activities. Enhancing those capabilities is an important part of the participants' interests, especially as Kazakhstan claims to have evidence of terrorist threats against its energy platforms and pipelines. So this is clearly an effort to maintain and improve their capabilities as well as part of Russia's overall program of greatly intensified exercises, often in cooperation with other countries' militaries, especially in Central Asia and generally under the auspices of an anti-terrorist rubric.

Second, the perception of threats, even where they do not exist, from foreign presence and domestic terrorists, has led the Russian government not only

to attempt to dominate the Caspian as the sole major power there but also to forestall the development of independent Azerbaijani, Kazakhstani, or Turkmenistani capabilities or of U.S. military presence there. Third, Russia wants to enhance its CIS organization, the CSTO, so that the Shanghai Cooperation Organization, which it regards as largely a Chinese initiative, does not have the sole prerogative of helping Central Asian states to defend themselves.

Therefore, taken in the context of Russia's local military and naval buildup, the exercises of August 2005 must be seen as part of a policy aiming to minimize the development of independent Central Asian defense structures, exclude foreign military forces from the area, improve and enhance Russia's capacity for conducting anti-terrorist and other missions with local forces, and justify its claim to be the sole regional security manager. While undoubtedly Central Asia faces terrorist threats, a full understanding of these exercises shows that the militarization of the entire Central Asian area continues apace and that the so called new Great Game now has a significant naval or maritime dimension to go with the rivalry over energy access and access to local air bases.

Russia has also moved strongly to include the other littoral states. Moscow has advocated that Iran join this organization and Tehran has apparently assented to this invitation. Iran's fears about the proximity of U.S. military forces are no less intense and this may explain its support for the proposal. Lavrov duly indicated that CASFOR would be used to prevent proliferation of sensitive materials usable in nuclear weapons. Given continuous Russian proliferation to Iran, this somewhat absurd statement gives the game away. Lavrov also traveled to Turkmenistan and Uzbekistan to strengthen Russia's regional position in the Caspian. He secured President Saparmurad Niyazov's assent not to build foreign military bases without first notifying Russia, a key aim of Russian foreign policy, as demanded by Ivanov. Lavrov also successfully narrowed the gaps between Ashgabat's and Moscow's views on Caspian delimitation and

won support for the banning of foreign flights over Turkmenistan's airspace continuing WMD components and missiles. Lavrov also invited Turkmen officials to a working group meeting on this future CASFOR to include military contingents from all the littoral states.

CONCLUSIONS: Despite the spread of the Chechen war into the North Caucasus, Moscow's real concerns are not terrorists. Rather, it is the possibility of an American military presence in the Caspian and the littoral states' ensuing defense sovereignty, e.g. Operation Caspian Guard, that has galvanized Russian officialdom. More recently, the United States led a security workshop and exercise against a thinly veiled Iranian scenario. Meanwhile, Azerbaijan and Kazakhstan have opposed Russian plans for a Caspian naval force because they would prefer to have the Caspian Sea entirely demilitarized which Russia opposes. Furthermore,

Kazakhstan sees no need for such a naval task force which would clearly suppress its own efforts to defend its coastal assets, which Russia has long opposed.

Failing that outcome, the two states have had no choice but to accept the U.S. assistance. What really is at stake here is the ability of the littoral states to defend themselves, not just against terrorist threats – which have yet to materialize in the Caspian but could occur – or proliferation, but also against potential Russian and Iranian threats to their energy platforms or independence. Thus the Great Game in Central Asia now has a new dimension: it has now gone to sea.

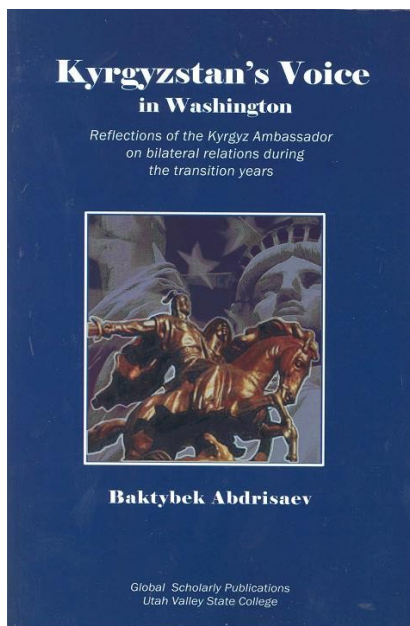
AUTHOR'S BIO: Stephen Blank, Strategic Studies Institute, US Army War College, Carlisle Barracks, PA. The views expressed here do not represent those of the US Army, Defense Department, or the U.S. Government.

New Book!

Kyrgyzstan's Voice in Washington

by Baktybek Abdrisaev, former Ambassador of Kyrgyzstan to Washington

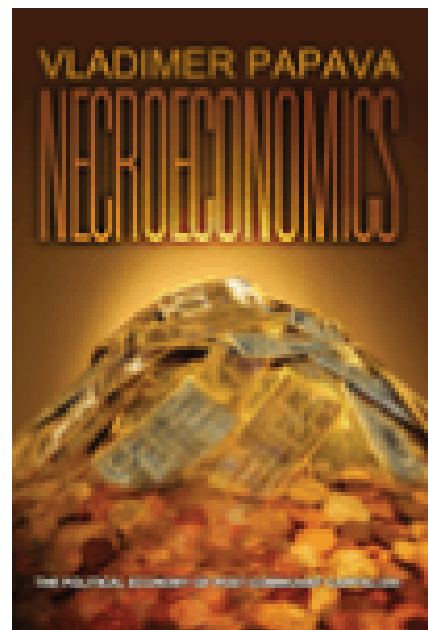
Foreword by S. Frederick Starr, Chairman of the Central Asia-Caucasus Institute & Silk Road Studies Program



New Book!

Necroeconomics: The Political Economy of Post-Communist Capitalism

by Vladimer Papava, Fulbright Fellow, Central Asia-Caucasus Institute & Silk Road Studies Program; former Minister of Economics and Minister of Finance of Georgia



POST-ELECTION KAZAKHSTAN: TOWARD A DEMOCRATIC BREAKTHROUGH?

S. Frederick Starr

What new policies and programs will Nursultan Nazarbayev launch in the wake of his resounding victory in Kazakhstan's recent presidential election? So far, the air has been filled with so many complaints and criticism that discussion of this question has been laid aside. But once the dust settles, this issue will stand paramount, not least because of the President's overwhelming mandate. In fact, Nazarbayev is ideally positioned to make one of the most significant democratic breakthroughs to occur anywhere in the former Soviet Union. Only time will tell whether or not he seizes the opportunity. But he has already announced the main thrust of that prospective breakthrough: the extension of the elective principle to the provincial and district levels.

BACKGROUND: To take root, democracy must move beyond the national level and be accompanied by a degree of decentralization, in which more decisions affecting local life are made and implemented at local levels, and under which provincial, district, and city administrations enjoy the power to levy certain taxes to meet local needs. And it must also be translated into self-government, under which the provincial and district electorates gain the right to elect governors (akims) and district heads without interference from Astana.

Outside the Baltic states, neither decentralization nor self-government has made headway in the former Soviet Union. Gorbachev gave decentralization a bad name back in 1988, when, as Moscow's coffers were emptying, he transferred as many powers as possible to local authorities, but without granting them the essential power to levy taxes. Yeltsin, himself a former regional Party secretary, championed the election of governors, but without resolving the question of local powers of taxation. Putin, fearing the erosion of his own authority, reversed Yeltsin's reforms and reinstated appointed governors who would answer solely to the president. All the new states of Central Asia and the Caucasus, as well as Ukraine, Belarus, and Moldova, clung to the same arrangement, and

thus stifled decentralization and self-government even before their birth.

Into this bleak picture, President Nazarbayev's State of the Nation address of 22 February 2005 came as a startling departure. While defending the benefits that "presidential rule" had brought Kazakhstan in its first dozen years of independence, he proposed extending the electoral principle to provincial governors, district heads, and mayors. He also proposed substantial salary increases for provincial and local bureaucrats, so as to attract better-qualified men and women into the civil service and thereby overcome the "archaic and sluggish" system of rule outside the capital.

This was not Nazarbayev's first venture into this controversial area. Earlier, he had established a "National Commission on Democratization and Self-Government." This commission developed a number of draft laws, including one based on the EU's "Charter on Local Self-Government." Following traditions of Russian reform dating back to the 1830s, the commission even launched a limited experiment with the new system it proposed, with four districts in different parts of the country chosen to test the process for electing district officers.

Nazarbayev's critics point out that local officials are bound to oppose this curtailment of their traditional prerogatives. They even argued that the president knows full well they would not only staunchly resist such change but also mobilize enough opposition to kill the program, enabling Nazarbayev to pose as a champion of democracy while leaving the old centralized system intact. Convinced that Nazarbayev's entire democracy project is a sham, they boycotted the commission and have opposed its proposals and local experiments.

IMPLICATIONS: During the presidential campaign, both leaders of opposition parties, Alikhan Baimenov of Ak Zhol and Zharmakhan Tuyakbai of the three-party For A Just Kazakhstan coalition, presented themselves as the candidates of true democracy. Baimenov railed against the "declarative democracy" being peddled by Nazarbayev, while Tuyakbai inveighed against Nazarbayev's "destructive democracy." But both spoke out strongly in favor of administrative decentralization and both called for self-government in the form of elected governors, district heads, and mayors.

The differences between Nazarbayev, Baimenov, and Tuyakbai with regard to the extension of democracy to local government are not negligible. Baimenov, like Nazarbayev, supports an "evolutionary path" to political reform, but a more resolute process than the cautious Nazarbayev would countenance. Tuyakbai, by contrast, is more impatient. More populist in his approach, he would move at once, on the grounds that democracy must start with decentralization and self-government, not end with them. According to Tuyakbai, since local elections are the *sine qua non* of democracy they should be instituted at once, without regard for Nazarbayev's anti-reform ruminations on whether or not the people of Kazakhstan are sufficiently mature politically to elect their local officials. Yet for all their differences, all three candidates publicly committed themselves to the proposition that democracy must sooner or later be extended to the provinces, districts and cities of Kazakhstan. What gave rise to this remarkable consensus?

All three candidates knew that a few dynamic akims had truly transformed the provinces under their rule. Taldy-Korgan and Atyrau were both transformed from dying backwaters into booming regions with vibrant capitals thanks to their can-do akims. But both akims functioned as local Napoleons, ruling by decree and lavishly spending the huge grants that Nazarbayev provided them. And if there are some effective appointees, there are also many serious problems at the local level. Besides widespread corruption, local administrators have often interfered in elections. Many of the akims serving in fourteen provinces and two capitals have aroused the antagonism of local assemblies (maslikhats) by their ham-handed interventions into the local economies and by conducting themselves as the virtual satraps of their localities.

As early as 1996 the World Bank, in its famous "Red Book," proposed downsizing Kazakhstan's bloated state apparatus and shifting many functions to the regions. Nazarbayev resisted these proposals at the time but now realizes both are necessary and inevitable. All three candidates see decentralization and self-government as the best means of taking pressure off the national government, engaging the public in matters that affect it, stimulating the local economies, and opening channels for constructive political life nationwide. Baimenov and Tuyakbai both point out that decentralization and self-government will foster the growth of a healthy local press.

Behind this consensus, however, lurk a number of urgent and vexing challenges that have yet to be resolved or even posed with clarity. All are of such gravity that Kazakhstan cannot afford to treat them cavalierly or with mere slogans. Among these, four issues are particularly important. First, how will the reformed system levy and collect taxes? Will Kazakhstan adopt some form of fiscal federalism, as has been done in the United States, Germany, or Australia, or retain a more uniform and centralized system of government? Second, if some form of fiscal federalism is introduced, how will Kazakhstan prevent the emergence of dangerously wide

disparities among the economies of diverse provinces, districts and cities? Third, how can one be sure that the election of local governors will not lead to an ethnic polarization between Slavic and Kazakh constituencies? And, fourth, how will local elections be protected from being unduly influenced by local oligarchs, of which there are many, and by yet more dangerous elements?

Such concerns have been cited to justify the hyper-presidential systems that exists in Kazakhstan and virtually all other post-Soviet states. Underlying them all is a prevailing anxiety over centrifugal forces in the national polity, which in turn conjures up fears over the possibility that democratic reforms might somehow jeopardize the newly-gained sovereignty. Such concerns are normal in newly independent states: recall the rise of the Federalists in post-independence America. Moreover, there exist workable solutions for each of these challenges. The experience of many democratic countries bears directly on Kazakhstan's quest, and can be studied and adapted to Kazakhstani conditions, rather than mechanically adopted.

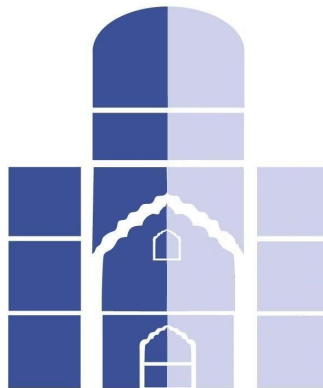
CONCLUSIONS: How can Nazarbayev use his mandate to fulfill the promises he made in his State of the Nation address? The most promising idea is for him to reconstitute his Commission on Democratization and Self-Government by adding responsible members of the opposition parties. He might also make the commission itself more

democratic by adding members elected by the lower house of parliament or, alternatively, directly by voters at the provincial level.

The Commission's charge must then be broadened to include the development of alternative proposals for addressing each of the four issues enumerated above. This will eventually require extensive amendments of Kazakhstan's existing constitution. These must be duly drafted and then submitted for ratification through a process that itself embodies the calls for "deeper democratization" that all three candidates voiced during the recent presidential campaign. One thing is certain: a "top down" approach to the introduction of democratizing reforms will no longer suffice in Kazakhstan.

Each step along the way is bound to elicit real controversy. The greatest challenge facing Nazarbayev, the opposition, and Kazakhstan itself, is to create credible channels for airing these differences of approach and then to use those channels to resolve the timeless question of "Who governs?" To the extent the people of Kazakhstan succeed in this task, their country will become the pacesetter and model for democratic reforms throughout Central Asia, across the former USSR, and in Russia itself. This would indeed be Kazakhstan's "democratic breakthrough."

AUTHOR'S BIO: S. Frederick Starr is Chairman of the Central Asia-Caucasus Institute & Silk Road Studies Program.



FIELD REPORTS

KAZAKH – CHINESE PIPELINE: A BOND OF STRATEGIC PARTNERSHIP OR SOURCE OF TENSIONS?

Marat Yermukanov

On December 15 President Nursultan Nazarbayev officially announced the completion of the 988-kilometer long Kazakh-Chinese oil pipeline from Atasu in West Kazakhstan to the Chinese border town Alashankou, and pushed the button of the pumping installation at the main control center of the national oil transporting company KazTransOil. The same day, Nazarbayev sent a message of congratulation to his Chinese counterpart Hu Jintao and at the opening ceremony characterized the event as a proof of fruitful Kazakh-Chinese strategic partnership. But the future of the pipeline is still in limbo.

The construction of Atasu –Alashankou started in September 2004. The construction of the pipeline took ten months, which is considered a record time for the “project of the century”. The planned extension of Kenkyak – Atyrau pipeline built in 2003 to the Kumkol oil fields in Kyzylorda region of South Kazakhstan will increase greatly the volume of oil to be delivered to the refinery in China’s Xinjiang region. Speaking at the ceremony, President Nursultan Nazarbayev said that when he first mentioned the project in 1997, only few believed in the feasibility of the daring plan in short time, but the timely completion of the Atasu – Alashankou pipeline demonstrated that Kazakhstan can turn a dream into reality.

For oil-thirsty China the pipeline, an energy lifeline for its booming western provinces, had more economic significance than political ambitions. China could not simply stop at any financial cost in fierce competition from Western and Russian companies for Kazakh oil. China invested \$800

million in the project, substantially more than the initially planned \$700 million. According to Kazakhstan’s minister of energy and mineral resources Vladimir Shkolnik, Chinese investments in Kazakhstan’s oil and gas sector, however big, are quite justified, as in the years to 2020 Chinese oil consumption is expected to rise from 355 million tons to 500 million tons annually, and its oil deficit will increase by 240 million tons.

Noisy celebrations in Astana and somewhat restrained festive mood in Beijing cannot conceal big ifs and buts shadowing the future of the joint project. The Atasu – Alashankou pipeline needs 600,000 tons of oil to be pumped into it before the shipment of oil starts in mid-2006. The initial volume of shipment will not exceed 10 million tons per year, but the executive director of the national oil company KazMunaygaz Kairgeldy Kabyldin believes that by the year 2010 the pipeline will be used to its full capacity of 20 million tons annually. However, his optimism is not shared by analysts.

Much of the oil needed to fill the pipeline is expected to come from Kumkol fields in South Kazakhstan accessed by the Chinese after their acquisition of the PetroKazakhstan oil company and Chinese-owned oil deposits in the Aktobe region of West Kazakhstan. But supply capabilities of PetroKazakhstan are still uncertain. China very much relies on Russian West Siberian oil to make the pipeline profitable. The endeavor requires a great deal of diplomatic skill not only from Beijing, but also from Astana. Russian oil could be delivered from Western Siberia through the Omsk–Pavlodar–Shymkent pipeline which currently needs

substantial reconstruction. But there are at least two political impediments to productive partnership with Russia. First, the construction of the Atasu-Alashankou pipeline, the first ever substantial oil shipment route for Kazakhstan to bypass Russia, is not enthusiastically welcomed in Moscow. Currently, Kazakhstan delivers 16 million tons of its oil to outer markets using Russian territory. Alternative routes means dwindling transit fees and greater independence of Kazakh oil companies from Russian infrastructure. Second, Moscow is increasingly becoming aware of growing undercurrent competition from Astana for oil markets traditionally dominated by Russian companies. A recent case is the agreement concluded between Ukraine's Ukrtransnafta and KazMunaygaz regarding the establishment of a joint venture, Transmunay, to build a 52-kilometer long ramification of the Odessa-Brody pipeline to bring Caspian oil from Kazakhstan's sector to European markets. In the long term, the pipeline would allow Kazakhstan to transport up to 10 million tons of oil annually, while currently Russian oil deliveries through Odessa-Brody do not exceed 6 million tons. Kazakh oil officials hastened to assure Moscow that Kazakhstan has no intention to drive Russian suppliers from the Odessa-Brody route. But given Astana's unrestrained drive to capture as many markets as possible for its increasing oil output, little credence can be given to friendly assurances.

Ironically, the need for West Siberian oil to be pumped through Atasu-Alashankou coincides with

the unsettled row between Russia's Transneft and KazMunayGaz over the Lithuanian oil concern Mazeiku Nafta. In autumn this year, KazMunayGaz bid \$1 billion for 53.7 per cent of the shares in Mazeiku Nafta, lowering the acquisition chances of its rival, Russia's Lukoil. Obviously in response to competition from KazMunayGaz, the Russian oil shipment company Transneft unilaterally repudiated its agreement on delivery of Kazakh oil to Lithuania's Butinge terminal. Although the management of Transneft excluded any political reasons for the denunciation of the agreement, experts interpret this move as an attempt by Moscow to deny Kazakh oil suppliers an access to Baltic markets. Kazakhstan is now looking for other possibilities of oil shipment to Lithuania bypassing Russia. The chairman of KazMunayGaz, Uzakbay Karabalin, traveled to Vilnius to meet Lithuanian Prime-Minister Algirdas Brazauskas. Lithuania also sees political implications in Russia's demarche.

The marriage of convenience between Beijing and Astana threatens to further fan the deep-seated rivalry between Russia and Western oil producers on the one hand, and China and Russia on the other. With the prospects of Atasu-Alashankou still remaining vague, Beijing sees no light at the end of the oil tunnel. Equally remote is the possibility of forging a reliable Kazakh-Russian-Chinese oil triangle to restrain Western inroads into the Caspian region.

KYRGYZSTAN: MEDIA AND BUSINESS DISPUTES CONTINUING

Zoya Pylenko

Disputed changes of ownership continue to take place in Kyrgyzstan. In mid-December, people who claimed to be the new owners of the independent

television and radio broadcaster Pyramida tried to take the company's building under control - supported by police. Electricity was cut off while

the new owners tried to break doors and windows to force their way into the building.

Some journalists speculate that Kyrgyz President Kurmanbek Bakiev's family are somehow linked to the new owners. If this is true, the new authorities seem to follow the way of their predecessors, who once also took Pyramida under control – for profits, and to silence criticism.

According to Kyrgyz journalists, freedom of speech is not hampered any longer as it was under the previous President, Askar Akaev. But still, some state interference with media coverage of events continues. The fact that the new owners of some media companies are difficult to identify is also concerning. A state commission, created to investigate the case of Pyramida's change in ownership announced on 22 December that it had not managed to identify the owner of Invest Tel, which in turn founded Media Invest, the company which now claims ownership of Pyramida.

On 8 December, staff of the Pyramida station was told that a 50% stake of the company was sold to Media Invest. The journalists were unfamiliar with this company. And the refusal of Pyramida's staff to hand over the channel to this new, unknown owner's control was followed by the channel's violent seizure. However, apparently no court decision was made to give Media Invest the right to take control over the building.

Pyramida was the subject of disputes also in President Akaev's times, when the telecommunications firm Aeropag (linked to the son of Askar Akaev) received a controlling stake. Managers of the station later said they transferred as collateral a 50% stake of the company to Aeropag in exchange for a three-year, interest-free loan of \$100,000 that was needed to buy expensive equipment. On repayment of the loan, the shares would return to Pyramida. The shares could not have been sold in this three-year period. And Pyramida still has two years to repay its debt, which according to Oleg Vassil, vice-president of the company, will happen in the nearest future. But according to Media Invest, Aeropag was a legal

owner of the channel and could sell its stake as it pleased.

Some 20 journalists demonstrated near the parliament building to protest the company's takeover. They said to know little about Media Invest and wanted the case to be impartially investigated. According to the Institute for War and Peace Reporting, Media Invest was set up only in August 2005 and does not have other commercial assets.

It is very well possible that developments at Pyramida have more to do with business interests than with an attempt at censorship. There are other such cases, where investor companies fight over profitable companies. The same is happening with Kyrgyzstan's leading mobile phone operator, Bitel. Several companies claim ownership over the company. Among them is Russia's Mobile Tele Systems (MTS), which bought a 50% stake of Bitel from Kazakhstan's Alliance Capital for \$150 million in early December. But a few days after announcing its purchase, not MTS but another company, Rezervspetsmet, was recognized as Bitel's new owner by a court. Rezervspetsmet had bought shares of Bitel from Fellowes International Holding Ltd – which earlier in 2005 had been recognized by court as Bitel's owner but was subsequently deprived of the company's ownership. Representatives of Rezervspetsmet seized the building of Bitel once the decision of the court in their favour was announced; the building was already under the control of MTS. But personnel don't seem to accept the latest developments. In the first week of January 2006, Bitel subscribers didn't have to pay for services because the necessary staff to process payments didn't show up for work in protest.

However, journalists at Pyramida think developments at their station have nothing to do with business. Instead, the authorities would be trying to silence them because of their critical coverage of Bakiev's presidency. However, the press-secretary of the President denies any connection of Bakiev to this case.

To free the media from state interference was one of Bakiev's promises before his election in July. As

President, Bakiev said his government will restructure control over state-owned media outlets in order to make all Kyrgyz media independent.

Some Kyrgyz media have already been (re-)privatized since the March revolution. Among them are the country's most popular newspaper, *Vecherny Bishkek*, and the popular TV station KOORT, which earlier was owned by Akaev's son-in-law. On 8 December, the President announced

that two out of three national papers, *Slovo Kyrgyzstana* and *Kyrgyz Tuusu*, plus eight regional newspapers, will be privatized. But some fear the authorities could maintain influence over the media through dummy companies buying up controlling stakes. More developments in the media are to be expected: at the end of December, a controlling stake of *Vecherny Bishkek* was offered for sale.

THE KULMA-KAROKURUM ROAD: A NEW LINK BETWEEN CHINA AND CENTRAL ASIA

Bakhtiyor Naimov

With the opening of the road connecting Tajikistan to China in May 2004, another step was made towards decreasing the isolation of Tajikistan generally, and the Gorno-Badakhshan region in particular. The transport link through Kulma to Koshkar in China is a revival of the Silk Road, and had been a most popular regional trade route in the past.

The path was closed as a part of the Soviet Union's foreign policy, due to paranoia and isolationist politics. However, now the road to China is not only perceived as a chance of economic progress in Tajikistan, but is perceived as such in the whole of landlocked Central Asia.

The Murghab valley of Gorno-Badakhshan that is located over 4,500 metres above the sea level was left isolated when the Russian frontier post was pulled out from there in 2002. The road to China, which is connected to the rest of Tajikistan and Kyrgyzstan through Murghab, indeed seems to be the best way of connecting the people of this district with the rest of the world. A teacher in Murghab noted: "Even during the Soviet Union time, the so-called most prosperous period, here in Murghab we did not have more than two TV channels and only the most well-connected people had color TVs. Now, with easy access to cheap Chinese products, most of the

families in Murghab enjoy the 32 channels that can be accessed through satellite antennas that most households now possess".

Murghab is an illustration of the active character of trade through this new road. Most of the business, however, is targeting wider and relatively richer markets like Khorog, Dushanbe, Osh, Bishkek, etc. Due to the mountainous geography and high altitude, the road is only open from May through October. The Chinese government has nevertheless promised to finance the widening of the Kulma-Karokurum road. When the road is made decent, it might be able to keep it open all around the year. Given that the closing of the road for winter adversely affected prices in Khorog, this will be an important development. Gorno-Badakhshan will be ever more isolated during the winter period, because of the danger of avalanches. Fortunately, electricity is operating around the clock in Khorog city, which was not the case in past years.

Businessmen, businesswomen, and traders can obtain Chinese visas at the border. There are four options to choose from: 15 days, 1 month, 3 months, or 6 months. The visas for the period up until 2 months cost US\$20, for 2-6 months US\$40, and for 1 year US\$60. It is very easy to get a visa and with these visas, traders and their truck(s) can go until

Koshkar's terminal. Koshkar is the first commercial city on the Kulma Karakorum route. The main merchandise that is imported from China includes all kinds of construction material, equipment, furniture, stationary, etc. Traders usually use *Fura* trucks to transport the goods, and shipping 40 tons of goods from Koshkar to Khorog costs around US\$3500.

Although the short-term benefits of the road seem to be overwhelming, such a heavy import link is not something exclusively positive for the Central Asian economies. Economically speaking, when imports exceeds exports there is a trade deficit that makes the already weak economies more unstable. Besides, Chinese goods are not of top quality; moreover, most of the technology is labeled after

very famous companies like Sony, Samsung, Toshiba, LG, etc, however, everyone understands that China – like the Former Soviet Union – ignores copyright laws, thus importing pirated and unreliable goods to Central Asia. One needs not worry about a television set of bad quality, since the worst thing that could happen is that it breaks down. However, construction materials and cars from China that are not checked for quality could be dangerous. Therefore, disappointment with the low quality of some Chinese goods imported to Central Asia would most likely be comparable to the elation from low prices. Meanwhile, the lack of trade partners makes it hard for the Central Asian countries to set up quality controls and enforce them on imported goods from China.

NEW ZEALAND PROJECT TO DOUBLE POOREST VILLAGE COMMUNITIES' INCOME

Aziz Soltobaev

The poorest communities living in remote mountainous villages have been granted an opportunity to overcome extreme poverty with a new project. The project envisages teaching village residents, whose only source of income is cattle breeding, how to handle livestock properly to get better results.

The people behind this project believe it could double their income levels. "Poverty statistics showed that poverty in mountainous communities was 30-40% higher than in other regions of republic, particularly in valleys. Mountainous communities were places where poverty was concentrated. Our survey outcome in two pilot communities was incredible. Farmers said nobody came to them and offered their services before, while the people suffered from a lack of assistance", said Tony Ryan, project team leader, in an interview.

Poverty was endemic in these communities and has increased rapidly since Soviet times, affecting rural people in particular. Rural poverty did fall steadily between 1999 and 2004, and despite this important decline, poverty remains significantly higher in rural areas than in urban. About 70% of poor people are in rural areas, and the figure goes up to 75 percent for the extremely poor. The regional concentrations of poverty show that the poverty levels are highest in Naryn, according to the National Statistics Committee.

The four village locations identified for this project, two in Naryn in the north-east and two in Osh in the south, are among the poorest in Kyrgyzstan. With poverty affecting two thirds of their population, the village communities of Ortok and Ak-Muz in Naryn province are two of the poorest villages in country. Salamalik and Berinchy May village communities in Osh province have

somewhat better living conditions and warmer weather, but are still constrained from summer grazing areas due to controversies over land due to the high population density in the region. Livestock provides the main source of income for the population, struggling to adjust from a centrally planned and managed Soviet economy to one of private enterprises and free market development.

"Field work has shown that there were four main areas of concern for livestock farmers: animal diseases, animal nutrition, animal housing and local processing of products. All of these issues are made acute by the long and harsh winters experienced in Kyrgyzstan", Ryan said. As a result of research work, the team prepared 15 demonstrations that will be applied in four remote villages. Each demonstration will show farmers how to properly take care of cattle health, including nutrition and other issues related to farming, such as the processing of agricultural products.

"Farmers knew how to do it, but we would like to show them new methods, for example regarding the pasteurization of milk. Brucellosis is raging in villages, negatively impacting human health. First of all, we explain the causes of brucellosis and then show that pasteurization helps to prevent such diseases. We plan to buy special processing equipment for them", said Kuvat Bapaev, deputy team leader. The team will also show how to take care of animals: storing high quality winter feed, preparing premises, providing ventilation, cleaning sheds, haymaking production, and reintroducing silage making for winter feeding that should

improve lambing growth rates and improve animal health. Each instruction will involve four groups of 10-15 farmers.

"The overall objective was to have an approach which produced a set of events aimed at improving livestock productivity and household incomes, and which had been identified by, and agreed with, the farming communities", Ryan said. "We also prepared a special demonstration for the poorest farmers of the communities – those who have few or no cattle. We prepared a special project on goat-breeding for them. Each of these farmers will be given two goats. The project will cover fifty households in each village community. They will have to take care of and raise the goats. After a year or two, they will have to give two goats to other poor families in the communities. They will get additional goats as well as income", Bapaev said.

"Our project intended to demonstrate solar-powered electric fencing to prevent the uncontrolled duplication of livestock and wolf attacks", Bapaev added. As a result of the project, the income of village residents should increase and allow them to raise themselves out of poverty. "The thing is that we try to compare animals in New Zealand and here." The lamb weight growth is continuous in New Zealand. When winter finishes, carcass weight in Kyrgyzstan is a third lower than in New Zealand, implying great losses, given the retail price of a kilo of meat at US\$2.5. "Additionally, using our recommendation, the number of new healthy-born farm animals would increase, which would also add to their income", Ryan said.

NEWS DIGEST

KAZAKH FIRM JOINS FTSE FAVORITES

19 December

Kazakhstan copper mining firm Kazakhmys has joined London's benchmark FTSE 100 share index, lining up alongside favourites like BP, Barclays and Boots. It is the first former Soviet bloc company to join the index, but is one of a growing number of firms from the region to list its shares in London. Since its October listing, Kazakhmys' shares have risen almost 22%. On Monday's FTSE 100, its shares fell 1.2% to 680p, after it reported a fall in third-quarter copper production. Privatised by the Kazakhstan government, Kazakhmys is the tenth largest copper producer in the world, with 16 mines across the country. It has benefited from the recent surges in commodity prices, but some investors still have their reservations about the company: "What we would really like to see is a breakdown of costs across the different mines within the group," said John Meyer, a mining analyst with Numis Securities. "We don't really know what is going on within the different divisions of the business - to really analyse a copper business, that is what you need to know." Companies from Russia and surrounding states are being drawn to the London Stock Exchange because it is close geographically and offers access to investors and publicity. The FTSE 100 is reviewed four times a year to ensure it represents the 100 largest UK listed companies. In the latest review, Kazakhmys was joined in the benchmark index by housebuilder Persimmon. Bookmaker William Hill and leisure group Whitbread were relegated. (BBC)

AZERBAIJANI OFFICIAL REPORTS ON RELIGIOUS FREEDOM...

21 December

The head of the Azerbaijani state committee on religious organizations, Rafiq Aliyev, reported on 21 December on the state of religious freedom in the country. According to the official, the government has officially registered some 335 different religious groups, consisting of 307 various Islamic and 28 undefined groups. Another 10 "religious communities" have submitted documents as part of the application process for official registration. Aliyev also rejected "criticism from international organizations and from the governments of some countries" for discrimination against some religious sects. He further noted that a new law on alternative military service for pacifist religious groups will be drafted sometime next year and promised that the country's law on religion will be presented for debate and possible amendment by the parliament. (Turan)

POLL ON KYRGYZ POLITICAL SYSTEM

21 December

Kyrgyzstan is to hold a referendum next year to ask people if they want a different government system, President Kurmanbek Bakiev has said. People will be asked if they want power to be held predominantly by the president or the parliament, or to be shared between the two. Mr Bakiev pledged to give more power to the parliament when he was elected president in July. Any changes resulting from the referendum would take place by 2009-10. Currently most power in Kyrgyzstan is held by the president. A council in charge of constitutional change, made up of lawmakers, ministers and civic activists, supported Mr Bakiev's proposed referendum, the Associated Press reported. The Russian news agency Itar-Tass said other questions may be included in the referendum, including whether the president, MPs and judges should retain their immunity from prosecution. Mr Bakiev came to power following an uprising in March which ousted former President Askar Akayev from office. He and fellow front-runner Felix Kulov agreed to run on the same ticket, and Mr Kulov is now Prime Minister. (BBC)

RIOT ERUPTS IN GEORGIAN PRISON

22 December

Georgian security forces converged on a prison in Kutaisi on 21 December after prisoners staged a riot within the facility, Rustavi-2 television reported. The estimated 100 prisoners reportedly initiated the riot as part of a protest action directed to garner attention to the prison's poor living conditions. The prison lacks heat, adequate water, and suffers from constant electricity shortages, according to Civil Georgia. Deputy Justice Minister Givi Mikanadze dismissed the prisoners' complaints, however, and argued that the Kutaisi prison "meets international standards as well as Georgian law." As the riot turned into a standoff between prisoners and guards, elite units from the Interior Ministry surrounded the prison as ambulances and other emergency vehicles were in place nearby. The Georgian penal system has been plagued by serious problems, including a series of riots and prison escapes, and poor living conditions for many years. (RFE/RL)

UZBEK PROSECUTORS REPORTEDLY OFFER TO FREE OPPOSITION FIGURE FOR \$200,000 'FINE'

22 December

Nigora Hidoyatova, the sister of jailed Uzbek opposition leader Nodira Hidoyatova, told ferghana.ru on 21

December that investigator Ramazan Pulatov told her that her sister can go free if she pays a fine of \$200,000. The fine would go toward compensating material losses prosecutors allege Nodira Hidoyatova caused through tax evasion. The report noted that Nodira Hidoyatova, coordinator of the opposition Sunshine Coalition, has refused the deal and continues to assert her innocence. (RFE/RL)

KAZAKH, KYRGYZ PREMIERS MEET TO DISCUSS BILATERAL RELATIONS

22 December

Kazakh Prime Minister Daniyal Akhmetov met with his Kyrgyz counterpart Feliks Kulov in Taraz, Kazakhstan, on 21 December to discuss bilateral relations. Kulov told a briefing after the meeting that Kyrgyzstan recognizes Kazakhstan's ownership of four resorts in the Issyk-Kul region of Kyrgyzstan. For its part, Kazakhstan will decide within a month whether to legalize the status of 70,000 Kyrgyz migrant workers in Kazakhstan. Kazakhstan will also employ more Kyrgyz workers in its energy sector. Moreover, by year's end Kazakhstan will finalize the location for a market in the country's Zhambyl region where Kyrgyz agricultural producers will be able to sell their wares, Kazinform reported. Khabar noted that Kazakhstan is the main consumer of Kyrgyzstan's products, with bilateral trade volume in 2005 of approximately \$300 million. (RFE/RL)

TAJIK ISLAMIC PARTY PLANS TO FIELD PRESIDENTIAL CANDIDATE

24 December

Said Abdullo Nuri, head of Tajikistan's Islamic Renaissance Party (IRP), has told the newspaper "Millat" that his party plans to field a candidate in the country's November 2006 presidential election. Nuri declined to specify who the candidate might be. Nuri would not rule out either a single candidate representing an opposition coalition or a merger of the IRP and the ruling People's Democratic Party. (Avesta)

"TERRORIST ACT" MAY HAVE CAUSED AZERBAIJAN AIR CRASH

24 December

Ilham Amirov, deputy general director of Azerbaijani state airline AzAL, said it "cannot be ruled out" that "a terrorist act" caused Friday's crash of an An-140-100 airliner near Baku. Amirov told reporters that the plane had been in use for only about a year. Amirov said the investigation of the crash had produced some preliminary findings, but that investigators have yet to disclose them. (Interfax)

"NO SURVIVORS" FROM AZERI CRASH

24 December

All 23 passengers and crew are believed to have died when an Azerbaijan Airlines plane crashed shortly after taking off from the capital, Baku. The plane, an Antonov An-140, was bound for the Kazakh city of Aktau when it came down on Friday. Eight on board were foreigners, including a Briton, an Australian, a Georgian, a Turk and four Kazakhs. Emergency workers are combing through wreckage spread about 2km (one mile) along the Caspian Sea coast. "More information about the accident will be given after the black box (recorder) is found," first deputy prosecutor Rustam Usubov told journalists. The twin-engine plane crashed about 30km north of Baku. A police official said the crash was believed to have been caused by technical problems and ruled out the possibility of a terrorist attack. Hamid Imamverdiyev, a 17-year-old who saw the plane come down, told the Associated Press news agency: "I saw how the plane was flying away from the airport and that flames were coming from its rear part. "Then there was a roar from the plane falling onto the shore." The An-140 is a short-range passenger plane designed in the 1990s. The aircraft, which has two propeller engines and can carry up to 52 passengers, is produced jointly by Ukraine and Russia. Azerbaijan is a former Soviet republic with a thriving oil and gas industry. (BBC)

MORE CASES OF MYSTERIOUS DISEASE SYMPTOMS RECORDED IN CHECHNYA

24 December

Symptoms of an undiagnosed disease that has affected dozens of people, mainly children, in Chechnya's Shelkovskaya district have been recorded in two more communities in the same district. A schoolgirl was taken to Shelkovskaya district hospital from Privolnoye early on Saturday, and a female worker from school No. 1 in the village of Chervlyonnaya was also reported to be sick, the Shelkovskaya district hospital told Interfax on Saturday. Ninety people have shown similar symptoms in the district over the past several days. Seven people have been discharged from the district hospital after their health status improved. Some patients are staying at children's hospital No. 9 in Grozny and a number of others are at different hospitals. Certain doctors are of the opinion that the disease is psychogenic in nature, and have criticized journalists for facilitating its spread. "Journalists are to blame for everything as they are showing patients on TV," Musa Dalsayev, an associate professor from the medical department of the Chechen State University said at a government commission session on Friday evening. "On seeing the sick children on TV, viewers develop similar symptoms," Dalsayev said. "Don't mess around here, let us professionals work and the problem will be resolved within a week," he said addressing journalists. The spread of the disease has been a source of increasing concern for the Chechen

population, despite active efforts taken by the government commission to explain the possible reasons behind the disease to locals. (Interfax)

89 SUSPECTED CRIMINALS ARRESTED IN KYRGYZSTAN

25 December

Kyrgyzstan's law enforcement agencies have carried out a special operation in which 89 suspected criminals were detained. Seventy-seven crimes have been solved as a result of the operation, the Kyrgyz Interior Ministry said in a release on Sunday. Kyrgyz law-enforcement agencies have been conducting preventative operations to strengthen order ahead of the New Year's holidays since December 22. Hotels, night clubs, casinos, saunas, mountain skiing and recreation centers were checked as part of Operation Poisk [Search.] (Interfax)

ARMENIAN FOREIGN MINISTER SAYS GAS-PRICE INCREASE POLITICALLY MOTIVATED

27 December

In a 25 December interview with Armenian Public Television, Vartan Oskanian said Russian official claims that the decision to double the price of Russian gas supplied to Armenia next year was made solely for economic reasons are untrue, RFE/RL's Armenian Service reported on 26 December. Oskanian said that political factors also played a role in that decision, which he claimed has already had "negative political consequences" for both sides. On 23 December, Armenian parliament speaker Artur Baghdasarian warned that the planned gas-price hike (from \$56 to \$110 per 1,000 cubic meters) may fuel anti-Russian sentiment in Armenia and lead to counterdemands that Russia pay for maintaining its military base in Armenia, RFE/RL's Armenian Service reported. On 22 December, ITAR-TASS quoted Armenian Fuel and Energy Minister Armen Movsesian as saying that he does not believe that Russia's demand is final, and that two or three further rounds of talks are needed that could result in a compromise, lower price. (RFE/RL)

DETAINED AZERBAIJANI EX-MINISTER HOSPITALIZED

27 December

Former Economic Development and Trade Minister Farkhad Aliyev, who was dismissed in mid-October and subsequently charged with plotting a coup d'etat, was taken on 22 December to a Baku hospital suffering from low arterial blood pressure, but his condition has since stabilized and improved, said National Security Ministry spokesman Arif Babaev. Babaev rejected as untrue press speculation that the deterioration in Aliyev's health was the result of torture, affirming that Azerbaijan's security agencies do not resort to torture. He claimed that

Aliyev's illness was caused by exercising too strenuously. (day.az)

UZBEK INTERIOR MINISTER RESIGNS FOR HEALTH REASONS

27 December

Interior Minister Zokir Almatov has resigned for health reasons, Uzbek Television First Channel reported on 23 December. President Islam Karimov issued a decree giving Almatov an award "for great services," Uzbek television reported. Almatov, who served as interior minister for over a decade, was replaced by Anvar Solihboev, who previously was first deputy head of the National Security Service (SNB) and most recently served as Uzbekistan's ambassador to Pakistan, RFE/RL reported. Russia's "Kommersant-Daily" noted that Solihboev's appointment points to the increasingly prominent role of SNB chief Rustam Inoyatov, whose protegee was recently named defense minister. Until recently, Almatov had been undergoing medical treatment in Germany but departed following calls from rights groups and Uzbek refugees that he be tried for crimes against humanity. (RFE/RL)

KAZAKHSTAN SUPPORTS IDEA OF CASPIAN SEA BOTTOM PIPELINE

28 December

Kazakhstan believes it is quite possible in the future to lay an oil pipeline by the bottom of the Caspian Sea. Uzakbay Karabalin, president of the Kazakh national oil and gas company KazMukaiGaz, said so in an interview with the Khabar TV Channel on Tuesday night. In his opinion, Kazakhstan could be connected to the Baku-Tbilisi-Ceyhan oil pipeline. At present Kazakhstan "is examining opportunities for delivering oil to Baku by tankers and further, to Ceyhan, by the pipeline network," he continued. Oil for the Baku-Tbilisi-Ceyhan pipeline is planned to be produced at the Kashagan oil field. When the commercial oil production at that oil field reaches 20 million tons a year, "the question may be raised on the building of a sea-bed pipeline to Baku," Karabalin said. He added, at the same time, that an intergovernmental agreement should be signed for Kazakhstan to join the Baku-Tbilisi-Ceyhan oil pipeline. The document is now being drafted by staff members of the Ministry of Energy and Mineral Resources. "At present it is being coordinated with state bodies, and I hope the intergovernmental agreement will be signed soon," Karabalin said. (Itar-Tass)

COLLECTIVE SECURITY TREATY ORGANIZATION NOT PLANNING NEW BASES

28 December

The Collective Security Treaty Organization (CSTO) is not planning to establish new military bases in Central

Asia, said CSTO Secretary General Nikolai Bordyuzha. "The current military-political situation in the Central Asian region and within the CSTO activity area does not give grounds today to talk about setting up more military bases," Bordyuzha said at a press conference at the Interfax main office on Wednesday. "The military bases that Russia has in Tajikistan, Kyrgyzstan, and Armenia are enough to ensure the CSTO activity," he said. (Interfax)

HEADMASTER KILLED IN AFGHANISTAN

4 January

A head teacher has been decapitated in an attack in the southern Afghan province of Zabul, local officials say. Provincial education director Mohammad Nabi Khushal blamed Taliban militants for the killing, which took place in the Zabul capital, Qalat. The dead man, Abdul Habib, was the headmaster of the Shaikh Mati High School in Qalat. Reports of the attack come after a similar incident in another southern province, Helmand, 10 days ago. Correspondents say violence against teachers has been linked to opposition from Taliban groups against girls attending school. Attacks linked to insurgency, mostly in southern and eastern Afghanistan, left more than 1,400 people dead in 2005 - the country's bloodiest year since US-led forces ousted the Taliban in late 2001. (BBC)

AFGHAN 'SUICIDE ATTACK KILLS 10'

5 January

At least 10 people have been killed in a suicide bombing in the central Afghan province of Uruzgan, officials say. Many of those killed were civilians in a crowded market 500 metres from the governor's office in provincial capital Tarin Kowt. Dozens more were hurt. A man claiming to speak for the Taliban said the group carried out the attack. The bomber's target is unclear. US ambassador Ronald Neumann was in the governor's office at the time of the blast but was unhurt, officials said. US embassy spokesman Lou Finton said Ambassador Neumann had returned to Kabul. "The ambassador and his party are safe and have been accounted for. They were not in any danger," he told the Associated Press. President Hamid Karzai, on a visit to Turkey, said the attack had been carried out by the "enemies of peace". It is unclear whether the attacker meant to blow himself up in the market, or if his bomb went off prematurely as he headed towards the governor's office. The most seriously wounded have been taken to hospital in the nearby city of Kandahar. Witnesses in the market spoke of scenes of carnage. "People were lying dead and wounded everywhere. They were screaming and crying," one man told AP. Deputy governor Aziz told the BBC that the governor, Jan Mohammad Khan, was not present for the talks with the US officials. He is currently in Mecca in

Saudi Arabia for the Hajj, the annual Muslim pilgrimage. Taliban spokesman Qari Mohammad Yousuf said a local man, who he named as Abdul Rahim, had carried out the attack. He gave a number of different media organisations varying accounts. (BBC)

'SEVEN TRIBALS DIE' IN AFGHANISTAN

5 January

At least seven people have been killed by unidentified gunmen in Pakistan's tribal region along the border with Afghanistan, authorities say. Assailants ambushed a car allegedly carrying suspected drug traffickers, killing the head of the group and six others in South Waziristan's Wana town. The attack took place close to the headquarters of the Pakistani Frontier Corps scouts, a paramilitary force. Pakistan military has been hunting down al-Qaeda militants in the tribal areas. The group that was attacked belonged to the local Ahmed Zai Wazir tribe, and was led by a man identified as Musa Kari Khel. Mr Kari Khel, his father, brother, nephew as well as his guards and a driver were all killed in the ambush. Officials say the killing could be the result of personal feud. No one has claimed responsibility for the attack. (BBC)

UZBEK PRESIDENT APPOINTS NEW INTERIOR MINISTER

6 January

Uzbek President Islam Karimov issued a decree on 5 January appointing Bahodiy Matlyubov as interior minister. Lieutenant General Matlyubov, who previously held senior positions in the Interior Ministry and the State Customs Committee, replaces Zokir Almatov, who resigned in December for health reasons after more than a decade as interior minister (see "RFE/RL Newswire," 27 December 2005). The European Union named Almatov as one of many Uzbek officials placed on a visa-restriction list for their role in suppressing a protest in the eastern Uzbek city of Andijon in May. Gayrat Qodirov was also named the new deputy interior minister on 5 January. (RFE/RL)

KAZAKH CASPIAN PORT SUFFERS MAJOR OIL SPILL

6 January

An Azerbaijani-registered oil tanker spilled more than a ton of oil into the Caspian Sea at the Kazakh port of Aktau on 6 January. The Kazakh Emergency Situations Ministry responded by trying to enclose the immediate area and launching cleanup operations. The immediate environmental damage from the spill has not yet been determined. (Interfax)

SOUTH OSSETIA PUBLISHES 'BLACKLIST' OF GEORGIAN OFFICIALS...

7 January

The leadership of the unrecognized Republic of South Ossetia released on 4 January an expanded version of its list of Georgian officials whose actions or statements it considers criminal. The initial list contained five names, and the expanded one 28. Heading the list is Georgian Defense Minister Irakli Okruashvili, followed by Interior Minister Vano Merabishvili and Mikheil Kareli, governor of the region of Shida Kartli that theoretically encompasses South Ossetia. Okruashvili, who is believed to be behind the abortive attack by Georgian forces on South Ossetia in August 2004 and the mortar attack on Tskhinvali in September 2005, was said to have merited the death penalty. On 7 January, South Ossetian Interior Minister Mikhail Mindzaev said all the officials on the list, including Okruashvili and Merabishvili, will be arrested if they attempt to enter South Ossetian territory. (Caucasus Press)

13 CHILDREN DIE IN FIRE IN DUSHANBE, 60 HOSPITALIZED**8 January**

A fire at an orphanage in the Tajik capital Dushanbe has left 13 children dead and 60 with serious burns. "Thirteen children have been killed in the fire. Seventy-nine have been evacuated, 60 of them with burns and carbon monoxide poisoning" the Tajik Interior Ministry's Fire Department Deputy Head Nazarboi Dzhangiyev told reporters at the scene. The fire broke out early on Sunday. The orphanage, built in 1934, has burnt down completely, an Interfax correspondent reported from Dushanbe. All children residing at the orphanage Chorbog in downtown Dushanbe near the Health Ministry, have central nervous system disorders and cannot walk unaided. A criminal investigation has been started. The fire is believed to have been caused by violations of the rules of handling electrical appliances. The Tajik president has been informed of the incident. The Interior Ministry is expected to release a statement. (Interfax)

AZERBAIJAN RAISES DIESEL, HEATING OIL PRICES**9 January**

Azerbaijan's State Oil Company announced on 6 January increases of 100 percent or more, effective immediately, in the retail prices of diesel fuel, kerosene, and domestic heating oil. Diesel will now cost not 18 gyapiks but 36 gyapiks per liter (100 gyapiks = 1 redenominated manat = \$0.9186). The rationale cited for the price increase was to bring domestic prices in Azerbaijan closer to world market levels and to deter the illegal export of gasoline. Economic Development Minister Geidar Babaev told journalists on 7 January that the price hikes will impact on the rate of inflation,

but the effect will not be "serious." On 7 January, some owners of minibus taxis that shuttle between the Baku city outskirts and outlying villages spontaneously decided to double their fares, and announced a protest strike after passengers refused to pay the increased rate. The municipal transport department intervened to defuse the situation. (day.az)

DIRECT FLIGHT NOW LINKS KAZAKH-AFGHAN CAPITALS**9 January**

A civilian passenger aircraft landed at Almaty airport on 7 January, marking the start of a new direct air link between Kazakhstan and Afghanistan, Khabar TV reported. Carrying a group of more than 60 Afghan businessmen and government officials, the inaugural flight signified a new effort to expand bilateral trade and commerce. A weekly direct flight by an Afghan Boeing 737-800 will link the two capitals, with flights from Kabul serving Almaty from the Middle East and originating in Almaty to Europe and Asia. Kazakhstan is home to the largest Afghan population in the former Soviet Union. (RFE/RL)

PROTESTS AT AFGHAN BORDER DEATHS**9 January**

Pakistan has protested to US-led coalition forces in Afghanistan after eight Pakistanis were killed in alleged cross-border firing on Saturday. "We have protested to the coalition forces because they are responsible for security on the other side," Foreign Ministry spokeswoman Tasnim Aslam said. She said US forces had not entered Pakistani territory. The US military says it is looking into the incident. Residents in Waziristan say helicopters attacked a house during the night. "Helicopters bombarded the house late on Friday night, leaving eight people dead," Salimullah, a tribal elder in the village of Saidgai, 12 km (eight miles) north of Miran Shah, told the AFP news agency. He also said a number of people were injured. Pakistan's army has been battling Islamic militants in the Waziristan region for the last three years. Taliban and al-Qaeda fighters fled into the area after the American-led invasion of Afghanistan in 2001. Tens of thousands of Pakistani soldiers are deployed in the area. Across the border, about 20,000 US-led coalition forces are hunting Taliban, al-Qaeda and other militants opposed to the US-backed government of President Hamid Karzai. There have been a number of reports, and denials, that US troops have crossed over the rugged, poorly-demarcated border separating Afghanistan and Pakistan. (BBC)

POPULAR KYRGYZ ATHLETE SLAIN BY UNKNOWN ASSAILANTS**10 January**

The Kyrgyz national sports hero Raatbek Sanatbaev was killed early on 9 January outside his home in Bishkek. Police spokeswoman Aida Bakirova reported that the 36-year-old Sanatbaev, a two-time Asian Games wrestling champion, was shot twice in the head by two unknown assailants and died en route to hospital. President Kurmanbek Bakiyev decried the killing as "a great loss to national sport." Sanatbaev was a leading candidate to succeed Bayaman Erkinbaev as president of Kyrgyzstan's National Olympic Committee. Erkinbaev, a parliamentarian, was himself shot dead in September. (RFE/RL)

MUFTI CONCERNED BY RELIGIOUS INTOLERANCE IN RUSSIA

10 January

Slogans sowing national discord are unacceptable in Russia, according to Head of the Russian Council of Muftis Ravil Gainutdin. "We should not forget that Russia has been a multinational and multi confessional country, not only since recent migration, but since the time of Ancient Rus, occupied by no less than twenty nations," Gainutdin said addressing several thousand believers in a Moscow Jami celebrating the religious holiday Kurban Bayram. "Slogans such as "Russia for Russians!" and negative attitude to certain nationalities and to Muslims are openly hostile to our state and its interests," he said. Russia has always been strong because of the unity of its numerous nations, Gainutdin quoted President Vladimir Putin as saying. (Interfax)

290 MILITANTS ELIMINATED IN NORTH CAUCASUS IN 2005

10 January

Head of the regional headquarters of the anti-terrorist operation in the North Caucasus Col. Gen. Arkady Yedelev has summed up the results of operations in 2005. "Commander of the joint force Lt. Gen. Yevgeny Lazebin told a conference that law enforcement officers

successfully eliminated 290 militants in 2005, among them 72 militant leaders, including such notorious figures as Abu Dzeit, Aslan Maskhadov, Dukvakha Gubashev, Isa Madayev, Shamil Muskiyev, Rezvan Chitigov and others," Col. Vasili Panchenkov, chief of the Interior Troops press service, told Interfax on Tuesday. (Interfax)

INAUGURATION OF KAZAKHSTAN'S NAZARBAYEV TO GATHER 700 GUESTS

11 January

Kazakhstan's newly elected president, Nursultan Nazarbayev, will be inaugurated at the Ak Orda presidential palace on Wednesday. Delegations from more than 70 countries will attend, the Kazakh Foreign Ministry's spokesman, Yerzhan Ashykbayev told the media on Monday. Thirty-two delegations will be led either by presidents, prime ministers or government members. "Confirmations of participation have been received from the leaders of Russia, Uzbekistan, Afghanistan, Georgia, Kyrgyzstan, Tajikistan, Ukraine and Croatia," Ashykbayev said. A number of international organizations will be represented at the inauguration, too. The foreign ministry spokesman mentioned some of them – UN Deputy Secretary-General Sergei Ordzhonikidze, European Union Special Envoy Jan Kubis, Eurasian Economic Community Secretary-General Grigory Rapota, Collective Security Treaty Organization Secretary-General Nikolai Bordyuzha, CIS Executive Secretary Vladimir Rushailo, Shanghai Cooperation Organization Secretary-General Zhang Deguang and OSCE Secretary-General Marc Perrin de Brichambaut. The Kazakh Foreign Ministry spokesman described the forthcoming inauguration as "an unprecedented event in the history of Kazakhstan that will enhance Kazakhstan's reputation and positions in the world community." A group of 300 mass media workers have been accredited at the inauguration ceremony. (Itar-Tass)



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