

Central Asia-Caucasus Analyst

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Silk Road Studies Program*

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THE CENTRAL ASIA-CAUCASUS ANALYST

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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 1,100 and 1,500 words. The articles are structured as follows:

KEY ISSUE: A short 75-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.

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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

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GROZNY ATTACK INDICATES REVIVAL OF CHECHEN NATIONALIST INSURGENCY

Murad Batal Al-Shishani

On October 19, four Chechen militants stormed the Chechen parliament in Grozny, causing the deaths of six police officers and wounding 17. According to the Russian Interfax news agency, the militants arrived at the parliament by car and forced their way into the parliamentary compound; one of them blew himself up and two were shot dead. This attack is the second serious incident in Chechnya in recent months. In August, militants launched a massive attack on Chechnya's pro-Russian leader Ramzan Kadyrov's native village of Tsentoroi. These incidents in Chechnya indicate a split in the North Caucasian insurgency.

BACKGROUND: Chechnya, which experienced two brutal wars in the 1990s and early 2000s and was the major theater of violence in the North Caucasus over the last decade, has ironically been relatively calm in recent years. Instead, neighboring republics (in particular Dagestan, Ingushetia, and Kabardino-Balkaria) have witnessed an increase in armed activities after fighters from Chechnya sought refuge in these republics, increasing the numbers of local insurgents. This resulted in the emergence of the "Islamic Emirate of the Caucasus" (IEC), which serves as an umbrella group for the armed Islamist movements in the region.

The leader of the (IEC), Doku Umarov, appeared last August in a video clip saying that he was resigning from the leadership of the "Emirate", only to withdraw his resignation a day later, stating that the clip was fabricated and he was still the Emir. Three top Chechen rebel field commanders (the would-be leader of the Emirate and Emir of the Vilayat of Nokhchiycho [Chechnya] Khusein Gakayev, Umarov's former successors Aslambek Vadalov and Tarkhan Gaziyeu) and one Arab commander who goes under the name "Muhanad", then renounced their *bayat* (oath of

allegiance) to Umarov, while insisting they were not withdrawing from the Emirate. Later, 25 other commanders claimed to support Umarov's replacement.

These developments suggest that the IEC is divided between "jihadists" who want to link the North Caucasus to the global jihad and take advantage of the presence of Umarov and his reputation to secure funds, and those who are aiming to "re-Chechenize" the resistance movement, stop its regional expansion and take advantage of the existing unofficial support for the Chechen cause in Muslim countries and in the West.

Among those supporting the jihadist faction are the leaders of armed groups in Dagestan and Kabardino-Balkaria. As a Chechen analyst put it, "this means that there is an ongoing struggle between the two major components of the North Caucasus movement: the nationalists and the supporters of the idea of creating an Islamic state from the Black Sea to the Caspian Sea".

IMPLICATIONS: The latest attacks inside Chechnya and the daily violent incidents across the North Caucasus suggest that both factions are capable of carrying out attacks either inside



(AFP)

Chechnya according to the aims of the nationalist faction of the IEC, or to expand operations in the entire region according to those of the jihadist faction.

With nearly 300 attacks or instances of insurgency-related violence tied to the IEC this year alone, it is apparent that the Chechen jihad is spreading through the North Caucasus even as it recedes within Chechnya itself. In descending order, the main sites of such violence are now Dagestan, Ingushetia, Kabardino-Balkaria, Chechnya and Karachai-Cherkessia.

In this context, the split between nationalists and jihadists does not mean that insurgents are weakened. In contrast, their violent activities are expected to increase. By storming the parliament building and conducting the attack on Tsentoroi village, the nationalist faction is showing its capabilities to again destabilize Chechnya. According to the Russian state news agency ITAR-TASS, quoting Chechnya's Ministry of Internal Affairs, the militants who

attacked the parliament building were from a "unit" led by Khusein Gakayev. The Ministry's expert said that "according to our information, today's attack, aimed at eliminating the parliamentary leadership, was planned by Gakayev, who recently ostentatiously stopped taking orders from Doku Umarov and has taken most of the extremists with him". This indicates the capabilities of the IEC's nationalist faction and the threat they are posing to the pro-Russian government in Chechnya.

Moreover, in a parallel development, the capabilities of the IEC's jihadist faction are increasing, especially due to increasing efforts by the global salafi-jihadist movement to link the IEC to their movement. The Salafi-Jihadists consider the North Caucasus region to be an important strategic spot. Since late 2007, they have shown a renewed interest in the region after their earlier role in the area represented by Arab fighters in Chechnya diminished several years ago. This interest

takes various forms, most notably a remarkable reactivation in cyberspace, after a lengthy period without such postings on jihadist websites. Jihadist web-forums have circulated numerous items on Chechnya and the North Caucasus since early 2008. An integral part of this internet campaign is an emphasis on translating jihadist materials into Russian, specifically on the aforementioned websites. This activity is significant, as many local North Caucasian jihadis cannot read Arabic. Another indication of the ongoing effort to link the Caucasian armed groups to the global jihad movement was seen in an exchange of letters between Abu Muhammad al-Maqdisi and Anzor Astemirov (a.k.a. Amir Sayfullah), the late leader of Yarmuk Jama'at in Kabardino-Balkaria and an ideologue of the IEC, who was killed by security forces in March 2010. The letters concerned Astemirov's translation of al-Maqdisi's books into Russian. Astemirov also sent al-Maqdisi the Emirate's ruling against the London-based Prime Minister of the nationalist Chechen Republic of Ichkeria (ChRI), Ahmed Zakayev, declaring him an apostate. The ruling was approved by al-Maqdisi.

Astemirov also asked al-Maqdisi about a Shari'a ruling on participating in the Olympics. The 2014 Winter Olympics are scheduled to be held in Sochi, a city in present day Krasnodar Krai that was previously home to Muslim Circassians who were driven out from the region with enormous losses by Russian imperial troops in the 19th century. Al-Maqdisi ruled that participation is prohibited. Astemirov's request for direct advice from jihad ideologues such as al-Maqdisi demonstrates increasing attempts to tie the Caucasian armed groups, which are still driven by local grievances, to the global jihad.

CONCLUSIONS: The evolution of the jihadist faction in the North Caucasus coincide with efforts by al-Qaeda and its affiliates to build a localized jihad by convincing local elements to absorb the Salafi-Jihadist ideology, rather than just allying the movement with local militant groups in various areas. However, the North Caucasus has recently generated its own local jihadists, such as Astemirov and the two Dagestani female suicide bombers who attacked the Moscow Metro on March 28, 2010. Maryam Sharipova and Dzhanel Abdurakhmanova, unlike most of the female suicide bombers from the region, were not directly linked to the war-torn situation in Chechnya, but acted for ideological reasons. The adaptation of such a strategy by al-Qaeda and affiliated groups comes in the context of the lessons learned from their experiences in Iraq and Chechnya, most importantly that they lost their local bases as they lost the support of the local public. At the same time, a re-emergence of the nationalist faction which aims to Chechenize the conflict in the North Caucasus, would increase the burden on Russia and the local North Caucasian governments, and extend the geographical space where these groups are active. This means that they will share the security pressure and work more freely. Finally, restoring Chechen national resistance rhetoric could play a significant role in attracting young people from Chechnya itself to the IEC's nationalist faction.

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KAZAKHSTAN'S BANK RECOVERY STRATEGY

Richard Weitz

The Kazakh banking system has returned to solvency. A comparison of the macro-situation of October 2008 with that two years later shows that the national inflation rate has fallen from 18.2 percent to 6.7 percent, banks' liquidity as a percentage of all their assets has risen from 14.1 percent to 22.6 percent, the volume of banks' assets placed in the National Bank has risen from US\$ 9.1 to US\$ 10.5 billion, and the gross external debt of the national banking system has decreased from US\$ 41.6 billion to US\$ 17 billion. Although the national economy grew by only 0.3 percent in 2009, most Eurasian countries experienced GDP contractions that year.

BACKGROUND: According to Kazakh government assessments, tightening conditions in international financial markets beginning around August 2007 made it more difficult for local banks to raise external financing. The resulting bank liquidity deficit negatively affected Kazakhstan's construction sector and real estate market, which had been fueled by generous loans. In October 2008, the Lehman Brothers bankruptcy engendered a second phase of the crisis, as Kazakhstan's banks suffered like others from turmoil on the world's major stock and financial markets and the resulting surge in the risk premiums. Kazakhstan's economic growth declined considerably due to the substantial drop in capital inflows and the sharp fall in world commodity prices. The lending activity of Kazakh banks fell precipitously since Kazakh businesses stopped asking for credit.

The bank restructuring process began in earnest in October 2008, when the government promulgated its financial stabilization law aimed at strengthening its capacity to manage the crises. From November 2008 through February 2009, the government developed and implemented its anti-crisis plan for the banking sector. In February 2009, the Sovereign Wealth Fund Samruk-Kazyna injected capital into troubled banks in return for additional shares.

The government also implemented further rescue measures. These steps included replacing the senior management of many banks and appointing independent advisors to develop and implement banking sector restructuring plans. Over time, assets were recovered and distributed while debts were restructured. In July 2009, the government adopted a new restructuring law to provide an adequate legislative framework for bank restructurings.

Kazakhstan's international reserves became increasingly vulnerable due to the currency devaluations conducted by neighboring countries — with Russia and Ukraine leading the way — as well as low world prices for Kazakhstan's commodity exports. The resulting need for Kazakhstan to devalue its own currency obliged the Kazakh government to provide public financial support to the domestic banks with high external debt. Unfortunately, several banks experienced severe external over-indebtedness and lacked adequate domestic private funding sources. Various Kazakh banks also suffered from other problems, including the lack of liquidity in the domestic financial markets, worsening asset quality, illegal practices such as money laundering, inadequate collateral, fictitious capitalization, non-transparent sources of capital, affiliated and

connected lending, non-opaque decision making, and a general lack of economic and professional foresight.

In considering their response, the Kazakh authorities assessed but rejected two possible extreme options, both of which were supported by certain officials. On the one hand, if the government had simply declared bankruptcy, as Russia did in 1998, they anticipated that this decision would have resulted in a complete loss of confidence in the entire national banking system. This collapse would in turn have led to a large-scale bank-run by their depositors, which would have been replicated by the flight of foreign investors and enduring speculative pressure on the national currency. On the other hand, if Kazakhstan had chosen the bail-out option, the country would have faced an enormous moral hazard problem. The bailouts would have encouraged further reckless behavior since bankers would plausibly expect the government to again step in and cover any major losses. A bailout would also have imposed a significant burden on state finances and possibly led the banks to become addicted to government support. Finally, it could have reduced the international competitiveness of Kazakh banks since they would not have undergone effective restructuring.

In the end, the authorities restructured US\$16 billion of bank debt. Approximately US\$11 billion were written off; some loans were converted into equity, with the common shares distributed among claimants; while other claims were cancelled in exchange for cash and new bank notes. Furthermore, the maximum maturity of some financial debt was extended, in some cases more than twice its original date. Negotiations occurred between creditor steering committees and the banks. These negotiations were difficult in that the major creditors often

appealed to their economic and political contacts, which included national ministers of important European countries. Despite occasional contentious moments, more than 90 percent of the creditors eventually approved the outcome. The recovery rate has averaged almost 50 cents for each dollar loaned by the restructured Kazakh banks.

IMPLICATIONS: Kazakh officials attribute their country's successful financial restructuring to a novel asset recovery technique that they believe could be applied to other Eurasian countries in economic distress. This unique "burden-sharing" approach brought together the National Trust Fund Samruk-Kazyna and other partners to collectively address the problem with a representative Creditors Steering Committee for each troubled bank. The members for each of the restructured banks included official sector creditors, Eurobonds holders, commercial banks, and private trade finance creditors. The banks and the committees then undertook due diligence assessments of each bank's loan portfolio.

This review and negotiations focused on addressing four key issues: how to secure additional funds to sustain bank operations; how to preserve Kazakhstan's strong fiscal profile; how to limit the risk of moral hazard and discourage future irresponsible behavior; and how to improve the bank's management and governance. The banks, the steering committees and Samruk-Kazyna signed a memorandum of understanding on the terms of each financial institution's restructuring plan. All the creditors would then vote on the proposed restructuring and recapitalization blueprint. If they approved it, the plan was then submitted to Kazakh national bank regulators for further scrutiny and possible approval.

The restructured banks have strongly committed to implement aggressive recovery strategies to retrieve the maximum value from their old loans, including suing the former bank owners in British courts. The committees hired independent accounting firms to confirm that fraud had occurred, as well as legal and financial advisers for each of the banks. In addition to cash and new debt instruments, the restructuring packages offered equity and recovery units to the different categories of creditors.

The Samruk-Kazyna National Welfare Fund, created in October 2008 as a state-owned joint stock holding group to implement a coordinated strategy among strategic national industries representing almost half of Kazakhstan's GDP, played an essential role in stabilizing the national financial system. The Fund increased its majority shareholding positions in some banks, especially the most troubled ones, by exchanging debt for shares. Although all the creditors incurred initial financial losses by writing off bad loans, Samruk-Kazyna allowed each bank and their creditors to split any assets they recovered 50-50 by waiving its own recovery claims. And the fund urged banks to implement good corporate governance practices according to the highest international standards.

In addition, the National Bank of Kazakhstan (NBK) took other measures to further the banking system's recovery. The National Bank reduced its policy interest rate and reserve requirements to record low levels; provided refinancing loans to banks to ensure short-term

liquidity; and expanded the list of instruments it accepted as collateral. The reappointment of Grigory Marchenko, a well-respected economic reformer, as NBK chairman in January 2009 helped restore international confidence in Kazakhstan's battered financial sector. As NBK head from 1999-2004, Marchenko managed to limit the fallout from Russia's 1998 default on Kazakhstan by introducing key financial reforms aimed at promoting transparency and good governance.

CONCLUSIONS: The Kazakh authorities believe their burden-sharing approach to bank recovery yielded considerable benefits. First, it eschewed the extremes of bailing out troubled banks or allowing them to go bankrupt. Second, the approach enabled Kazakh bankers and regulators to show foreign partners that they had nothing to hide. Third, the steering committees helped improve corporate governance by drafting the most stringent corporate charters for each of their banks ever seen in Kazakhstan. To avert future banking crises, Kazakh authorities are now strengthening their national banking regulations by imposing more restrictions on intra-group transactions, additional transparency obligations on large banking clients, and further requirements on the structure and management on banking conglomerates.

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IRANIAN AZERBAIJAN: THE BREWING HOTSPOT OF FUTURE SEPARATISM?

Emil Souleimanov

Conventional wisdom has it that Azerbaijanis, the largest ethnic minority in Iran, have historically tended to identify themselves with the idea of Iranian statehood and Shiite religion rather than ethnic nationalism. Yet recent years have shown a growth of their Azerbaijani Turkic self-consciousness which has not least manifested itself in the form of “sport nationalism”. The numerous fans of the Tabriz-based Tractor Sazi football club have become advocates of the ethno-linguistic emancipation of Iranian Azerbaijanis, an emancipation sometimes bordering on separatism and irredentism.

BACKGROUND: Last July 27, following expressive racial insults, the Tractor’s Azerbaijani fans engaged in violent clashes with the ethnic Persian fans of the Tehran-based Persepolis football team and Iranian police. During the clashes, dozens of fans got injured and dozens of predominantly Azerbaijani fans were jailed by police.

Iranian Azerbaijanis are known for being well-integrated into Iranian society as disproportionately high numbers of them are part of the political, economic, military and cultural elite of Iran. For instance, the supreme leader of the Islamic Republic ayatollah Ali Khamenei and last year’s key reformist presidential candidate Mir-Hossein Mousavi are both of Azerbaijani origin.

Yet education in Azerbaijani Turkish is prohibited and only a limited number of media outlets print in Azerbaijani while there is *de facto* no TV broadcasting in this language. The roots of this attitude date back to the shah regime, which in an effort to secure the unity of this multi-ethnic nation subjected Azerbaijanis to intense assimilatory policies. Discrimination of their ethno-linguistic rights, as well as denial of their distinct identity was commonplace. Azerbaijanis were considered “Turkified Aryans”, Iranians by origin, and a sense of

cultural and racial inferiority of the Turks as descendants of nomadic barbarians vis-à-vis the ancient cultivated Persians was raised by the authorities. It was in the Pahlavi period that the derogatory image of “a stupid Turk” (“Turkish donkey”) was cultivated to be applied predominantly to Iranian Azerbaijanis. As a result, millions of Azerbaijanis, especially those that had moved to Teheran and other urban areas of central Iran since the 1960s-70s, tended to distance themselves from their Turkishness, assimilating into the Persian socio-linguistic mainstream. Provided they did so, they faced virtually no obstacles in reaching high positions in the state. The shah’s chauvinist policy was generally halted following the Islamic revolution of 1979 with the notion of supra-ethnic Shiite Islam obtaining the status of state ideology.

Yet the situation has changed since the 1990s, the establishment of the independent Azerbaijani Republic playing only a partial role in this. Many thousands of Iranian Azerbaijanis have frequently traveled to Turkey for both work and recreation, coming to be affected by the strength of Turkish nationalism with its developed sense of pan-Turkic solidarity with both Azerbaijanis and representatives of other Turkic ethnicities. They have also experienced



that Turkey is, in comparison to Iran, a much more modern, free and developed state. Turkish satellite broadcasting with its rich menu of entertaining programs has also entered the homes of ordinary Iranian Azerbaijanis, contributing to the improvement of their ethno-linguistic self-perception. Many Azerbaijanis started to regard Turkishness as by no means inferior to Persianness, since Persia, as they found out, had been ruled predominantly by Turkic dynasties for a millennium and as they embraced key personalities of Iranian history of Azerbaijani descent, such as Shah Ismail I and Shah Abbas the Great.

Since the end of the 1990s, Iranian Azerbaijanis have become increasingly vocal in their demands for education in their native tongue and recognition of their Turkic identity. Aside from this, there is a lack of consensus over what should be achieved, whether autonomy within Iran, independence, unification with Turkey and/or Azerbaijan, or just the right to education in Azerbaijani. Nevertheless, the emancipation movement of Iranian Azerbaijanis have brought about increasing reprisals from state authorities which have culminated during the so-called “cartoon crisis” [see the [06/14/2006 issue](#) of the CACI Analyst] of May and June

2006 that cost the lives of dozens of Azerbaijani protesters.

IMPLICATIONS: As a result of the imposed restrictions on any politicized expression of Azerbaijani identity, the focus of Azerbaijanis has since then shifted to the realm of sports. The Tabriz-based Tractor Sazi football club has earned massive support of ethnic Azerbaijanis across Iran, breaking all nationwide attendance records. Dozens of thousands of Azerbaijani fans

accompany the Tractor football team during its matches, occasionally waving Turkish flags, carrying pan-Turanist symbols and shouting politically-flavored slogans ranging from rather moderate demands to establish school teaching in Azerbaijani Turkic to ones emphasizing their distinctiveness from the Persians (“Hey, look out, I am Turkish”, “Azerbaijan is ours, Afghanistan is yours”) to explicitly supporting Azerbaijani separatism (“Long live Azerbaijan and down with those who dislike us”, “Tabriz, Baku, Ankara, our path is different than that of the Persians”). This, in turn, has contributed to growing tensions with the Persian fans whose racist slurs (“Turkish donkey”) being returned by Azerbaijani fans (“Persian dogs” or “Persian monkeys”) which often results in violent clashes, especially during the Tractor’s matches with the Teheran-based teams, Persepolis and Esteghlal.

Likewise, the situation of Iranian Azerbaijan has changed dramatically over recent years, which is facilitated by the overall atmosphere of détente in Iranian society. While most Azerbaijanis preferred to speak Persian even in the streets of Azerbaijani-dominated Tabriz two decades ago, Azerbaijani Turkish has now become commonplace, displacing Persian in most of the predominantly Azerbaijani areas of

northwestern Iran. Ordinary Azerbaijanis in Teheran and elsewhere do not hesitate to speak in their native tongue, showing pride of their ethnic identity. Importantly, demonstrations for ethno-linguistic rights have become periodical in Iranian Azerbaijan. Although crushed down violently by police forces with the demonstrators routinely subjected to torture and imprisonment, they still persist. Separatist flags of Southern Azerbaijan are occasionally displayed visibly overnight in Tabriz and other cities of Iran's Azerbaijani northwest, just as posters advocating Azerbaijanis' right to education in their native tongue.

Any sign of nationalism and separatism among its largest ethnic minority accompanied with loyalty to outside nations are of outmost concern for Iranian authorities as they might endanger the unity of the state, especially in light of Iran's internal problems with its Sunni (Kurdish, Baluchi) and to some extent also Arab minorities and uneasy relationship with the U.S. and Israel. Although it is too early to envisage catastrophic scenarios for Iran, the ongoing tendency is not without its potential dangers, and generational factors are leading among them.

In a country where around two thirds of the population are made up of people below the age of 30, the younger generations of Iranians, especially inhabiting urban areas, generally tend to have pro-reformist attitudes, willing to live in a freer country, as they showed during last year's protests over the results of presidential elections and subsequent violent reprisals. In fact, the theocratic regime has alienated many young Iranians who are now eager to identify themselves not primarily with Shiite Islam but with alternative ideologies. For young Persians, it is Persian nationalism with emphasis on its pre-Islamic roots, while for many Azerbaijanis,

it is increasingly Azerbaijani nationalism with its pan-Turkic overtones.

CONCLUSIONS: The ongoing split in Iranian society along social and ethnic lines is paralleled by the split within the Azerbaijani community itself. In this split, rural, less educated, deeply religious and usually older Azerbaijanis, supportive of the conservatives, still link Shiite religion, the main layer of their self-identification, with Iran and stick to the centuries-old tradition of referring to the Sunni Turks as heretics. For them, those who in their opinion seek the dismemberment of their Iranian homeland are traitors and "agents of Israel". However, as the ethnic polarization in Iran deepens, they too are affected negatively by the increasingly anti-Turkic sentiments of their Persian compatriots and are thus becoming increasingly aware of their ethnic roots. On the other hand, pro-reformist, relatively educated Azerbaijani youth of urban areas generally incline toward ethnic nationalism, increasingly dissociating themselves from the Persians and associating with Turkey and Azerbaijan. Whether the current emancipation stage of Azerbaijani nationalism results in separatist efforts over time or not now depends on the ability of Teheran to further secure the favor of its loyal Azerbaijani population while keeping Azerbaijani nationalists low profile, possibly meeting their basic ethno-linguistic and cultural demands. In any case, the genie of Azerbaijani nationalism is already out of the bottle.

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TENSE U.S.-PAKISTAN RELATIONS ECLIPSE REAL GOALS IN AFGHANISTAN

Naveed Ahmad

Relations between the U.S. and Pakistan remain tense despite Islamabad's decision to allow vital supplies for coalition troops in Afghanistan after an ISAF helicopter incursion into Pakistan that claimed the lives of four Pakistani soldiers and injured another two. Meanwhile, the usage of Unmanned Aerial Vehicles (UAVs) inside Pakistan's tribal areas continues despite widespread public discontent in Pakistan. Islamabad has yet to condemn drone incursions and unlawful killings resulting from drone attacks. Meanwhile, militants are increasingly attacking targets in Pakistan such as its security forces and NATO supply caravans, traveling from the coastal areas to the Torkham border crossing.

BACKGROUND: Faced with the worst floods in its history since July 28, an estimated 22 million Pakistanis are affected by the disaster, half of them in dire need of food, healthcare and shelter. Under these conditions, exactly when the corruption-tainted People's Party government belatedly sought international help, the Pentagon decided to intensify UAV attacks, claiming eight lives in each raid on average. A compilation of figures from newspaper reports based on leaked information either by U.S.-led forces in Afghanistan or their Pakistani counterparts shows that drone attacks have killed 158 persons since the flooding started. The average ratio of intrusions over the last three months has been one drone attack a day. Another study suggests that missile strikes from some 158 drones killed over 700 persons until September 30, with only 13 being identified as alleged militants. The remainder was allegedly collateral damage, for which neither side is keen to offer compensation and apologies.

Washington insists that its forces are entitled to hit targets six miles into the Pakistani tribal areas. Officials claim that such an understanding was reached with the then president General Pervez Musharraf. Google

Earth images, showing latitude and longitude, suggest that drones are not violating Pakistani airspace as they are being launched from within the country to hit the alleged militants. The U.S. has repeatedly asked Islamabad to go after the al-Qaeda network more aggressively in its wild west along the Afghan border where it has suffered the highest number of peacetime casualties, a death toll that the combined casualties of all multinational troops in Afghanistan cannot equal.

Pakistan has committed 100,000 troops along the western border alongside army gunships and air force bombers. For fighting pitched at a decisive final round of battles in landlocked Afghanistan, uninterrupted supply lines from Pakistan attain vital importance. On any given day, 532 supply vehicles cross into Afghanistan from Pakistan after safely completing a risky journey of 1,800 kilometers across the country, with growing anti-U.S. sentiments along the highway. Half of the necessary supplies reach Afghanistan via Pakistan. In addition, 20 percent is transported by air and 30 percent along the Northern Distribution Network (NDN) through the Caucasus and Central Asia.



IMPLICATIONS: As the NDN is for a variety of reasons a costly transport route, the U.S.-led forces in Afghanistan rely heavily on the route via Pakistan, which remains the shortest and the most viable option for vital supplies. Over the last weeks, NATO tankers and trucks were set alight in at least five major incidents. While the tankers and containers are insured, the increasing availability of bullet-proof jackets, combat boots and other equipment in the Peshawar and Quetta markets supports the notion that containers are generally emptied before being torched. Interestingly, ethnic Pashtuns have a sort of monopoly on the trucking and transportation business in Pakistan. Sympathy for the Pashtuns dying in drone attacks, besides hefty insurance claims, are seen as motivating factors behind clandestine operations. Analysts believe that the Taliban would prefer looting goods and fuel and hijacking the crew instead of torching the vehicles every time.

When NATO supply containers are hard to find, Pakistani troops deployed in tribal areas are frequently subjected to suicide attacks as reactions to the drone strikes. While the seven semi-autonomous tribal agencies have continually faced an economic blockade over the last five years, the U.S. promises to establish Reconstruction Opportunity Zones (ROZs) have not materialized.

In the absence of economic activity and a deteriorating functioning of law and order, migration has become a natural means for survival. Moreover, business activities have faced a

fatal blow due to the back-to-back operations of the Pakistani military. The U.S.-led forces have been pressuring Islamabad to launch a fresh offensive in North Waziristan while Islamabad has been seeking more time and resumption of the political process, mainly due to decreasing support for its actions due to unabated drone attacks from across the Durand Line.

More recently, Washington has been echoing with bizarre terms such as “good Taliban” while many known militia leaders have been removed from the United Nations terrorist list. President Karzai has long been inviting the Taliban and other Afghan militants to negotiations.

Islamabad has also expressed a need for dialogue with the Pakistani Taliban along the same lines as have Kabul over the last months. In private, Pakistani officials see a hawkish approach towards the Pakistani Taliban from both sides not just as risky, but as suicidal.



(msnbc)

CONCLUSIONS: Each drone attack on Pakistani territory manifests the U.S. distrust of the Pakistani security forces, while ignoring the implications such short-term measures have had for the overall scenario. Though neither Pakistan nor the U.S. officially release the death toll from drone strikes or the names of victims, headlines with vague references to collateral damage never go unregistered amongst the public. The execution of such attacks on the basis of poor intelligence has created the impression that each missile strike claims more innocent tribesmen than alleged Taliban or al-Qaeda operatives. The situation arising out of the helicopter incursions into Pakistan should be utilized to review the rules of the game at this critical juncture of the conflict. Any misadventure on the part of U.S.-led NATO troops can spoil the gains achieved

over the nine year campaign. While U.S. taxpayers want an end to the wars in Iraq and Afghanistan, flood-ravaged Pakistan needs a stable economy and improved rule of law. Not only should the U.S. seek to isolate the Afghan Taliban from their Pakistani comrades by halting drone attacks and initiating talks, Pakistan must also review its strategy and tactics while seeking to initiate a feasible political process. Pakistan's biggest challenge is to strike a balance in its relationship with the U.S. vis-à-vis growing public discontent following the ongoing spate of almost daily border violations through UAVs.

AUTHOR'S BIO: Naveed Ahmad is an investigative journalist and academic with focus on regional politics, security and energy issues. He reports for ISN Security Watch (www.isn.ch), Gulf News and DW-TV.

FIELD REPORTS

GEORGIA EASES VISA RULES FOR NORTH CAUCASUS RESIDENTS

Eka Janashia

The electoral campaign for the October 10 parliamentary election in Kyrgyzstan proved highly competitive. Twenty-nine political parties ran for the national parliament, and according to local experts, for the first time had equal opportunities for reaching out to the electorate. The country never experienced such a dynamic electoral campaign in its history. However, despite the level playing field and the more or less civilized campaigns that political parties reportedly conducted, a number of events and incidents related to the campaign made the political struggle more complicated and aggressive, and perhaps even posed a threat to the conduct of the election itself.

Experts claim that there are two reasons for the “electoral craze” that surrounded the parliamentary elections. Firstly, as a result of the Constitutional referendum held in July, Kyrgyzstan is transitioning to parliamentary system of government, conferring powers to the legislative branch that will form a cabinet of ministers. Secondly, political forces in the country had a clear understanding of the opportunity presented by the elections in a more open political environment. So far, the interim government led by President Roza Otunbaeva succeeded in providing equal rights for all parties in the elections.

In its midterm report on the campaign, the ODIHR Observation Mission noted progress toward a democratic campaign period, but also noted some minor problems, such as the lack of specialists in election conduct. The pre-election campaign was commended for being held without serious violations, according to the ODIHR Mission

Representative Jens-Hagen Eschenbacher, who said the campaign was very competitive because all parties had equal opportunities to communicate their agendas to the electorate.

Numerous independent non-governmental organizations, both international and domestic, affirmed the ODIHR statement, saying that the authorities succeeded in ensuring fair competition among all political forces. At the same time, they also claimed that competing parties themselves were violating the rules by practicing “old methods”, such as buying votes and discrediting opponents in unethical ways.

The government’s outspoken commitment to the “free and fair elections” principle did not provide a guarantee for smooth and calm elections. The campaign was accompanied by numerous scandals and incidents, which threatened to derail the elections. On October 8, the headquarters of the leading opposition party, “Ata Jurt,” was attacked. Approximately 100 protesters burst into the party office and threw the party’s campaign materials out the window of the building, then burned them outside. The protesters claimed to be relatives and family members of those who were shot by the police and security services during the April 7 events and came to the party office to demand an explanation for party leader Kamchybek Tashiev’s statement that the party, if elected, would bring back former President Kurmanbek Bakiyev. Tashiev denied the statement, which was caught on video during a meeting with voters in southern Kyrgyzstan, saying that the footage was fabricated

and that he considered the attack an attempt to disrupt the upcoming elections.

One day later, on October 9, unknown men burned the campaign posters of one of the opposition parties, “Butun Kyrgyzstan”, in the region of Talas. The party officials blamed pro-governmental parties for the incident.

Despite these worrisome incidents, the authorities remained firm on conducting the elections. During her meeting with the heads of diplomatic missions in Kyrgyzstan, President Otunbaeva stated that there is no reason to cancel or postpone the parliamentary elections, saying that “we are confident that the elections will be held and will be successful”.

Otunbaeva claimed that the authorities would take unprecedented security measures in case of unrest on Election Day, with additional police patrolling beginning on October 7. Interior Minister Zarylbek Rysaliev stated that 7,000 policemen and 13,000 citizen volunteers would be maintaining public order on Election Day, and that taxi drivers and private security companies would help the police ensure order.

The parliamentary elections in Kyrgyzstan also attracted a great deal of interest from the international community and, allegedly, attempts from some states to influence the outcome of the elections. Meetings of some opposition political party leaders with the leaders of Russia and Kazakhstan, and the airing of discrediting evidence against leaders of other parties in Russian and Kazakh mass media, were considered attempts to interfere in the internal affairs of Kyrgyzstan, stated local political expert Mars Sariev: “Russia is attempting to influence the campaign by supporting pro-Russian parties and using mass media against other forces.” Russian President Dmitriy Medvedev was also reported to say in a meeting with foreign political experts on September 10 that parliamentarism in Kyrgyzstan will lead to disaster.

President Otunbaeva considered foreign mass media involvement and the statements of foreign leaders as unacceptable. “There are many who want to dictate which way Kyrgyzstan should go, but Kyrgyzstan is a sovereign country and no one can interfere in domestic issues”, she stated at a ceremony dedicated to the Day of Teachers on October 8.

TWO JOURNALISTS UNDER FIRE IN UZBEKISTAN

Erkin Akhmadov

Two cases of persecution of journalists in Uzbekistan have received wide publicity during the last couple of weeks. The first case refers to a lawsuit against the editor of the Russian website www.vesti.uz and a correspondent of the “Parliamentary Newspaper”, Russian citizen Vladimir Berezovskiy, who was charged with “libel and insult”. The second case refers to the lawsuit against the “Voice of America” radio reporter Abdumalik Boboev, who was accused under similar charges. As a result of these lawsuits, both journalists could be imprisoned or charged with considerable fines.

On October 13, the Tashkent court found Berezovskiy guilty of “libel and insult” of the Uzbek people. However, he was immediately granted an amnesty. The indictment lacked some essential elements; above all it did not provide the names of the victims, i.e. individuals who were actually libeled or insulted. The whole case was based exclusively on an expert opinion letter of a representative of the Monitoring of Mass Communications Centre of the Uzbek Agency on Communications and Information.

Meanwhile, Berezovskiy thinks that all the charges against him are fabricated. No articles published on

his web-site call for overthrowing the existing regime or constitutional system of Uzbekistan, as was stated in the prosecution's resolution on 5 April 5. In fact, the web-site's content is quite neutral, mainly covering cooperation between Uzbekistan and Russia, activities of the Russian embassy and consulate, etc. In the end of 2009, however, the web-site published several articles reporting on the elimination of Russian heritage in Uzbekistan, e.g. dismantling of the monument to the Soviet soldier in Tashkent, demolishing of the Russian church, and the renaming of streets named after famous Soviet Russian people. Based on this, the expert opinion letter stated that the website contains "libelous, misleading and misinforming information, the dissemination of which may cause interethnic and international hostility, and create panic among the people".

Similar charges were presented against a freelance journalist and reporter for "Voice of America" radio in Uzbekistan, Abdumalik Boboev. On October 15, the court gave a judgment in Mr. Boboev's case, and sentenced him to pay a fine of four hundred minimum wages. Even though Mr. Boboev expected a much tougher verdict, he still plans to apply to the court of appeals and ask to be completely acquitted.

Both cases were carefully observed by local and international human rights defenders. On October 4, the U.S. embassy in Uzbekistan published the transcript of a statement made by the U.S. ambassador to the OSCE, Ian Kelly, during the regular council meeting in Vienna. Ambassador Kelly expressed concerns about the freedom of mass media in Uzbekistan, and criticized the activities of the Uzbek authorities in relation to the two journalists. "Applying criminal judicial procedures for punishing journalists exercising their freedom of expression is a violation of Uzbekistan's voluntary commitments to the OSCE, and it certainly puts pressure on journalists all over the country", said the Ambassador. Later, on October 15, the U.S.

Embassy made another statement, expressing content with the fact that Abdumalik Boboev was released from court without imprisonment. Nonetheless, the Embassy stated that it is still concerned over the negative consequences this case may have on the freedom of mass media in Uzbekistan, and it will carefully observe the procedure of Mr. Boboev's appeal.

The Russian embassy in Uzbekistan displayed no reaction whatsoever to the lawsuit against the Russian journalist Berezovskiy. According to Berezovskiy, however, he was supported by the Journalists' Union of Russia, the Public Chamber of Russia, the International Center for the Protection of Journalists, and the Center of Extreme Journalism.

The head of the Initiative Group of Independent Human Rights Defenders of Uzbekistan, Surat Ikramov, thinks that the lawsuits against the two journalists were not accidental. Thus, he concludes that charges of libel and insult of the Uzbek people or the government of Uzbekistan based on "non-existent articles", which are accepted by the courts, in fact show the absurdity of these proceedings, and allow for the persecution of journalists, human rights defenders and independent experts.

It should be noted that other cases of accusing journalists of libel or insult have taken place before in Uzbekistan. Not long ago, the case of the photographer Umida Ahmedova, who was prosecuted on the same charges for her photo album "Women And Men: From Sunrise to Dawn", had a similar outcome. Thus, the persecution of journalists and activists on charges such as insult of the nation is becoming a regular occurrence in Uzbekistan. The present two cases, however, show that no one is insured from this in Uzbekistan, neither foreign citizens like Vladimir Berezovskiy, nor employees of foreign mass media agencies like Abdumalik Boboev.

FORMATION OF CUSTOMS UNION IS

ENTERING ITS FINAL STAGE

Georgiy Voloshin

On October 15, the Prime Ministers of Russia, Kazakhstan and Belarus, which now form the Customs Union (CU), met in Moscow to discuss the progress achieved in moving further towards increased economic integration and trade cooperation under common rules and procedures. The heads of three governments reiterated their countries' preparedness to establish a single economic area from January 1, 2012. They also expressed their full satisfaction with the pace of legislative and normative developments aimed at bringing closer relevant legal instruments in all three territories.

Speaking before journalists, visiting Kazakhstani officials unveiled the idea of a new executive body in charge of protecting trade competition, which will become operational in 2011. Its major purpose is to signal all cases of unfair competition and to prevent the formation of cartels capable of disrupting normal trade relations between countries and negatively impacting consumers.

Though it is not yet clear which Member State will finally host the new institution, the Common Rules and Principles of Competition were agreed upon at a side meeting in Moscow at the level of experts. Russia's Federal Anti-Monopoly Service had proposed the original framework mostly based on Russian law, which testifies in favor of Russia's sizable influence in matters of legal drafting and institution-building. The signing of these Rules is awaited not later than January 2011. All three Member States will then have a period of 18 months to harmonize their domestic anti-trust laws and regulations on protecting competition with the provisions of the trilateral agreement.

Russian Prime Minister Vladimir Putin specifically noted that from January 1, 2013, an export/import tariff for railroad transportation would be organized on a novel basis, where either party to the CU framework shall be obliged to comply with both internal and external tariffs intended to replace the

currently used transit tariff. Later in the day, Putin held talks with his Kazakhstani counterpart Karim Massimov and referred to the positive status of Russia-Kazakhstan cooperation in the areas of space and nuclear technologies. In reply to Putin's comments, the head of Kazakhstan's government emphatically stressed that there had never been a single issue between Russia and Kazakhstan that could not be solved on the basis of mutual interest and to the benefit of both sides. In turn, Putin promised to enhance industrial cooperation activities in energy and heavy engineering.

Earlier during the week, Natalia Slyusar, the head of the legal department in the Secretariat of the CU Committee, a trilateral executive body in charge of implementation and oversight, spoke to the press about the prospects for enlargement. According to her, Russia, Kazakhstan and Belarus are ready to accept new members, but these should necessarily belong to or be formally associated with the Eurasian Economic Community (EurAsEc). Thus, the list of possible candidates is limited to Kyrgyzstan, Tajikistan, Armenia and Ukraine. In July 2010, Syria's president Bashir al-Assad stated his country's interest in establishing a free trade zone with the CU when meeting Belorussian Prime Minister Sergey Sidorsky, leaving an impression that Syria might be considering future membership in this organization.

Despite these and many other estimates, it remains quite unlikely that any of the above countries will be well-placed to join the CU. Both Ukraine and Kyrgyzstan are full-fledged members of the World Trade Organization, whereas Tajikistan's economy has very little to offer its CIS partners and will have to overcome substantial structural deficiencies to implement the CU legislation. Anticipating any speculations over the seriousness of Armenia's intentions with regard to membership in the CU, Armenian Prime Minister Tigran Sargsyan said on October 20 that it would make no sense for his

country to seek any affiliation with the CU in the absence of a common border.

At the same time, it is rather unclear how the CU's and the WTO's legal frameworks might be reconciled if all three countries of the CU, or at least the two of them that are now seeking membership in the WTO, were permitted to join. This uncertainty was additionally underscored by Lawrence Summers, Director of the White House National Economic Council. He said on October 20 on a visit to Moscow that Russia might be joining the WTO within 12 months.

The outcomes of economic integration in the framework of the CU were summed up one day later by the Executive Secretary of the CU Committee Sergey Glaziev. He said that 50 legal instruments had already been adopted and another 20 would be agreed upon by the end of this year. Therefore, all but 90 percent of the work has been accomplished so far. The Single Economic Area is expected to boost the national GDPs of the member states by 5 percent within 5 years and from 15 to 17 percent within 10 years.

ARMENIA EXPECTS FEW OUTCOMES OF MINSK GROUP FIELD MISSION

Haroutiun Khachatryan

The OSCE Minsk Group co-chairs carried out a Field Assessment Mission to the occupied territories surrounding Nagorno-Karabakh on October 7-13. During this period, Bernard Fassier (France), Robert Bradke (U.S.) and Igor Popov (Russia) traveled all the seven regions around the unrecognized Nagorno-Karabakh Republic. The declared goals of the mission supported by three technical experts, including two from the United Nations High Commissioner for Refugees (UNHCR), was “to study the general situation in the region”. “Two of three co-chairs of the OSCE Minsk Group have been appointed only recently, they have never been in the conflicts zone and do not know the situation in details”, the Armenian Foreign Minister Edvard Nalbandian said on October 4, implying Bradke and Popov. “They will use the opportunity and familiarize themselves with the situation”, the minister said. Nalbandian also informed that the initial agreement to organize this mission was reached as early as in the spring of 2010. Prior to the start of the mission, the co-chairs held separate meetings with the presidents and foreign ministers of Azerbaijan, Armenia and the leaders of the unrecognized NKR.

“The Mission provided an important opportunity for the co-chairs to meet with numerous people on the ground and familiarize themselves with the overall current situation in the territories, in all respects, including humanitarian needs. The unprecedented participation of technical experts from the UNHCR allowed the Mission team to understand better the rights, within the framework of international humanitarian law, of all refugees and displaced persons in the region and the conditions now facing those living on these territories”, the co-chairs said in a statement released at the end of the mission. “The co-chairs, with input from the experts, are now compiling the information gathered during their Mission. After completing this work, they will prepare an internal OSCE report, which will be shared with all sides”, the statement read. It is expected that this report will be presented to the conflicting parties during the next visit of the co-chairs to the region in early November.

Armenian experts share the general view that the principal goal of the mission was to ensure that the Armenian governments of Yerevan and Stepanakert are not taking actions to populate these territories

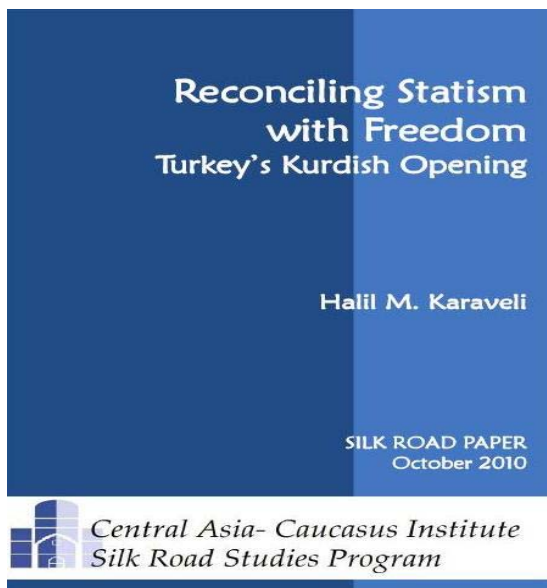
with ethnic Armenians. A similar mission was carried out in 2005. In other words, the co-chairs need to check that these governments have no plans to annex the territories around Nagorno-Karabakh, and that these territories are open to the return of their original Azerbaijani population, a precondition which is seen as necessary for the final resolution of the Nagorno-Karabakh conflict. As such, the mission is seen as a stabilizing action that can consolidate the cease-fire regime, a goal which is seen as principal given an increasing number of sniper attacks of the Azerbaijani army and bellicose statements by Azerbaijani politicians. The future report of the co-chairs and related discussions are seen as preparations for a possible breakthrough on this subject at the OSCE Summit due in Astana in December.

Meanwhile, the Field Mission has little positive political impact. Several politicians and political parties in Armenia and in Nagorno-Karabakh declared that the Minsk group co-chairs should be more neutral and should not to limit themselves by examining the situation in Azerbaijan's occupied territories. According to them, the co-chairs should also examine the situation in territories claimed by the NKR, which are now controlled by Azerbaijan (namely, part of the Mardakert region of the former Nagorno Karabakh autonomous province and the Shahumian region of Azerbaijan).

In addition, a previously little known movement has become much stronger in light of the field mission. The organization of the Armenians of Azerbaijan – mainly Armenians who lived in Baku and other big cities of Azerbaijan and fled the pogroms following the start of the movement for Karabakh's independence – has issued a statement claiming the right of Armenians of Azerbaijan to live on the territories around Nagorno-Karabakh under the same conditions as other Azerbaijani citizens.

Finally, Armenia's president Serzh Sargsyan condemned the official propaganda methods of Azerbaijan in unprecedented tough wording on October 17. He described the Azerbaijani line, which became more intense on the eve of the November 7 general elections in Azerbaijan as "anti-Armenian fascism". This was in response to top Azerbaijani leaders referring to modern Armenia as "part of the lands of Azerbaijan" – a term which, according to the Armenian leader, did not exist 100 years ago.

In summary, the Field Assessment Mission of the Minsk Group co-chairs seems to have had little influence on the tense situation in the South Caucasus. The most optimistic expectations voiced in Yerevan are that it had some stabilizing effect by restricting the risk of resumed hostilities in the Nagorno-Karabakh zone of conflict. No serious breakthrough is expected as a result of this Mission.



New Silk Road Paper:

***Reconciling Statism with Freedom: Turkey's
Kurdish Opening***

By Halil M. Karaveli

The Silk Road Paper can be downloaded
free at www.silkroadstudies.org.
Hardcopy requests should be addressed to
Paulette Fung at caciz@jhu.edu.

NEWS DIGEST

FIVE PARTIES TO GAIN SEATS IN PARLIAMENT OF KYRGYZSTAN

13 October

Five parties will gain seats in zhogorku kenesh (parliament) of Kyrgyzstan: Ata-Zhurt, the Social-Democratic Party of Kyrgyzstan (SDPK), Ar-Namys, the Republic, and Ata Meken, the agency reports citing the news agency AKIpress. According to the preliminary data of the state automated system Shayloo, five parties will gain seats in zhogorku kenesh (parliament) of Kyrgyzstan: Ata-Zhurt, SDPK, Ar-Namys, the Republic, and Ata Meken. The following parties will gain seats in zhogorku kenesh: Ata-Zhurt - 28; SDPK - 26; Ar-Namys - 25; Republic - 23; Ata Meken - 18. (Kazakhstan Today)

RUSSIA DENOUNCES GEORGIAN VISA SCHEME AS 'PROVOCATION'

15 October

Russia has condemned Georgia's unilateral decision to make it easier for people living in the Russian North Caucasus to travel across its border. From now on residents of the volatile republics of Chechnya, Ingushetia, Dagestan and four others will not need a visa to travel to Georgia. The Georgian authorities said the move was to deepen the relationship between the peoples. But the Russian foreign ministry described it as a provocation.

The only usable land border crossing between Russia and Georgia - at Verkhny Lars, high up in the Caucasus mountains - was re-opened in March for the first time in four years. It opened up the route to trade, presenting potential business opportunities for people in the republics of the North Caucasus, where war and militant attacks have left around half of the total workforce unemployed. The BBC's correspondent in the Caucasus, Tom Esslemont, says that by relaxing the visa requirements, the Georgian President Mikhail Saakashvili may be seeking to harness some of that labour by developing his

country's tourist industry. But the Russian foreign ministry has condemned what it calls an "attempt to divide the Russian population into different categories". (BBC)

GEORGIA APPROVES POWER SHIFT AS OPPOSITION CRIES FOUL

16 October

Georgia's parliament approved a system strengthening its own and the prime minister's powers on Friday under reforms the president's critics say will allow him to rule after his term ends in 2013. The constitutional reforms change the ex-Soviet republic's strongly presidential system to a "mixed" one with a more powerful prime minister and parliament, starting in 2013 when President Mikheil Saakashvili's final term as president expires. The reforms answer calls from Georgia's Western allies for a more balanced system with a stronger parliament. Georgia's parliamentary opposition supported the proposals, but more radical opponents say Saakashvili plans to keep the reins of power as prime minister. They say Saakashvili is copying his Russian nemesis Vladimir Putin, who stepped down as president to become prime minister in 2008 and is widely seen as Russia's paramount leader. Saakashvili, 42, co-led the 2003 "Rose Revolution" that ousted Georgia's corrupt ex-Soviet old guard, but has faced criticism over his own commitment to democracy. He said last month he did not wish to cling to power. The government argues that under the constitutional change no single official will have ultimate authority. "We achieved two main goals. We will have a balance between branches of power and will secure more stable work of the government in the future," David Darchiashvili, a ruling party MP said at the session. Saakashvili's critics are not convinced. "Saakashvili and his administration are just strengthening the position of prime minister while having the parliament as weak as it was," Irakly Alasania, an opposition politician, told Reuters. "Saakashvili does not serve the constitution. He uses the constitution

to serve his ambition," he said. The reform gives parliament the power to appoint the prime minister to a strong executive government. The president keeps some powers over foreign affairs, the military and in periods of emergency or a no-confidence vote in the government. The amendments were passed in the third and final reading on Friday in parliament with 112 in favor and just five against. The ruling party commands the necessary two-thirds support. Saakashvili has worked to shed Georgia's Soviet legacy and drag the country of 4.5 million people into the European mainstream. Energy reform, a crackdown on corruption and an economic overhaul have attracted investment and driven growth. But critics say he has monopolized power and Western concern persists over his record on democracy and free media. Relations with Russia soured over Georgia's bid to join NATO, with Moscow and the West vying for influence in the Caucasus, an energy transit route bordering Russia, Turkey and Iran. Saakashvili's standing in the West was dented further by a war in 2008, when Russia crushed a Georgian assault on the rebel region of South Ossetia after months of Russian baiting. Council of Europe experts have said the reform is a "step forward," but advised the addition of more powers to parliament. (Reuters)

TAJIKISTAN REPORTS KILLING THREE MILITANTS

17 October

Security forces have killed three militant fighters in the east of the former Soviet republic of Tajikistan, an Interior Ministry official said Sunday. Takhid Normatov said the three had received training at terrorist camps in Afghanistan and were operating in the Rasht region, RIA Novosti reported. At least 23 Tajik soldiers were killed in a rebel attack in the eastern region in September, and 30 police officers were killed in a suicide bomb attack in the north, he said. (UPI)

TWO POLICE KILLED IN SHOOTOUT IN RUSSIA'S CHECHNYA

17 October

Two policemen were killed in a shootout with unidentified gunmen in the capital of Russia's North Caucasus republic of Chechnya, the republican prosecutor's office said on Sunday. The police were attacked late on Saturday near a food market in the Leninsky district of Grozny. The attackers were driving a Lada car without number plates, the prosecutor's office said. An investigation

into the attack has been launched. Measures are under way to apprehend the attackers, the prosecutor's office said. Terrorist attacks and shootouts with police are common in Russia's troubled North Caucasus republics, especially in Dagestan and neighboring Chechnya and Ingushetia.

The Kremlin has vowed to clamp down on militant groups in the North Caucasus while stepping up efforts to boost the local economy. (RIA Novosti)

TAJIKISTAN SAYS RESTIVE EAST IS UNDER CONTROL

18 October

The Tajik government says it can control the situation in the restive east of the country, where it says three militants died at the weekend. Foreign Minister Hamrokhon Zarifi said the situation had worsened but "not to the extent where it can threaten the country's national security". He said the government had enough forces there to keep the situation "under control". Tajikistan is battling Islamist militants in the east of the country. Mr Zarifi said Russia, Kazakhstan and Turkmenistan had offered assistance, but outside help was not needed. He also denied reports that the secret services of some foreign countries were involved in the unrest. "I don't think that instability in Tajikistan would be advantageous to any country, because a fire started in one state can easily spread to the neighbours' territory," he said. Tajikistan shares a poorly-protected 1,300km (800 mile) border with Afghanistan, and borders Kyrgyzstan, Uzbekistan and China. On Sunday the interior ministry said government forces had killed three armed militants on the outskirts of the town of Garm, in Rasht district. Officials said the three had taken part in an ambush on troops in September, killing about 28 soldiers. It said they were Tajik citizens who had trained abroad. The al-Qaeda-linked Islamist Movement of Uzbekistan said it carried out the ambush, about 250km (150 miles) east of the capital, Dushanbe. Earlier this month a military helicopter crashed in the Rasht Valley, killing at least 25 soldiers, military sources have said. An official statement confirmed four of the deaths and said the helicopter crashed after hitting a power line. Twenty-five prisoners, including several Islamic militants, escaped from a prison in Tajikistan in August. The Rasht Valley region has been a stronghold of Islamist militants since the 1990s, when guerrillas fought the government of President Emomali Rakhmon. Tajikistan is the

poorest of the states to emerge from the collapse of the Soviet Union in 1991. (BBC)

GUNMEN DEAD AFTER ATTACK ON CHECHEN PARLIAMENT

19 October

Heavily armed gunmen burst into the Parliament building of Chechnya, in southern Russia, on Tuesday morning, killing at least three people and wounding more than a dozen before the assailants were killed by police officers or by their own explosives, officials said. The assailants, including one suicide bomber, sprayed automatic rifle fire and set off at least one explosion in one of the most brazen assaults to occur for some time in Chechnya, a region in the volatile North Caucasus where violence linked to a simmering Islamist insurgency is common. The police were able to prevent the militants from reaching Parliament members' chambers, investigators said, though the men were able to barricade themselves on the first floor and open fire. Investigators said that three gunmen drove through the front gates of the Parliament complex, in a busy section of downtown Grozny, Chechnya's capital. Without uttering a word they killed two police officers standing guard at the entrance, said Alvi A. Karimov, the press secretary for Ramzan A. Kadyrov, Chechnya's leader. One militant then blew himself up, killing a staff member, Mr. Karimov said. The force of the blast blew out windows and wounded several others. Russian television showed panicked workers, some with wounds, stumbling past corpses to flee the Parliament grounds, while heavily armored police officers in helmets and bulletproof jackets raced in. All Parliament members were evacuated, but at least 17 people, including 6 police officers, were wounded in the attack, which ended when special forces units killed the remaining militants. No one immediately took responsibility for the attack, though it bore all the hallmarks of similar violence carried out by the region's Islamist insurgents. An embattled, though still potent, force, the insurgency arose from the remains of a fierce separatist movement that kept Russian forces at bay during nearly a decade of intermittent war in Chechnya that began in the mid-1990s. At a parliamentary session in Grozny held later on Tuesday despite the attacks, Mr. Kadyrov accused the insurgents of seeking to spread "chaos and anarchy" through the region. "Today's incident shows once again that these remaining gangs are truly devils," he said in remarks posted on his Web site. "They have no

humanity and have nothing in common with Islam. They are not human beings." Tuesday's attack echoed a raid by militants in August on Tsentoroi, Mr. Kadyrov's home village. More than a dozen people were killed in that attack, including several civilians, according to Russian news media reports. On Tuesday, Russia's interior minister, Rashid G. Nurgaliyev, played down the significance of the day's violence, calling such attacks uncommon in Chechnya. Mr. Nurgaliyev, who happened to be visiting the region, called Chechnya "stable and safe," and praised the response by riot police officers, who thwarted what he said was an attempt to take over the Parliament building. "As always, the attempt failed," he said in televised remarks. "Unfortunately, it was not without losses." (The New York Times)

TAJIK POLICE KILL 12 MILITANTS IN EASTERN REGION

20 October

Tajik police killed 12 militants in an anti-terrorist operation in the east of the country. Three special task force police officers were killed, and several others were wounded, the republic's Interior Minister Abdurakhim Kakhkharov told a news conference on Wednesday. "The operation involving all law-enforcement agencies is being held in the Rasht district with the view of detecting and neutralizing the militants involved in the attack on the military convoy on September 19, in which 28 soldiers and officers were killed on the spot or died later in hospital," Kakhkharov said. Two groups of militants led by former filed commanders of the irreconcilable opposition Abdullo Rakhimov and Alovudin Davlatov are fighting the government forces. "The operation is taking place in the remote and hard-to-access Kamarog Gorge. The situation in the Rasht district is fully under the authorities and law-enforcement bodies' control," the Tajik police chief underlined. Speaking about the extremist and terrorist underground in the country, he said two al Qaeda activists, 7 members of the Islamic Movement of Uzbekistan and eight supporters of the Jamaat Tablighi movements had been detained in the past nine months. The operation of these organizations is banned in the territory of the country. Overnight to August 23, 25 inmates escaped from a remand prison in Dushanbe, vaunted as the tightest security facility. They included hardened criminal, including members of the armed group arrested in the summer 2009. There were six Russian citizens among them, convicted for

participation in an illegal paramilitary formation. The Tajik authorities later blamed the runaways for attacking the military convoy on September 19. Independent observers said the eastern region of Tajikistan, during the Civil War, was the stronghold of the Opposition and has remained the main source of instability since. On Monday, Tajikistan's Foreign Minister Khamrakhon Zarifi said the republic has all the means and opportunities to restore order in the eastern region of the country on its own, and does not need the assistance of third countries. Zarifi acknowledged however that the situation had aggravated in the region some time ago, but "not to the extent where it can threaten the country's national security." According to the foreign minister, "one or two terrorist groups are operating in the mountains, but the government has enough forces there to keep the situation under control." Speaker of the national parliament Shukudzhon Zukhurov has been in the Rasht district with a peace mission since October 13. Unofficial sources said the speaker, who is a native of the region, had met with residents of several districts, and urged the elders to help bring the young people -- led astray by the militants -- back to peaceful life. The same sources said the authorities had sent messages to the insurgents offering them to surrender in exchange for the president's amnesty guarantees. (Itar-Tass)

KAZAKHSTAN TO ISSUE MORE KARACHAGANAK TAX CLAIMS

20 October

Kazakhstan may issue new tax claims against ENI and BG Group's Karachaganak gas project, in which the state is also seeking a 10 percent stake, a finance ministry official said on Wednesday. "I can say that the amount will be substantial, good enough for the tax authorities," Daulet Yergozhin, the head of the ministry's tax department told journalists. Yergozhin declined to disclose the amount of the new claims, saying all financial checks on the Karachaganak consortium would be completed by the end of 2010 and a case could be launched against the company after that. "Our main questions on Karachaganak include funds transfer pricing, payment of value-added and corporate income taxes, and the third big issue is cost reimbursement... We have questions about the lawfulness of these costs," he said, giving no detail. Kazakhstan had earlier accused the Karachaganak Petroleum Operating Group of violating immigration laws and overstating costs by

\$1.3 billion as the government seeks a stake in the giant oil and gas field in the west of the oil-rich country. ENI Chief Executive Paolo Scaroni confirmed in August that his company was in talks with Kazakhstan on cutting a stake in the gas field. But he declined to confirm information from some sources that the Central Asian nation had agreed with the four foreign shareholders to relinquish 10 percent of the company to itself. The KPO is made up of ENI, BG Group Plc, U.S. major Chevron Corp and Russia's LUKOIL. A source said in August that the companies would transfer 5 percent to Kazakhstan if it abandoned the reintroduced oil export duty or dropped its lawsuit on alleged cost overstatement. BG owns 32.2 percent and ENI has a similar stake. Chevron has 20 percent and LUKOIL 15 percent. (Reuters)

EU DOES NOT AGREE WITH RUSSIA'S POSITION ON TERRITORIES OF GEORGIA

20 October

Withdrawing its troops from the Perevi village of the Sachkhere region of Georgia, Russia made the first step to implement the ceasefire agreement dated Aug.12, 2008, the head of the EU observer mission in Georgia, Hans Joerg Haber, told journalists in Tbilisi. The statement issued by the Russian Foreign Ministry said that the withdrawal of the Russian troops from the Perevi village means the Russia's non-fulfillment of the Sarkozy-Medvedev agreement has been resolved and it does not have any international obligations in this regard now. "This is Russia's position, but the EU has a different point of view," Haber said. He stressed that the Russian troops must return to positions they held before Aug. 8, 2008. However, Haber expressed satisfaction with the fact that today the inhabitants of Perevi are able to move without restrictions. On Aug. 8, 2008, large-scale military action began in the breakaway republic of South Ossetia. The Georgian troops entered Tskhinvali. Later Russia's troops occupied the city and drove the Georgian military to the territory of Georgia. In late August, Russia recognized the independence of South Ossetia and Abkhazia. In response, Tbilisi severed diplomatic relations with Moscow and declared the two breakaway republics as the occupied territories. (Trend)

MEDVEDEV IN ASHGABAT FOR ENERGY TALKS

22 October

With Russian President Dmitry Medvedev on a state visit to Ashgabat, the Kremlin said natural gas imports were on the rise following a 2009 pipeline blast. Russian gas monopoly Gazprom in January resumed imports of natural gas from Turkmenistan. The company in 2009 halted imports after an explosion on a Turkmen pipeline and declining European demand during the economic recession. Ashgabat blamed Gazprom for the blast and has since moved to diversify its export options to European and Asian markets. The country said in September it was keen to send its gas through the planned Nabucco pipeline for Europe. The Kremlin said imports approached 280 billion cubic feet of natural gas from Turkmenistan so far this year, the Bloomberg news agency reports. Medvedev visited Friday with his Turkmen counterpart Gurbanguly Berdimuhamedov for an official state visit to discuss trade and energy issues. "I am convinced the visit will be interesting and productive," the Russian president was quoted by state-run news agency RIA Novosti as saying. Moscow said last week it started operating a \$176 million gas pipeline in Turkmenistan. Trade between the two countries passed \$1 billion in 2009 excluding gas deliveries. (UPI)

SAAKASHVILI AT FRANCOPHONE SUMMIT

24 October

President Saakashvili participated in the Francophone Summit in Montreux, Switzerland, the Georgian President's administration said on Sunday. Among nine resolutions, adopted by the participants of the summit, one deals with conflicts, which reaffirms supports for Georgia's territorial integrity and call for full implementation of the August 12, 2008 ceasefire agreement, as well as by referring to UN General Assembly's recent resolution, calls for return of refugees and displaced persons to their homes in Abkhazia and South Ossetia in safety and dignity. (Civil Georgia)

AFGHAN PRESIDENT GOT CASH FROM IRAN; U.S. QUESTIONS MOTIVES

26 October

President Hamid Karzai of Afghanistan acknowledged Monday he has received cash from Iran and said the United States knows about it and does the same thing in doling out cash. In response,

the U.S. State Department spokesman said the United States does not question Iran's right to give financial assistance to Afghanistan, nor does it question Afghanistan's right to accept it. "But we remain skeptical of Iran's motives, given its history of playing a destabilizing role with its neighbors," said spokesman P.J. Crowley. He acknowledged some U.S. aid to Afghanistan during the past nine years -- particularly at the start of the conflict there -- arrived in the form of cash. White House spokesman Bill Burton echoed Crowley's fears about Iran. "I think the American people and the global community have every reason to believe that -- or every reason to be concerned about Iran trying to have a negative influence on Afghanistan," he said aboard Air Force One. Karzai's comments followed a New York Times report that said Iranian officials once gave the president's chief of staff a bag stuffed with cash as "part of a secret, steady stream of Iranian cash" totaling millions of dollars. That stream, the newspaper reported, gives the president and his chief of staff a fund that has been used to pay "Afghan lawmakers, tribal elders and even Taliban commanders to secure their loyalty." Karzai told CNN on Monday that the United States is and has been aware of Iran's financial contributions. He also said that the United States gives bags of money. "The United States is doing the same thing," he said. "They are providing cash to some of our offices." The president said Iran "asked for good relations in return and for lots of other things in return." He thanked the various countries for their assistance and stressed nothing about aid is secret. "The cash payments are done by various friendly countries to help the president's office and to help dispense assistance in various ways to the employees around here, to people outside, and this is transparent and this is something that I have discussed," Karzai said. "Even when we were at Camp David [Maryland] with President [George W.] Bush, this is nothing hidden." "We are grateful to Iran for the help that they are giving and to those receiving that help under my instruction," he said. (CNN)

EX-PRESIDENT BAKIYEV ACCUSED OF COMPLICITY WITH SHOOTING AT PEACEFUL PROTESTERS

26 October

Former Kyrgyz President Kurmanbek Bakiyev has been accused of complicity with the shooting at peaceful protesters in the Aksy district of Kyrgyzstan on March 17-18, 2002. Policemen opened

fire at several thousands of participants in a protest march near Kerben eight years ago. Six people died instantly. Bakiyev was the prime minister at the moment. The same charge is brought against former Kyrgyz Security Council Secretary Bolot Dzhannuzakov, former Prosecutor General Chubak Abyshkayev and a number of other high-ranking officials, a source at the Kyrgyz Prosecutor General's Office told Itar-Tass. "The investigation is complete, and the defendants, the plaintiffs and their lawyers will start studying investigative materials," he said. In all, 40 criminal cases have been opened against Bakiyev family members and associates. The president was deposed in April 2010 and found refuge in Belarus. "Bakiyev is internationally wanted," the source said. Minsk has twice declined Kyrgyzstan's request for extradition of the former chief of state. (Itar-Tass)

USAID ISSUES \$ 3 MLN GRANT TO KYRGYZSTAN

26 October

U.S. Agency for International Development has awarded a \$3.25 million contract to Development Alternatives Inc. /DAI/ based in the town of Bethesda to assist the newly elected parliament in Kyrgyzstan, the Washington Post said Tuesday. The article described the grant as "an illustration of the /U.S./ government's growing - and often troubled - reliance on outside contractors to promote democratic institutions abroad." "DAI, which has been in business for almost 40 years, has 87 projects in 60 countries and employs 2,000 "development professionals," the Washington Post says. "Its revenue in 2009 was \$409 million, with its largest client being USAID. It also does work for the Departments of State, Defense and Labor." "USAID selected DAI to run its Kyrgyzstan 'Parliamentary Strengthening Program' without competitive bidding because of what the agency described as the urgent need "to ensure from the outset that the new parliament and its members understand their representative roles and functions," the articles said. (Itar-Tass)

U.S. DISMISSES 'BAGS' OF CASH SUGGESTION BY AFGHAN PRESIDENT

27 October

The White House has rejected Afghanistan President Hamid Karzai's suggestion that the United States is among countries such as Iran that give Afghanistan "bags" of cash because Karzai's office lacks money. Spokesman Robert Gibbs said

on October 26 that the Obama administration is "not in the big-bags-of-cash business." He said the United States provides "assistance and aid to the Afghan government through a fairly well-established developmental aid program." However, Gibbs added that he could not immediately be totally certain that there were no U.S. government agencies involved in making cash payments to Afghan officials. On October 25, Karzai admitted his office had received "bags of money" containing millions of dollars from Iran over the years, but said Washington had also given him "bags" of cash. Iran acknowledged on October 26 that it has been sending funds to Afghanistan for years, but said the money was intended to aid reconstruction, not to buy influence over Karzai, as suggested by "The New York Times," which broke the story. (RFE/RL)

OPPOSITION PARTY LEADER PELTED WITH EGGS IN KAZAKHSTAN

27 October

A Kazakh opposition party leader was pelted with eggs at a meeting in Almaty, RFE/RL's Kazakh Service reports. The attack targeted Vladimir Kozlov, leader of Kazakhstan's unregistered Algha (Forward) opposition party, who recently announced that he plans to run for president. Kozlov and several activists from Algha and the Communist Party of Kazakhstan were attacked by a group of young men in the premises of the National Press Club, where they gathered to discuss the current political situation in Kazakhstan. The attackers identified themselves as Zheltoqsanshylyar (December Activists), an allusion to the mass protests of December 1986. Tens of thousands of mainly young Kazakhs took to the streets that month in Almaty and other towns and cities to challenge the decision by Mikhail Gorbachev, then general secretary of the Central Committee of the Communist Party of the Soviet Union (CPSU), to replace Communist Party of Kazakhstan First Secretary Dinmukhamed Kunaev with an ethnic Russian, Gennady Kolbin. Kozlov, who is also an ethnic Russian, announced in mid-October that he plans to participate in the presidential election due in 2012. He said it is not only time for 70-year-old incumbent Nursultan Nazarbaev to be replaced, but also for a new political system. Yermukhamet Yertysbaev, one of Nazarbaev's closest aides, said in September that Nazarbaev will run for a further presidential term in 2012. The Kazakh Constitution stipulates that the president of Kazakhstan must be

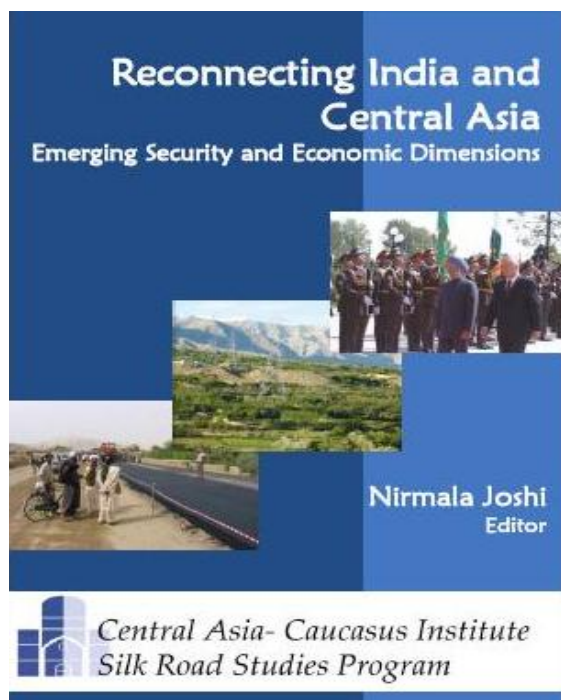
fluent in the state language, which is Kazakh. Kozlov has never demonstrated fluency in Kazakh at any of his press conferences. (RFE/RL)

ARMENIA, AZERBAIJAN TO SWAP PRISONERS

28 October

Azerbaijan and Armenia have agreed on a Russian-mediated swap of military personnel captured during nearly two decades of conflict between the two former Soviet republics. Russian President Dmitry Medvedev mediated the deal in the city of Astrakhan on Wednesday. Medvedev called it a "small but vital" deal aimed at "strengthening trust" between the two countries. "Russia will continue its efforts. I believe a result is reachable. It inspires a somewhat moderate optimism, but the bulk of work is still ahead," he added. Both President Ilham

Aliyev of Azerbaijan and President Serzh Sargsyan of Armenia were present during Wednesday's meeting. The move is mostly regarded as a trust-building gesture as the total number of prisoners is reported to be less than 10 from both sides. The ethnic Armenian Nagorno-Karabakh area has been fought over since Armenian troops took over the area in the early 1990s in a conflict that has left an estimated 30,000 people dead and one million displaced. Both Azerbaijan and Armenia claim the territory. The two countries signed a ceasefire agreement in May 1994, but the dispute remains unresolved despite efforts by neighboring Iran and Russia to find a peaceful solution. Iran has offered a trilateral meeting to be held to resolve the dispute. (presstv.ir)



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