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# THE CENTRAL ASIA-CAUCASUS ANALYST

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**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.

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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.

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# UZBEKISTAN AND KAZAKHSTAN: COMPETITORS, STRATEGIC PARTNERS OR ETERNAL FRIENDS?

*Farkhod Tolipov*

*Kazakhstan's president Nursultan Nazarbayev made an official visit to Tashkent on June 13, 2013, which was expected to be a breakthrough in Uzbekistan-Kazakhstan relations. During the visit, the two states signed a Treaty on Strategic Partnership. This event can indeed be considered a breakthrough in bilateral relations between the two states, which have until recently been perceived as competitors for regional leadership in Central Asia. While Kazakhstan, Kyrgyzstan and Uzbekistan signed an unprecedented Treaty "On Eternal Friendship" in the late 1990s, the Uzbek-Kazakh friendship has always been fragile and hardly eternal. Will the new Treaty change the status-quo in Central Asia?*

**BACKGROUND:** Kazakhstan and Uzbekistan are two key countries in Central Asia and their bilateral relations to a great extent predetermine the regional status-quo. Both are ruled by strong authoritarian leaders – Nazarbayev in Kazakhstan and Islam Karimov in Uzbekistan – who, since gaining independence in 1991, have permanently remained in power in their respective countries. Regional affairs in Central Asia and bilateral relations between Kazakhstan and Uzbekistan depend to a great extent on personal will and the ambitions of the two presidents who have often combined personal competition and mistrust with declaratory calls for regional cooperation.

In January 1997, the presidents of Kazakhstan, Kyrgyzstan and Uzbekistan signed a Treaty with the unprecedented title "On Eternal Friendship." This document in principle signified much more than

any other agreement on strategic partnership with any other great power. The Treaty underlined that the three countries are fraternal and friendly states. The Treaty's article 2 states that the signatories will develop cooperation by supporting each other above all in preventing threats to independence, sovereignty and territorial integrity. Article 3 mentions joint defense measures against a military invasion of one of the parties. Article 4 asserts that the signatories will coordinate their positions on regional and global issues. By and large, the spirit and letter of the Treaty "On Eternal Friendship" in fact describes a strategic partnership, an alliance, and a strategy for integration. In 2005 Nazarbayev even stated that this Treaty could serve as a solid base for future regional unification.

Yet, Central Asia's post-independence history has implied divergence rather than convergence of the regional and international policies of the two



Central Asian pivots, illustrating that they failed to become real leaders of the region. Indeed, most observers of the overall regional developments in Central Asia and Kazakhstan's and Uzbekistan's foreign policy trends have argued that they compete for leadership and prestige rather than

take responsibility for unification efforts.

Allegations about this competition peaked in March 2010, prompting Nazarbayev and Karimov to bring more clarity regarding the "myth of competition." Nazarbayev then stated during a visit to Tashkent: "There are no contradictions between our countries ... No clashes, no primacy – all these are just invented ... We have enough will and political understanding to prevent this." Yet, some analysts interpreted the rapprochement between Kazakhstan and Uzbekistan as a temporary strategic exchange: Uzbekistan agreed that Kazakhstan – the then OSCE Chairman – would hold an OSCE summit in Astana, and Kazakhstan expressed its support for Uzbekistan's

position regarding the water problems in Central Asia and Kyrgyzstan's and Tajikistan's respective construction of hydropower dams on the Syr-Darya and Amu-Darya rivers.

The gap between Kazakhstan's multi-vector policy and Uzbekistan's adherence to bilateralism in their foreign policy concepts has been another factor impeding their capacity for regional leadership. This discrepancy finally led to a situation in which the two key Central Asian countries diminished their special responsibility for regional affairs. In the end, the Central Asian Cooperation Organization (CACO) – a unique structure for regional integration – ceased to exist in 2005 on the initiative of Astana and Tashkent.

**IMPLICATIONS:** The newly established Uzbekistan-Kazakhstan strategic partnership is therefore a significant development. The very signing of such a document is a strong message reflecting a turning point in regional affairs. Indeed, implicit and explicit friction between Astana and Tashkent has constantly impeded real progress not only in bilateral but also regional relations. In order to make relations between Kazakhstan and Uzbekistan genuinely strategic, they should be made comprehensive and embrace all important spheres. The strategic partnership should be forged in various directions: diplomatic, economic, military, cultural, and so on.

From this viewpoint, on the one hand, the annual trade turnover between the two countries has reached an impressive level of over US\$ 2 billion.

Currently, hundreds of joint Kazakh-Uzbek companies exist and function in the territories of Kazakhstan and Uzbekistan. However, on the other hand, the foreign policies of the two states are based on contradictory principles. Astana adheres to a so-called multi-vector policy and has proclaimed a “path to Europe” strategy. Tashkent instead adheres to a bilateral policy. Kazakhstan is a member of the CSTO, which Uzbekistan abandoned in December last year. Nazarbayev’s position regarding post-2014 Afghanistan, according to his recent statements, is relatively calm and he seems unalarmed regarding the possibility of an exacerbated situation in the region after the ISAF withdrawal from Afghanistan. Karimov, to the contrary, is extremely concerned about the possibility of spillover of extremist and terrorist activity from Afghanistan’s territory to Central Asia after 2014.

By-and-large, a strategic partnership must manifest itself above all when it comes to the regional affairs in Central Asia. Only the existence of a clear-cut regional dimension can be a real litmus test for a strategic partnership between Kazakhstan and Uzbekistan. Each of these Central Asian states established strategic relations with the U.S., Russia and other great powers, but their own common strategic partnership must be focused on Central Asia as a priority.

For instance, Uzbekistan should not seek to make Kazakhstan a strategic partner *against* upstream Kyrgyzstan and Tajikistan in order to exert

pressure on them to prevent the construction of dams on the Syr-Darya and Amu-Darya rivers. Rather it should use this highest level of cooperation *for* engaging with those small upstream countries to find a common solution to the dam problem.

Taking into account the Treaty “On Eternal Friendship” and the previous assets of regional cooperation between and among all Central Asian countries accumulated since 1991 (the date of independence) until 2005 (the date of CACO’s closure), the Strategic Partnership Agreement could actually have been adopted between all of them, not only Kazakhstan and Uzbekistan. However, post-2005 developments in the region have revealed new divisions: between two upstream and three downstream countries, between stronger and weaker countries, etc. In these circumstances, Kazakhstan and Uzbekistan manifest themselves as the most stable, strongest and key countries of Central Asia. Moreover, they are the most conservative ones. Their two leaders - Nazarbayev and Karimov – led the regional process to a deadlock in 2005 when they decided to merge CACO with EAEC (Euro-Asian Economic Community). Hence, Astana and Tashkent should take on a new responsibility for restoring CACO and re-initiate the regional integration process.

**CONCLUSIONS:** Lifting the level of bilateral relations between Kazakhstan and Uzbekistan to a strategic partnership format will be a serious challenge and a great opportunity for

both countries. At the same time, this new trend will inevitably have profound implications for the entire Central Asia. From now on the overall relations between two key Central Asian countries – Kazakhstan and Uzbekistan – are doomed to fluctuate within a triangle: competition; strategic partnership; and eternal friendship. Which trend will prevail will depend on how these two states define their national interests and their identity in the region and in the world.

National interests defined on the basis of absolute sovereignty, as has been the case so far, will revive competition for leadership in Central Asia. National interests originating in the long-term vision of advantages of coordinated policy, especially in the sphere of security, will stipulate a strategic partnership perspective. National interests defined on the basis of recognition of common values and identity will reclaim the Eternal Friendship Treaty as the main driver of relations.

Strategic partnership will inevitably require that Astana and Tashkent reconsider their foreign policy principles and doctrinal provisions, since states aspiring to be strategic partners essentially need common international positions. Their foreign policies should reflect something different than what Lord Palmerston once articulated, namely that a country has no eternal friends and no eternal enemies but has only eternal interests. Through their newly established strategic partnership, Kazakhstan and Uzbekistan are expected to demonstrate that they will never be enemies, that their interests are correlated, and that their friendship is based on a common identity and hence eternal.

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# AFGHANISTAN'S CHALLENGES AS NATIONAL ELECTIONS APPROACH

*Richard Weitz*

*Given all the obstacles to a genuine peace agreement between the Taliban and the government in Afghanistan, the focus of international attention during the next year should be on ensuring Afghanistan's continued economic development, strengthening the Afghan security forces, and holding free and fair elections on April 5 to ensure that a legitimate Afghan government has the authority to mobilize the Afghan nation against the Taliban and that foreign countries continue to provide the Afghan government with critical economic and security support. A failed presidential election would pose a significant obstacle to the continuation of such assistance.*

**BACKGROUND:** As Afghanistan completes its "Decade of Transition" and heads into its "Decade of Transformation," it is important not to lose sight of what already has been accomplished. During the past dozen years, the country has achieved major gains in the fields of education, gender equality, social mobility, health care, and one of the most vibrant and free media landscapes in Central Asia. A new generation of young people has arisen who presume more individual rights and respect and demand a brighter future than their parents. According to a recent RAND Corporation study of 20 major post-Cold War civil-military interventions, Afghanistan recorded the greatest improvement in its Human Development Index score (a composite measure of health, education, and income by the UN Development Program), the second greatest cumulative growth in per capita gross domestic product (based on International Monetary Fund data), and the third best improvement in its

government effectiveness score (measured by the World Bank).

But the impending U.S. and NATO military withdrawals could inflict severe short-term pain on the national economy, sharply curtailing the country's rapid GDP growth rate if not actually shrinking it. Not only are local contracts and jobs associated with the foreign military presence declining, but both foreign and Afghan investment capital is leaving the country for safer havens due to fears that security will worsen after the withdrawals. The national currency has also been losing value relative to foreign currencies. Drug trafficking is still pervasive even as Afghanistan's legal economy remains heavily dependent on a level of foreign assistance that is not anticipated to endure at such high levels in future years. At present, Afghanistan typically ranks as one of the largest aid recipients of those countries that have troops fighting there. After their troops leave, the aid levels will likely be reduced.



Afghanistan's long-term future rests on the country's degree of integration with the rest of Central and South Asia, but it also needs a more benign regulatory and security environment to entice foreign entities to provide the capital and technologies to exploit its vast potential mineral wealth and transport these riches to foreign markets. Although the country's mineral wealth is estimated at trillions of dollars, Afghanistan's uncertain security and regulatory environment is preventing the much hoped construction of infrastructure for mining and resource transportation. The Afghan parliament is still debating a mineral law that meets international standards of transparency. Many signed contracts with potential foreign investors will expire soon unless appropriate legislation is enacted. The Afghan government desperately needs the revenue to pay for the war and critical public services. One important task for next year's NATO summit will be to determine how to sustain the large ANSF constructed by ISAF, whose costs vastly exceed the entire Afghan government's budget, with additional foreign funding.

The Obama administration has proposed US\$ 3.4 billion in civilian

assistance for Afghanistan in 2013, making the country again the largest recipient of U.S. government foreign aid. These funds will cover a wide range of Afghan expenses including subsidizing the costs of holding the national elections and mitigating the reduced local contracts and jobs caused by the U.S. military withdrawal. But the Afghan government needs to make more progress in meeting its Tokyo Mutual Accountability commitments. In addition to free elections, these include improving governance, upholding human (especially women) rights, fighting corruption, and transitioning from a donor- and service-driven economy to one that emphasizes private sector-led growth. In return, the U.S. and other countries are seeking to raise the proportion of direct assistance going to Afghan government institutions rather than foreign ones in order to augment the Afghan government's civilian capacity and promote the country's sustainable development.

**IMPLICATIONS:** On July 3, the U.S. wisely announced the creation of a new two-year US\$ 175 million bilateral incentive program to support Afghan government projects that would make specific and concrete progress toward the Tokyo goals. The administration has also said it would consolidate U.S. economic programming, end U.S.-funded stabilization programs, decrease new infrastructure spending, and focus on building Afghan government capacity to maintain prior U.S. investments.



The Afghan economy remains vulnerable to political setbacks. The all-important presidential ballot, scheduled for April 5, 2014, should see the first transfer of power from one freely elected Afghan government to another. The Afghan constitution endows the president with the power to appoint most national and even local officials, including provincial and district governors and police chiefs. The hope was that the country's traditional political system, based on dialogue and consensus building, would counterbalance the dominant formal powers of the Afghan presidency. But critics accuse Karzai of making a show of consulting a wide range of stakeholders but then appointing his allies and other elites whose support he needs to dominate key institutions, including the Afghanistan Independent Human Rights Commission and the Afghan High Peace Council, which is supposed to negotiate peace terms with the Taliban.

Although we are less than one year away from the scheduled national elections, Afghanistan has yet to see the emergence of a strong presidential contender or electoral coalitions that have the potential to attract much support overall or across the country's major ethnic groups. Meanwhile, European-sponsored national law and justice development programs are lagging behind, explaining why some Afghans in rural areas turn to the Taliban for legal judgments and enforcement.

In June, the Afghan National Security Forces (ANSF) assumed primary responsibility for ensuring security throughout the country. The NATO forces still in the country have now formally transitioned entirely to a support role. In his January 2013 State of the Union address, President Obama announced that 34,000 U.S. troops will depart Afghanistan within a year. That will bring U.S. forces down to around 32,000 by early 2014, with further decreases likely delayed until after the April 2014 presidential elections. Other foreign military contingents are following a comparable steep downward glide path.

A major complication with the ground war is that the Obama administration has yet to announce how many U.S. troops it would like to keep in Afghanistan after 2014. At a recent congressional hearing, Peter Lavoy, Acting Assistant Secretary of Defense for Asian and Pacific Security Affairs, said that the Pentagon was considering such factors as progress in developing the Afghan National Security Forces, defeating al-Qaeda in the region, convening national elections in April 2014, advancing the peace process between the Afghan government and the Taliban, establishing a favorable regional security environment, and negotiating bilateral security agreements with the United States and NATO. The alliance must await the U.S. decision before determining its own force levels for its new post-2014 train, advise, and assist mission in Afghanistan.

The administration's lengthy decision-making process regarding U.S. troop levels after 2014 risks creating serious problems. In particular, the uncertainty is reinforcing the widespread abandonment narrative that the West was now prepared to again, as after the Cold War, to wash its hands of Afghanistan after a decent interval. In addition to dispiriting Washington's Afghan allies and emboldening its adversaries, the uncertainty over the continued U.S. military presence is encouraging third parties such as Pakistani actors to hedge against a possible complete withdrawal by maintaining supportive ties with the Taliban. The Pakistan-U.S. relationship is held together by common interests rather than a genuine sense of partnership or shared values. The war in Afghanistan has been a source of tension between them but also helped hold them together. With the U.S. military withdrawal, and the resulting decline

in U.S. aid to Islamabad, this source of cooperation will weaken.

**CONCLUSION:** A failed presidential election would make a zero troop option more likely. The Obama administration should appoint a senior diplomat whose primary responsibility would be to ensure that Afghanistan will hold free and fair national elections on April 5. U.S. support for Afghan governance and security needs to focus more on law and justice issues. The White House should also announce soon at least a minimum post-2014 figure above zero while simultaneously declaring its willingness to renegotiate the figure with the next Afghan government, reflecting the reality that Karzai's successor could repudiate any deal negotiated by his predecessor.

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## GEORGIA'S NATO MEMBERSHIP WILL BRING REGIONAL STABILITY

*Mamuka Tsereteli*

*The North Atlantic Treaty Organization (NATO) is the only reliable security umbrella for the Georgian state. Georgia made the political decision to join NATO in 2002. At the Bucharest Summit in 2008 NATO promised Georgia membership, and since 2011 allies refer to Georgia as an aspirant partner country. But Russia opposes Georgia's NATO membership and some Western European countries see Georgia's membership as a source of potential conflict with Russia. The alliance needs to provide real mechanisms for membership to Georgia that could bring much needed stability to the entire Caucasus region.*

**BACKGROUND:** NATO-Georgia cooperation started in 1992, when Georgia became a member of the North Atlantic Cooperation Council (NACC). Georgia joined the Partnership for Peace (PFP) program on March 23, 1994, and has since been an active participant in every political and peacekeeping initiative open to non-member states. On May 1, 1997, the Parliament of Georgia ratified the Status of Forces Agreement (SOFA) between the States Parties to the North Atlantic Treaty and the other states participating in the Partnership for Peace program, and in March 1999, Georgia joined the Planning and Review Process (PARP) of the Partnership for Peace Program, helping to achieve interoperability of Georgian forces with other partners and allowing Georgia more active participation in NATO activities.

At the NATO Summit in Prague on November 21-22, 2002, Georgia declared its aspiration to NATO membership and expressed its desire to take part in the new Individual

Partnership Action Plan program. The announcement came against the backdrop of ongoing Russian military operations in the Republic of Chechnya, a part of the Russian Federation bordering Georgia, and Russian demands to use Georgian territory for military operations against Chechen rebels. Russia also accused Georgia of harboring Chechen rebels in the Pankisi Gorge. In the face of strong political pressure from Russia, punctuated by occasional bombings of Georgian territory by Russia's air force, Georgia managed to avoid war with Russia and to initiate policies that brought Georgia closer to the West. The Georgian government supported the U.S. sponsored "global war on terror" for the purpose of protecting its borders from penetration by radical Islamist groups and expelling militant Chechen insurgents from Georgian territory. Under the "Train and Equip" program, the U.S. funded and trained Georgian troops in managing antiterrorism operations. This was the first instance of combat training for Georgian troops



under NATO standards, and it has had significant political implications for the modernization of Georgia's armed forces.

On October 29, 2004, NATO's North Atlantic Council approved an Individual Partnership Action Plan for Georgia, thus further advancing Georgia's integration process with the Alliance. Reflecting on Georgia's progress, NATO stated at the Bucharest Summit in 2008 that Georgia will become a member of NATO, but fell short of granting Georgia a Membership Action Plan. This decision was subsequently reconfirmed at successive NATO summits. After the five-day war with Russia September 2008, NATO and Georgia established the NATO-Georgia Commission (NGC), an instrument that allows more intense high-level communication between NATO and Georgia. Since 2011, NATO documents refer to Georgia as an aspirant partner country.

Georgia was an active part of the NATO peacekeeping operation in Kosovo, and had more than 2,000 troops in Iraq before the war with Russia. Georgia currently has almost 1,600 servicemen in Afghanistan, constituting the largest

non-NATO-member contribution to ISAF and serving in one of the most dangerous areas, the Helmand province. Georgian casualties in Afghanistan include 29 dead and a larger number of severely wounded soldiers. In June, Georgia suffered its largest loss since the start of operations when 7 soldiers died in a suicide car explosion at the entrance of Georgia's military base in Helmand.

A great majority of the Georgian population supports Georgia's NATO membership as documented by plebiscite and multiple polls. On March 7, 2013, the newly elected Parliament of Georgia passed a bipartisan resolution on foreign policy, re-confirming Georgia's NATO and EU membership aspirations, as well as a commitment to non-use of force in the process of restoring its territorial integrity.

**IMPLICATIONS:** Three major implications can be observed in the process of Georgia's aspiration for transatlantic integration and NATO membership. Firstly, the process is bringing Georgia closer to an advanced political, economic, technological, educational and cultural space, and thus contributes to the country's progress. The European and Euro-Atlantic vector of Georgia's foreign policy will remain dominant, but Georgia envisions a Euro-Atlantic future together with its South Caucasian neighbors, Armenia and Azerbaijan, as well as Turkey. Yet, if Europe does not firmly support Georgia's aspirations, there is little incentive for others to follow the same

path, especially in the face of likely Russian repercussions.

Secondly, Georgia's Euro-Atlantic aspiration irritates the Russian Federation. Russia's leadership portrays Georgia's desire to join NATO and integrate with the EU as a threat to Russian national interests. In reality, Georgia's NATO membership will strengthen the security of Russia's southern border and help stabilize the North Caucasus. Unfortunately, Russia has not learned its lesson from the 1990s when it supported the separatist war in Abkhazia against Georgian central government, which helped destabilizing and radicalizing the region. Chechen fighters, who fought against the Georgian government, soon turned their arms against Russia. The same pattern can be observed in the North Caucasus after Russia's aggression against Georgia in 2008 and the stationing of Russian troops in Abkhazia and South Ossetia. The security environment in the North Caucasus has deteriorated since the 2008 war. Yet, Russia remains firm in its anti-Western and anti-NATO rhetoric, using this sentiment for domestic political purposes and playing a dangerous great-power nationalistic game. In reality, NATO is no threat to Russia, quite the contrary, and it is the job of Europeans, as well as the U.S., to explain the benefits of a Russian partnership with NATO.

The third major implication of Georgia's NATO aspiration is the uncertainty of European strategies. The U.S. has taken a much clearer

stand on the issue of NATO enlargement. In Europe, while Central and Eastern European states are supporting further enlargement of the Alliance and Georgian membership, some of the Western European countries are highly ambiguous: on the one hand they signed the 2008 Bucharest declaration, and they officially term Georgia a membership aspirant country. On the other hand, they are avoiding both political confrontation with Russia and spending political capital in convincing Russia that NATO enlargement does not constitute a threat, but would rather lead to stability, security and prosperity at its borders, ultimately strengthening Russia. NATO and its European members should be honest regarding the real reasons behind their resistance to Georgia's NATO membership and elaborate on an adequate strategy to resolve the issue.

Georgia needs a NATO integration process as a driver for its internal political and military reforms. The country has made substantial progress on its path toward NATO integration. According to certain indicators, Georgia is even ahead of some existing NATO members. Georgia has a military that is a provider of security in the most difficult areas of Afghanistan. There is still significant work ahead to get closer to NATO standards, but Georgia has already reached the point when it can be awarded with a clear plan for membership with a timeline. The sacrifices made by the Georgian people should be adequately recognized. Georgia has all the

elements of cooperation with NATO that can lead to membership, but some members avoid formalizing the process and calling it a Membership Action Plan.

**CONCLUSIONS:** As history has shown since the 19th century, stability in the North Caucasus can only be achieved if there is stability and security in the South Caucasus. NATO can bring much needed security and stability to Georgia, and thus contribute to greater stability in the North Caucasus. NATO is no threat to Russia. Conversely, Russia's security will benefit from NATO's presence at its southern border, just like it has benefited from NATO's presence in Afghanistan. Thus, instead of targeting Georgia and manipulating its security environment, Russia could benefit

from adjusting its policies and accepting Georgia's NATO membership. This is an argument that Europeans need to make to Russia. Sooner or later Russia will recognize that strategically, NATO provides security to Russia, dealing with threats that Russia shares as well. If Russia changes its position, the issue of the conflict areas in Abkhazia and South Ossetia can be resolved in direct negotiations between Abkhaz and Georgians, and Ossetians and Georgians, where the international community can serve as a guarantor of agreements between the parties.

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# COSSACKS IN NORTH CAUCASUS DEMAND INCREASED SUPPORT FROM MOSCOW

Valeriy Dzutsev

*Terek Cossacks in the North Caucasus have laid out surprisingly bold claims to the authorities in Moscow, attempting to carve out large chunks of property and resources in the region. The Cossacks' outburst clashes with the interests of North Caucasians and contribute to the rising tensions between ethnic Russians and ethnic North Caucasians. While Moscow and regional authorities in the ethnic Russian-majority provinces have repeatedly played the Cossack card against the North Caucasians, the government also apparently loathes giving the Cossacks excessive prominence, fearing they might eventually grow into an independent force and challenge the central government.*

**BACKGROUND:** At a rally of several thousand Terek Cossacks in the Stavropol region on July 8, the participants passed an unusually strongly worded resolution addressed to Russia's president Vladimir Putin. In the document, the Terek Cossacks demanded that the government hand over to them highly valuable assets in the North Caucasus to support the process of the rebirth of the Cossacks and to strengthen Russia's southern frontier. The list included a famous brandy factory in the city of Kizlyar, Dagestan; 100,000 hectares of arable land; quotas for fishing on the Caspian Sea, famous for its sturgeon and black caviar; control over recreational infrastructure in the region's resort areas; and a number of other benefits. In addition, the petitioners asked the government to finance Cossack centers in the North Caucasian republics and the Stavropol region. The list included nearly all high liquidity assets of the region.

Even staunch supporters of the Cossacks were astonished by the boldness of these property claims. Some observers called the Terek Cossacks' resolution "an ultimatum to Moscow." Mikhail Markelov a member of the Russian parliament that oversaw domestic political affairs including the Cossack issue in the recent past, called the Cossacks' demands "speculative" and "opportunistic." On July 10, the authorities indicted one of the Cossack leaders in a fraud case that can be perceived as raising a red flag by Moscow to moderate the aspirations of Cossack leaders. Also in July an information campaign ensued in the Russian media, following allegations of a rape of a Cossack man by a man of Dagestani ethnicity in the Stavropol region. The media constantly portrays ethnic Russians as being on the defensive on "their own territory." Russian observers and authorities rarely criticize the Cossacks in the North Caucasus, also referred to as Terek Cossacks after the Terek River



that crosses a large part of the region from Kabardino-Balkaria in the west to Dagestan in the east. Normally, Russian government officials emphasize the important role of the Cossacks in preserving a Russian presence in this volatile and separatist-minded region. The North Caucasian republics have witnessed a persistent trend of migratory outflow of ethnic Russians and a rapid increase in the share of the indigenous population across the region since the 1970s.

Moreover, North Caucasians started to “encroach” on the nearby Russian-majority regions of Stavropol and Krasnodar. Russian analysts and statesmen consider the eastern areas of the Stavropol region, bordering Dagestan and Chechnya, as a territory particularly vulnerable to the large-scale inflow of North Caucasians. Hence, regional and central authorities have long favored employing Cossacks to protect what is considered to be the land of Russia proper. Russian laws designed to prop up the Cossacks started to appear in 1990s. The problem of “protecting” ethnic Russian regions from the North Caucasians has been that both ethnic Russians and

North Caucasians technically have the same rights as Russian citizens and therefore both have a nominal right to settle wherever they want on Russian territory.

In light of these legal constraints, the Cossacks came in handily to bypass them and seek to contain and reverse the demographic pressure from the North Caucasus. In August 2012, the governor of the Krasnodar region, Alexander Tkachyov unveiled a scandalous plan to use the Cossacks to thwart the influx of ethnic North Caucasians into the region. Tkachyov explained the mechanism of using the Cossacks as a militia, financed by the state and directly instructed to target and harass certain individuals on an ethnic basis. Unlike the police, the Cossacks could conduct ethnic profiling and therefore put pressure on the non-Russian citizens of Russia to prevent their settlement in Krasnodar region.

**IMPLICATIONS:** The empowerment of the Cossacks by the government opened up a “can of worms” in the already tense, ethnically heterogeneous region of the North Caucasus. Moscow’s tacit or open endorsement of Cossacks and regular complaints about a decreasing ethnic Russian share of the population in the North Caucasus ostensibly divide Russia’s population into more and less desirable citizens.

Cossacks may eventually pose a challenge to Moscow itself, if they acquire political weight. This is probably the strongest factor that still holds back efforts by the Russian



government to promote Cossacks as the “defenders” of the Russian state in the North Caucasus and border areas. In January 2013, governor Tkachyov announced that he decided to grant Cossack patrols the right to carry assault weapons. Thus, Krasnodar’s governor acquired his own little army. In Stavropol region, the Cossacks replaced the police as the guards of the regional government’s buildings.

Apparently, as the Russian government becomes more dependent on the Cossacks to defend what they regard as Russia’s “national interests,” the Cossacks predictably increase their demands and their political clout. Russia’s national interests in such a setting increasingly resemble the interests of ethnic Russians. The central government’s reliance on the Cossacks may naturally translate into conflicts between the indigenous population of the North Caucasus and the Cossacks.

Street clashes between Cossack patrols and North Caucasians have become very common in the Stavropol region. One such clash in December 2012 resulted in the killing of a Cossack by an ethnic Chechen in the city of Nevinnomyssk in the Stavropol region. It took the authorities weeks and the detention of dozens of protesters to suppress an uprising of ethnic Russians’ in the city. Ethnic Russians of the Stavropol region set up a movement to separate their region from the North Caucasian Federal District of which it is a part. Stavropol is the only predominantly ethnic Russian region that is part of the North

Caucasian Federal District. Russian nationalists demanded from the government to install migration controls to thwart uncontrolled migration from the North Caucasus to the region. Interestingly, Cossacks were divided over the issue; some Cossacks that are close to the government spoke against the Russian nationalists, but many were apparently quite supportive of the nationalists’ cause.

Since the Russian government openly sides with the Cossacks over many important issues, republican governments in the North Caucasian republics will inevitably mirror the same behavior. As the governors of the Stavropol and Krasnodar regions have expressed their support for Cossacks’ claims, nationalism is bound to grow in the North Caucasian republics too. Hence, the situation in the North Caucasus is gradually drifting to square one, the start of 1990s, when ethnic groups became powerful political actors in the region. Yet, there is a major difference between the current situation in the North Caucasus and the 1990s. Unlike ethnic conflicts among North Caucasians at the time, the current ethnic tension in the region is dominated by the divide between ethnic Russian regions on the one side and ethnic North Caucasian regions on the other. Russian separatism in the 2010s may prove to be a far greater threat to Moscow’s rule in the North Caucasus than the Chechen separatism of 1990s.

**CONCLUSIONS:** The prominence of the Cossack issue, and the Russian

government's concerns about changes in the ethnic makeup of the country's south, signify the failure of building a civic Russian nation. Ironically, having fought two bloody wars against separatists in Chechnya, Moscow is now either promoting the dividing lines between the North Caucasus and the rest of the Russian Federation or is unable to resist popular pressure from ethnic Russians. Having overpowered the small Chechen people, Moscow has appeared so far to be unable to contain the demographic pressure of the North Caucasian peoples, improve demographic indicators among ethnic

Russians or remove mutual suspicions and hostilities between the different ethnic groups that make up the country. The Soviet era slogans of "people's friendship" are no longer applicable, while no similar ideology for holding the country together has been introduced.

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## TURKMENISTAN AND AFGHANISTAN SIGN AGREEMENT OVER TAPI GAS PIPELINE

*Tavus Rejepova*

On July 9, the Chairman of Turkmenistan's State company Turkmengaz and the Chairman of Afghanistan's Gas Corporation signed a gas sale-purchase agreement (GSPA) on the sidelines of the 17th meeting of the Steering Committee over the construction of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project in Ashgabat.

Key energy officials from TAPI member countries attended meeting and the signing of the Turkmen-Afghan GSPA ceremony, including Wahidullah Shahrani, Afghanistan's Petroleum and Mines Minister, Jam Kamal Khan, Pakistan's Petroleum and Natural Resources Minister and Veerappa Moily, India's Minister of Oil and Natural Gas who were also received by President Gurbanguly Berdimuhamedov during their visit to Turkmenistan. Representatives of the Asian Development Bank (ADB), which is leading the project and helping to seek funding among international financial institutions and oil and gas companies, also took part in the Steering Committee meeting.

As per the Turkmen-Afghan gas deal, once the TAPI is completed, Afghanistan will purchase 500 million cubic meters of Turkmen gas in the first ten years, and 1 billion and 1.5 billion cubic meters (bcm) in the following second and third decades respectively.

It is not clear whether all four sides have been able to strike a gas price deal yet. Before such a deal is signed, Turkmenistan and Afghanistan operate on a Memorandum of Understanding only. According to estimates by energy experts, Afghanistan will earn about US\$ 500 million per year in transit fees through the pipeline. It is expected that the gas exported from Turkmenistan will mainly be used to generate power for homes and industry facilities along the villages in Herat and Kandahar provinces in Afghanistan. Afghan officials claim that ethnic Turkmen and Afghan people living in villages along the pipeline will help protect the pipeline in the future as they will generate electricity directly out of the Turkmen gas.

As a result of the consultations of the TAPI Steering Committee members in Ashgabat, all participants have agreed to establish a consortium or a Special Purpose Vehicle (SPV) called TAPI Ltd., which is expected to include the national gas companies of the member countries. The sides agreed to prepare the constituent documents to register TAPI Ltd. by the end of 2013. The TAPI members have also agreed to sign an agreement with ADB as the TAPI Transaction Advisor, which is expected to generate over US\$ 7.5 billion to finance the project in the near future. Some energy analysts claim that the

true cost of the pipeline construction is between US\$ 10 and US\$ 12 billion.

Turkmenistan's government maintains that there is no funding problem for the pipeline's construction. Energy experts claim that it will be next to impossible to implement such a complex project without attracting major international oil and gas companies (IOCs) and that these IOCs are very reluctant to participate unless Turkmenistan agrees to some type of upstream concessions. Turkmen media reported that companies such as Chevron, ExxonMobil, BG Group, BP, Petronas and many other companies are interested and are preparing their individual proposals to the government of Turkmenistan.

After the signing the Turkmen-Afghan gas deal, Afghanistan, Pakistan and India have now become the official buyers of Turkmen gas. In May 2012, the Pakistani company Inter State Gas System Limited and the Indian company GAIL Limited signed the relevant GSPA agreements with Turkmengaz. As it is currently facing a huge energy deficit, Pakistan needs the Turkmen gas more than any of the other TAPI member countries. Concurrently with TAPI, Pakistan is also planning to import over seven bcm from Iran through the Iran-Pakistan (IP) gas pipeline starting from 2014. At a meeting with President Berdimuhamedov, Pakistan's Petroleum and Natural Resources Minister and his Indian counterpart particularly discussed the possibilities for speeding up the construction of TAPI. The signing of

GSPA with Afghanistan is considered an essential step in this direction.

However, the instability in neighboring Afghanistan still remains an impediment to TAPI's construction. Afghanistan's Petroleum and Mines Minister told journalists on July 17 that Afghanistan will ensure the security of the project by deploying 9,000-12,000 police for this purpose. Afghan press reported that Afghanistan will cover all expenses associated with deploying the police. The Taliban insurgent groups fighting in Afghanistan have not yet released any statement on the TAPI project. 735 kilometers the pipeline's total 1,735 kilometers will cross through the territory of Afghanistan, 200 kilometers through Turkmenistan and 800 kilometers through Pakistan before it reaches the border town of Fazilka in India.

Representatives of the Asian Development Bank say that the project is of crucial economic and political importance to the region. Besides bringing electricity to many Afghan families, the construction of the project is expected to create thousands of jobs along the route. If everything goes as planned by the Steering Committee, the design and construction of the pipeline should be completed within four to five years.

## BISHKEK COURT RULES TO RELEASE THREE OPPOSITION LAWMAKERS

*Arslan Sabyrbekov*

On June 17, 2013, the second level court in Bishkek acquitted and released Kamchybek Tashiev, Sadyr Japarov and Talant Mamytov, three opposition lawmakers previously convicted of attempting to stage a coup d'état in the country.

The ruling of the Bishkek court to release three Kyrgyz opposition leaders convicted previously for attempting to violently overthrow the country's legitimate authorities has sparked public discussions at all possible levels. Only several minutes after the announcement was made, social media platforms were full of varying comments ranging from welcoming the decision to accusing political leaders of bribing the judges and their supporters of pressuring and intimidating the Kyrgyz judiciary. The Kyrgyz Prosecutor General's office brought the case to the country's Supreme Court, which on August 6, 2013, sentenced the defendants to 1.5 years in prison but due to the fact that they were previously held in detention, this prison term has already expired. According to Kyrgyz law, one day in a detention facility constitutes two days in regular prison.

On October 3, 2012 Tashiev, the leader of Ata-Jurt party, and two of his party members were arrested after organizing and leading a demonstration outside of the parliament to demand the nationalization of Kumtor, the

country's most lucrative asset and the largest source of tax revenue owned for the most part by the Canadian Company Centerra Gold. During the demonstrations, Tashiev allegedly called to overthrow and replace the government and occupy the White House. Along with his supporters, he climbed over the White House fence. Later, Tashiev claimed he was just trying to get to his work.

The Court proceedings lasted for almost nine months, with some circles claiming that this prolongation turned the politicians into martyrs, with their supporters even willing and intending to establish a monument in their honor. According to Kyrgyz political analyst Marat Kazakpayev, Tashiev can now use his prison experience to strengthen his opposition credentials and become the major political force against the president. He also noted that due to the arrest, Tashiev's electorate grew in numbers and the ruling elite did not win anything from the process.

There is no single opinion among the country's political elite and experts to link the recent court decision to release the opposition leaders to the riots that broke out last month again over the fate of the gold mining company resulting in a number of injuries. The government managed to appease the demonstrators by promising them to invest more into their local infrastructure and to

improve ordinary people's lives. The unrest escalated and quickly spread into the Southern part of the country as well, where the Ata-Jurt Party enjoys significant support. On May 31, Ata-Jurt Party supporters were even able to seize the local Jalal-Abad main administration building and appointed their own so called "people's governor," who was later arrested and released due to a blockage of the road connecting the southern and northern parts of the Kyrgyz Republic.

Kenjebek Bokoyev, a member of parliament from the Republic party, firmly believes that the recent court decision was politically motivated. He noted that the decision was taken in light of the demonstrations and with the objective of ensuring stability in the country. Some perceive this decision to be a sign of the weakness of the ruling elite, which from the beginning did not have a clear idea of how to handle the case. How much the central authorities had to fear these

demonstrations remains unclear, with the country's president still making claims in front of Tashiev supporters that he had no control over the court's verdict. Meanwhile, during the first press conference after his release, Tashiev extended his gratitude to President Atambayev for his support and for ensuring the rule of law in the country.

Local experts and analysts are also divided in their opinions over the expected changes in the country's political environment due to this release. Some expect increased stability while others anticipate another season of political turmoil. One thing remains clear; the urgent need to achieve political consensus by all the parties involved in order to prevent further destabilization, which this time could put the question of statehood into jeopardy. This consensus will depend on the civic responsibility of the political forces.

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## GEORGIA'S ECONOMY STOPS GROWING

*Eka Janashia*

On June 28, the Georgian state statistics office (Geostat) announced a 0 percent growth of the country's real GDP in May. The economic slowdown started in 2012 Q4, accounting for a 2.9 percent increase in January, 2.1 percent in February and 0.2 percent in March of 2013. Prior to Geostat's report, the European Bank for Reconstruction and Development (EBRD) and the International

Monetary fund (IMF) downgraded their 2013 growth forecasts for Georgia's economy from 5 percent to 3 percent and from 6 percent to 4 percent, respectively.

In its latest Regional Economic Prospects report, EBRD suggested that the lack of investment flows plus post-election political uncertainty led to a slowdown of the economy since the

end of 2012. The report assessed the restoration of Georgian-Russian trade optimistically, assuming that the move would contribute to an augmentation of Georgia's exports over time.

The IMF mission's report examines the reasons and implications of the deceleration at a more fundamental level. It says that from 2010 to the first half of 2012, the economy has been growing rapidly at an average rate of 7 percent but started to slow in 2012 Q3, reducing the GDP growth to 4 percent in 2013, but could recover to around 6 percent from next year onwards.

The report explains that uneasy procurement procedures and financial difficulties in the construction sector have reduced government spending and public consumption reflected in a consequent decline of the inflation rate, domestic demand as well as food and energy prices. As a result, in 2013 the revenue has been reduced by almost 1 percent of GDP and is now in need of a consistent monetary and fiscal policy plus improved clarity over economic policies to revert the economic recovery prospects.

IMF supports the National Bank of Georgia's (NBG) initiative to issue government treasury bills and deposits to encourage long term Lari lending by banks and make it easier for them to access NBG funding. However, at the same time, the report suggests a reduction of the real interest rate to stimulate credit growth that has fallen from 30 percent in 2011 to 12 percent in 2013. The other measures proposed by the IMF mission include a prudent de-

dollarization policy and enlargement of the financial system through advancing the pension funds.

The report signals an urgent necessity in lowering the current account deficit which remains one of the highest in the region, averaging 11.5 percent of GDP from 2010 to 2012. Unless it is limited to 6.5 percent, the country's vulnerability to speculative capital or external exchange rate shocks will be extremely high, given the fact that Georgia's gross external debt has reached 80 percent of GDP, the document says.

In addition, the mission criticizes several steps taken by the new government led by Prime Minister Bidzina Ivanishvili. Among them are the premature announcements of some policy initiatives such as the newly adopted Labor Code and the reduction of electricity tariffs that lowered the profits of electricity distribution companies and increased public uncertainty over the terms of agreement reached with them. The IMF mission assumes that the shift may trigger concerns among potential investors and prevent their entry into the energy sector.

Further, the report indirectly questions the viability of various investment funds, such as the Agricultural Development Fund and the Private Equity Fund, initiated by the government. "While the intention seems good, the potential size of these funds, uncertainty over their scope, and possible preferential treatment could, inadvertently, discourage

investment by others,” the report says.

President Mikheil Saakashvili insisted in a televised statement on June 29 that the economic growth figures from May depicted a “disastrous” state of Georgia’s economy and blamed the government for failed social-economic policies. “Now it is time for [PM Ivanishvili] to make a large-scale investment of his own money into Georgia’s economy,” he said.

In response Ivanishvili declared on July 3 that the capital of a co-investment fund would start operating in a few months, which could amount to US\$ 6 billion including a contribution of US\$ 1 billion from the PM personally. “There will not be any problems with money ... the main obstacle is the lack of projects,” he said

Whereas a large flow of investment is instrumental in realizing Georgia’s economic potential, the country’s economy displays some peculiar features. The major driver of Georgia’s economy has been rising consumption rather than growing production capacity. The total amount of private and public consumption reaches 90 percent of Georgia’s GDP. In turn, the growth of consumption has mostly been encouraged through private reimbursement provided by emigrants. The amount of such

transfers reaches more than US\$ 1 billion annually.

This could be a reason for Georgia’s inability over the last decade to translate its economic growth into increased employment. Officially, the unemployment rate reaches 13-15 percent. However, according to polls conducted by local and foreign NGOs, 70 percent of the respondents consider themselves to be unemployed.

In fact, due to their insufficient income, self-employed persons who constitute around 60 percent of the labor force do not deem themselves employed. Moreover, although 54 percent of the labor force works in the agrarian sector, it contributes only 8 percent of GDP.

Thus, a large cash injection into the economy will not in itself guarantee economic growth. Instead, Georgia needs to conduct a proficient diagnosis of its scanty production capacity and develop a more precise vision for how to develop sectors where it has a comparative advantage. Such an approach, combined with a cautious fiscal and monetary policy, is needed if the announced large-scale investment is to yield tangible results for Georgia’s economy, and if it is really intended to produce commercial rather than political profits.



## MOLDOVAN OMBUDSMAN UNDER FIRE AFTER CONTROVERSIAL SPEECH IN ARMENIA

*Mina Muradova*

A diplomatic scandal has evolved around a comment made by Moldova's Ombudsman at an international conference in Yerevan, accusing Armenia of committing an act of "genocide" against Azeris during the Nagorno-Karabakh war. The fact that the charges were put forward in Armenia's National Assembly was considered disrespectful to the host country and caused calls for the Ombudsman's resignation.

Moldova's Ombudsman Aurelia Grigoriu arrived in Yerevan to participate in the Pan-European Conference on European standards of the rule of law and limits of the authorities' discretion in the member-states of the Council of Europe. In her speech on respect for human rights in areas of frozen conflicts on July 4, she called Armenia an "aggressor" that "occupied 20 percent of Azerbaijan's territory" and carried out an "ethnic purge towards the Azerbaijani population in both Armenia and the occupied territories," followed by a "genocide act in the Azerbaijani town of Khojaly in February, 1992." Grigoriu's speech, re-published by Day.az on July 8 from her Facebook page, reads that "...the aggression of Armenia against Azerbaijan became the biggest impediment to development in the South Caucasus region and its integration to Europe."

Such a "diplomatic" mistake could cost Grigoriu her post. The speaker of the

Moldovan parliament Igor Korman told journalists in Chisinau that "the statement of Aurelia Grigoriu is an inadmissible, serious mistake. By no means can a parliamentarian advocate allow such a statement that damages the image of Moldova." He stressed that Grigoriu's statement does not reflect the official position of Chisinau and that Moldova needs to build constructive relations with both Armenian and Azerbaijan.

At a news conference upon her return to Moldova, Grigoriu stated that her speech was based on the resolutions of the UN Security Council related to the Nagorno-Karabakh conflict and that she "did not want to hurt anyone's feelings ... my aim was to draw attention to violations of human rights in conflict zones to prevent similar events in the future."

Armenian politicians provided the story with a new dimension by claiming that Grigoriu was serving the interests of Azerbaijan. "To be realistic, we can say that she has been bribed," Kiro Manoyan, a representative of the Armenian Revolutionary Federation from the Dashnaktsutyun Party, told Aysor.am on July 9. In an interview with Panorama.am on July 5, the Vice-Speaker of Armenia's National Assembly Ermine Nagdalyan said the idea of the Moldovan Ombudsman's speech "was actually interesting as Armenians sitting in the parliament either had to bring a counterblow and

look intolerant and undemocratic in front of the international community or they had to keep silent, leaving absolutely dirty condemnations without response. In both cases, the authors of the idea could feel satisfied." Immediately after Grigoriu's speech in parliament, Nagdalyan retorted by saying that she believed Grigoriu arrived in Armenia with "a deliberate purpose" and stressed that her speech was given according to "an order and, moreover, it was paid."

Grigoriu also condemned Nagdalyan as the issue escalated. In an interview to 1news.az, Grigoriu said that "The vice-speaker of the Armenian parliament actually triggered this whole scandal at the international conference and started the tantrum first ... If Armenia claims that it is a country, a developing democracy, and welcomes the freedom of speech and expression, the officials of this country should not have escalated the situation." Grigoriu denied all allegations that she would have been bribed by Azerbaijan: "This is a lie. Such actions of Armenia are nothing but a cheap PR maneuver."

Grigoriu said she was not allowed by Armenian authorities to go to the airport together with the rest of the Moldovan delegation: "...40 minutes before the flight, the driver of the car, sent by the organizers of the conference, said that he would not allow me in ... I stayed in the hotel and began to contact the Ministry of Foreign Affairs of Moldova every 30 minutes ... Some people were attempting to get to me, but the hotel staff restricted the access ... the

workers of the hotel ensured my safety." According to Grigoriu, the Armenian authorities demanded that she apologize publicly for her speech, but she refused to do so. She left the hotel accompanied by representatives of the Embassies of Georgia and Romania.

The scandal was picked up by Azerbaijani officials who generally praised the "brave" statement of the Moldovan representative. Elnur Aslanov, Chief of the Presidential Administration's Political Analysis and Information Provision Department, said that "The reaction of the Armenian side to the fair statement of the Moldovan Parliamentary Advocate on the Khojaly genocide, the persecution and pressure on Aurelia Grigoriu in Yerevan showed the Armenian government's terrorism policy," according to Azerbaijan's APA agency.

Aslanov called on European institutions to express their positions on the issue: "If any citizen's rights are violated in another country, members of the European Parliament should respond to the issue. The European Parliament should demonstrate its support for the protection of human rights and not pursue a policy of double standards."

The Executive Secretary of the ruling Yeni Azerbaijan Party Ali Ahmadov called Grigoriu's speech a "very brave" step. "First of all, it is a moral victory for Grigoriu. It is a victory of courage and justice. The act of the Moldovan Ombudsman should be an example for representatives of international

organizations, who are used to voice statements in Baku that would be favored by Azerbaijanis and speak the language of Armenians in Yerevan. We must stop this practice, which complicates the process of settlement [of the Nagorno-Karabakh conflict]", Ahmadov said. He added the OSCE Minsk Group co-chairs in particular should follow Grigoriu's example.

Meanwhile, the Armenian Diaspora in Moldova demanded Grigoriu's

resignation before her parliamentary mandate formally expires in three months, but the Moldovan Parliament's Commission on Human Rights did not come to this conclusion after discussing the issue.

The issue did not affect Armenian President Serzh Sargsyan's visit to Chisinau on July 11, when the sides stressed the "importance of closer cooperation" and signed two intergovernmental agreements.