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*Central Asia- Caucasus Institute
Silk Road Studies Program*

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THE CENTRAL ASIA-CAUCASUS ANALYST

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

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

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

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

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

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GEORGIA'S POST-REVOLUTIONARY PERIOD ENDS, POSING CHALLENGES AND OPPORTUNITIES

Temuri Yakobashvili and Johanna Popjanevski

The January 5 presidential elections vindicated Georgia's democratic credentials. It brought Mikheil Saakashvili a second term in power, but one which will be distinctively different from his first. With Georgia's post-revolutionary period coming to an end, parliamentary elections this spring are certain to yield a much more diverse and contested political scene. This political scene is intensely polarized and subjected to both external and asymmetric threats, posing substantial challenges for the consolidation of Georgian democracy and stability.

BACKGROUND: On January 5, Georgia held its first competitive presidential elections since the Rose Revolution – the 2004 election that brought Mikheil Saakashvili to power with ca. 95% of the vote was, for all practical purposes, a referendum legitimizing the revolution. Preliminary results indicate Mr. Saakashvili won a victory in the first round, narrowly exceeding the 50% of the vote needed. He is thus escaping a second round against his main opponent Levan Gachechiladze, the candidate of a unified opposition bloc, who received only half the number of votes. In two parallel referenda, clear majorities of the Georgian electorate voted in favor of both NATO accession, and for holding parliamentary elections in the spring of 2008.

International monitoring bodies deemed the Georgian election process to be mainly in accordance

with democratic principles, vindicating Saakashvili's democratic credentials. However, monitors expressed criticism of some irregularities, mainly with regard to the use of administrative resources in the campaign. The EU has now called on all political actors to respect the election results, and to engage in securing the democratic development of the Georgian state, particularly with a view to upcoming parliamentary elections. While final official results are yet to be announced, and in spite of international recognition of the elections, the opposition is contesting the validity of the electoral process and calling on its supporters to unite in new demonstrations on Rustaveli Avenue on January 13.

The decision to hold early presidential elections was taken by then-President Saakashvili in November 2007,





shortly after the crackdown on unrest in Tbilisi. On November 2-7, protesters and opposition activists took to the streets of Tbilisi, demanding early parliamentary elections, amendments to the electoral system, and – following the second day of protests – Saakashvili's resignation. The demonstrations ended in a serious stand-off between riot police and protesters on January 7, resulting in a harsh crackdown by police, the closure of the oppositional Imedi TV channel, and the announcement of a state of emergency that lasted nine days. On November 25, Saakashvili resigned to campaign for a second presidential term.

Having won an overwhelming victory in the 2004 presidential election, Saakashvili faced a highly polarized campaign climate. His main opponents, a nine-party coalition formed in September 2007 shortly after the arrest of ex-defense Minister Irakli Okruashvili, has spared no effort in portraying the ex-president as an autocratic leader, likely to manipulate the election results in order to secure his second term in power. Early on, the opposition stated that any victory for Saakashvili would indicate rigged elections, implying their refusal to accept such an outcome and their readiness to once again take the streets to challenge the legitimacy of the incumbent elite.

Over the course of his campaign, Saakashvili has struggled to project a more modest and down-to-earth image, in order to regain some of his lost credibility in the eyes of the public. The ruling party has also sought

to legitimize its November crackdown on the opposition, through presenting credible evidence that it in November last year was faced with a coup attempt, staged by oligarch and presidential candidate Arkady (Badri) Patarkatsishvili. Nonetheless, in spite of what appears to have amounted to a landslide victory for Saakashvili, the election results indicate that events of the last few months damaged to the image of Saakashvili and his allies. This is the case particularly in the Tbilisi area, where Saakashvili only came in second in the election. Meanwhile, Saakashvili won by large margins in many of Georgia's most rural and densely minority-populated areas.

This indicates on the one hand the potent regional divisions in the country, but also that Mr. Saakashvili is acquiring a status as the protector of national minority communities. This is not an unproblematic image in the still very segregated Georgian political climate, and is already being played on by the opposition to further weaken Saakashvili.

IMPLICATIONS: The January 5 election has multiple implications. First and most obviously, it constituted a democratic landmark in Georgia's history. Indeed, it is the first national election in the country – and one of the very first in the entire CIS – to be considered mainly in accordance with democratic principles. Given the unruly political climate in the country, the Government deserves merit for this achievement, which has implications beyond Georgia: it shows that with enough political will, a post-Soviet state can overcome the legacy of the Soviet past as well as present-day instability, and hold democratic elections.

Secondly, the January 5 election marks the beginning of a new political era in Georgia. It is clear that the post-revolution process, in which the ruling elite was able to push its reformist agenda through its uncontested domination of the political scene, has come to an end. This gives rise to both challenges and opportunities. Indeed, the run-up to the January 5 election highlighted the institutional shortcomings of the current Georgian political party system.

Throughout the election process, both the ruling party and arguably to an even larger extent the opposition were reluctant to engage in constructive political debate, focusing their campaigns on the promotion of personalities rather than their respective political agendas. The current lack of dialogue, political compromise and respect for political diversity on the part of all parties is troublesome in light of the upcoming parliamentary elections. The deeply fragmented political scene clouds the prospects of constructive cooperation in the next parliament. Ultimately, this may have a paralyzing effect on the progress of reforms in the country.

Third, this also indicates the weakness of the political party structures in Georgia. In fact, neither the national movement nor the opposition parties are true political parties in the western sense. The national movement breaks down into several constituent units with quite diverse political agendas, united mainly by the personality of president Saakashvili. Likewise, none of the opposition political parties would be likely to survive the departure of their current leaders. A further weakness of the party structure is that opposition figures without political affiliation received more support than established parties: indeed, Gachechiladze and Patarkatsishvili received more votes than Labor party candidate Shalva Natelashvili and New Rights' candidate Davit Gamkrelidze.



Badri Patarkatsishvili

At the same time, the end of the National Movement's political dominance and the weakness of the political party structure carries opportunities for the development of new political actors and formations on the Georgian political scene. The strengthening of a political party system, and a culture of compromise and dialogue, are nevertheless unlikely to develop without strong and support of Georgia's western allies.

Fourth, the opposition's tendency of taking to the streets instead of communicating its demands within the country's institutional framework continues to undermine the legitimacy of state institutions. As experienced before in Georgia, national unrest and a weakened state apparatus opens up to exploitation of Georgia's national interests by foreign and transnational actors. Primary among these is of course the role of Russia, which can be counted upon to exploit any weakening of the Georgian state. The election campaign also highlighted the danger that asymmetric threats can pose to a nascent democracy. In Georgia, the main asymmetric threat to the political system is the role played by Patarkatsishvili, the country's richest man. Patarkatsishvili has for some time exploited the openness of Georgia's political system for his political aims. Indeed, he has founded a TV station that served as a mouthpiece for increasingly fierce anti-government rhetoric; used his fortune to finance opposition political parties and forces, and organizing protestors. The dangers posed were clearly indicated by audio and video evidence presented by the government, which credibly shows that Patarkatsishvili plotted to utilize the elections to foment a coup against the authorities. This was done by seeking to bribe a high-level police figure to 'reveal' made-up evidence of electoral fraud on election day, which in turn would be used to bring out popular anger and topple the government. Had Georgian authorities not been able to expose this plot, it could have made serious damage to the election process. Indeed, the episode highlights the difficulty faced by democratic states in countering non-democratic opponents seeking to exploit and abuse the democratic system and the popular mood.

The external (Russian) as well as asymmetric threats are serious impediments to Georgia's prospects of

consolidating democracy. Indeed, should these threats continue while the Georgian political system remains weak, authoritarian sentiments could easily be rekindled among Georgia's political forces, some of which may conclude that Georgia cannot, under current circumstances, afford the 'luxury' of democracy. This prospect makes it all the more necessary for Georgia's western partners to invest into engagement and dialogue with all legitimate political forces in Georgia to strengthen democratic institutions.

CONCLUSIONS: The heavily polarized political scene that has emerged in Georgia over the last year poses a particular challenge for Georgia western allies, especially Europe. As noted above, Georgia is unlikely to overcome this polarization without the positive assistance of its Western partners. Having recognized the accomplishments in Georgia, it is nonetheless important to avoid complacency. It would be logical for Georgia's Western partners to engage even further to help build a plural and balanced political scene, rather than one marked by intense and personalized controversy. This engagement will necessarily include dialogue with political forces, not neglecting the importance of working with opposition forces to

strengthen their respect for the democratic process and divert their attention from street politics.

Georgia has taken an important step toward sustainable democracy. But challenges are many, and most are immediate. Key among these will be, aside from implementing the recommendations of the international observation mission, to help reduce the intense polarization of the political system. Moreover, looking toward the future, a key element for Georgian democracy to take root will be to build the capacity of state institutions to defend, by democratic means, Georgia's democracy from external and asymmetric threats. Western policies will play a crucial role in determining whether this will succeed or not.

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New issue of the

China and Eurasia Forum Quarterly

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

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

EDUCATION REFORMS IN TURKMENISTAN: WHERE WILL IT GO?

Rafis Abazov

In January 2008, government officials in Turkmenistan reiterated their commitment to education reforms and announced a 46 percent increase in budgetary spending on schools and universities. These steps come on top of a 40 percent increase of educational spending in 2007. These public announcements also intensified heated debates about the state of education in Turkmenistan and the direction of the reforms: should the reforms be oriented toward open private initiatives and fee-based education (the American market-oriented model) or should the education system remain subsidized and state-supported as in north European countries?

BACKGROUND: Turkmenistan entered independence with a strong commitment to radically reform its education system. Indeed, already in May 1993, the government launched the *Bilim* (Knowledge) program, significantly revising the education system at school and university levels, introducing new curricula and completely de-Sovietizing educational institutions. All Soviet ideology-charged subjects were removed and replaced by those that emphasized Turkmenistani national identity, national pride and strengthened the national idea. In addition, the new Turkmen script based on the Latin alphabet replaced the old Cyrillic-based script. However, the education system remained under firm state control.

Such drastic changes could not but stir substantial controversies and intellectual battles. One camp of local experts, which included government officials, argued that the strength and fundamentals of the national education traditions were preserved. To the envy of neighboring Afghanistan and culturally close Pakistan and India, the literacy rate in Turkmenistan has been about 97-98 percent and the school system has covered all school-age kids without discriminating girls. They also proudly claimed that all children were taught within a secular school curriculum and that no radical Taliban-style *medresehs* (Islamic schools) appeared in the country in the 1990s, in the sharp contrast to Afghanistan and Tajikistan.

Another group of experts, including foreign organizations, were very critical of the changes in Turkmenistan's education sector. Among other things, they claimed that the reforms included measures damaging the quality of education, such as reduction of secondary schooling from ten to nine years, and higher education from five to four years, including two years of formal education at a university and two years of "internship at a workplace". In addition, this camp strongly criticized the new structure of the curricula and selection of subjects. They also felt that the introduction of Turkmen language as the main language of instruction at all education institutions was too speedy.

For a short while, however, this education system worked in the post-Soviet environment, reflecting the economic model adopted by the state. In sharp contrast to other countries in the region, especially Kyrgyzstan and Kazakhstan, Turkmenistan decided to maintain state control over the national economy, rejected mass privatization, and prioritized the development of the industrial and agricultural sectors following policies that the World Bank calls *import-substitution industrialization*, by supporting and subsidizing local enterprises. This education system provided enough graduates to meet the job market demands, as some Soviet era enterprises were closed or significantly downsized, and few new ones were opened. Government officials defended the advantages of their education reforms, with statistical data that indicated that most of the

workers in many sectors of the national economy, including construction, transportation and food processing, were locally trained.

But eventually, economic development in the country created a significant mismatch between the supply and demand in the labor market, which peaked in the early 2000s. The educational system has changed little during the twelve years between 1994 and 2006, as very few new subjects were added to the school curricula and practically no new faculties and disciplines were added to the university programs. In the meantime, the economy experienced huge structural changes, especially during the last three to five years, thanks to the hefty surge in world prices for Turkmenistan's energy resources.

IMPLICATIONS: The realities of the twenty-first century posed formidable challenges to Turkmenistan's education model and system, which struggled to respond to new demands and new social and economic environments. The rapid structural changes and double-digit economic growth during the last few years, fueled by sky-high world prices for energy, stimulated the creation of a significant number of new white-collar jobs and swiftly increased the demand for highly qualified specialists trained in fields new for Turkmenistan, such as western-style accounting, audit, banking, international arbitrage, contract law, etc. Second, the rapidly increasing size of the national economy and its complexity created a shortage of highly qualified top- and mid-level corporate and government managers with training and expertise in running large multimillion-dollar projects and multibillion-dollar public enterprises and corporations, and various sectors of the economy. Third, the increasing complexity of the national economy pressed for a quick adaptation of modern forms of communications, information technology, internet and intranets for effectively running and coordinating the work of various state agencies, regional and local administration and enterprises.

By 2007, the shortages in national cadres became quite serious. The increasing engagement with the international business community, and rapid changes in the national economy, especially as the

government promised further opening of the national economy for private initiatives and international competitions, will severely augment the issue of the scarcity of qualified professionals.

In order to meet growing economic challenges and improve the effectiveness and efficiency of both public and private sectors of the national economy, there is hence a need to conduct deep education reforms in Turkmenistan. This should most likely be done by both increasing state support for education and opening some windows of opportunity for private competition and initiatives.

CONCLUSIONS: At the ministerial level, new priorities need to be identified, while new faculties and disciplines are needed at vocational colleges and universities in order to prepare highly qualified professionals, especially for the new growing sectors of the national economy. This would include the development of new curricula with inputs from leading foreign universities and international consultants. The government might also need to spend more resources on strengthening human capital in the educational system by increasing salaries, conducting additional training and retraining of educators, and boosting the prestige of the profession in order to keep the best cadres and to attract new talents to the field. Turkmenistan's education system would benefit greatly of a study-abroad program similar to Kazakhstan's *Bolashak* (Future) program, which would send the most talented young Turkmenistani students to study at top universities around the world. The Ministry of Education may also consider allowing national universities to have more independence in attracting private funding for research and to let them enroll small groups of fee-paying students in order to create a competitive environment at higher education institutions.

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RUSSIA'S CFE SUSPENSION WORRIES ITS SOUTHERN NEIGHBORS

Richard Weitz

On December 12, the Russian government “suspended” its obligations regarding the Conventional Forces in Europe (CFE) Treaty. The immediate effect of the suspension, an option not even provided for in the original 1990 treaty, has been that Moscow has stopped providing information about the size, location, and activities of its military forces west of the Ural Mountains, the Russian territory covered by the treaty. Another consequence, however, has been to exacerbate security concerns in countries located near Russia, especially in Georgia and Turkey.

BACKGROUND: The decision of the Russian government to suspend its CFE obligations could allow it to ignore the treaty's numerical limitations and increase the aggregate size of Russia's conventional forces, which are already the largest of any European country. At present, such a decision is unlikely given Russian leaders' intent to limit conventional defense expenditures and instead generally pursue less costly “asymmetric” responses to foreign military threats.

A more likely Russian response would be violating the CFE Treaty's sub-regional “flank” limits. These restrictions prevent the concentration of heavy conventional weapons in northeastern and southeastern Russia (primarily near Norway and Turkey, respectively). In their criticisms of the treaty, Russian officials have singled out these limits for constraining Moscow's ability to move forces within Russia's borders (specifically the northwest Leningrad military district and the North Caucasus military district).

Russian officials claim that the flank provisions are discriminatory in that they do not similarly constrain NATO military deployments in the Baltic republics – which gained independence only after the original the treaty was signed – or in southeast Europe. Russian representatives continue to express concerns about U.S. military activities in Bulgaria

and Romania, two former Warsaw Pact members that recently joined NATO. In his controversial February 2007 presentation before the Munich Security Conference, President Vladimir Putin cited U.S. military deployments in Romania and Bulgaria, which he intimated violated the spirit if not the letter of the CFE Treaty, to justify his assessment that the treaty was in “pitiable condition.” After returning from a December 8 meeting of the NATO-Russian Council, Russian Foreign Minister Sergei Lavrov likewise accused NATO of disrupting European arms control by increasing its military presence along both of Russia's flanks – in the Black Sea states of Romania and Bulgaria as well as in the three Baltic republics.

In a news conference held after the moratorium went into effect, the head of the Russian General Staff, General Yury Baluyevsky, disclaimed any plans for a major near-term increase in the size of Russia's military contingents in the CFE-governed regions around Russia's borders: “We woke up on December 12 in the same situation. It doesn't mean there will be a massive arms build-up to the north, to the south and to the west.” Nevertheless, General Baluyevsky acknowledged that, “at least I, as head of the armed forces, can exercise complete freedom in the movement of the armed forces on Russian territory. I didn't have that right prior to December

12.” During a visit to Washington a few days before the moratorium went into effect, General Baluyevsky said that the suspension decision would “remove discriminatory flank limitations under the treaty” and “untie Russia’s hands on its own territory,” much like the CFE treaty allows NATO to freely re-deploy its forces anywhere in Europe.

Representatives of the Russian Ministry of Defense have confirmed that contingency plans are being developed to increase military deployments in western Russia. “We are carrying out work as regards the issue,” First Deputy Defense Minister General Alexander Kolmakov told the Russian media, though he added that no decision had been made yet to implement the plans.

IMPLICATIONS: Russia’s southern neighbors are more likely than those to Moscow’s northwest to experience a local Russian military buildup. The thrust of Russian complaints about their northwestern flank is that, since the Baltic states gained independence after the original CFE Treaty went into force, and NATO has refused to ratify the revised 1999 CFE Adaptation agreement until Russia fulfills its concurrent Istanbul Commitments, the Baltic region has become a “grey zone” uncovered by any conventional arms control agreement. Russian policy has focused on inducing NATO to ratify the 1999 accord, which would then allow the Baltic countries to adhere to the Treaty, as they have pledged to do.

In contrast, the Russian defense community has repeatedly insisted they need more flexibility to deploy larger troop concentrations along their southern flank to counter Islamist-inspired terrorism in Chechnya and other areas. Putin has described the North Caucasus as still “the most dangerous” region for Russian security. In announcing the suspension decision, the Russian Foreign Ministry called on NATO to abolish the flank limitations because “they hinder our common struggle against terrorism.”

In the past, Moscow has accused Georgian authorities of taking inadequate measures to prevent extremists based on Georgian territory from

providing logistical support for terrorists in the North Caucasus. Russian leaders have sometimes expressed the opinion that they might need to conduct military operations in Georgia to neutralize these alleged terrorist backers, a move that would violate the now suspended CFE Treaty. Russian representatives have also intimated that they might increase their military presence in Georgia’s separatist regions in retaliation for NATO governments’ recognition of Kosovo’s independence from Russia’s ally Serbia.

Turkey’s proximity to Russia has long made its government one of the strongest supporters of the CFE accord, especially its flank limitations. A member of the Turkish delegation to NATO in Brussels told the Turkish Daily News that Ankara is now worried about a possible increase in Russian troop levels along its southern flank. The concern was less that Russia’s move would adversely affect its military balance with Turkey, and more that new Russian military deployments in the Caucasus would increase tensions in the region, most notably between Russia and Georgia.

An official in the Turkish Foreign Ministry also found unconvincing Moscow’s claim that Russia needed to increase its defenses along its southwestern border to counter terrorism: “Russia claims it is facing a terrorism threat and cannot deal with it properly due to the restrictions imposed on it by the Treaty. We have told the Russians that we cannot see any immediate terrorism threat directed toward them.” The Turkish Ministry of Foreign Affairs called the Russian suspension decision “particularly perplexing” given the “multidimensional dialogue” that Turkey and other NATO governments had conducted with Russia, which offered “a constructive way forward that would preserve the integrity of the Treaty with all its elements including the Flank regime, and would allow the ratification of the Adapted CFE Treaty responding to Russian concerns”.

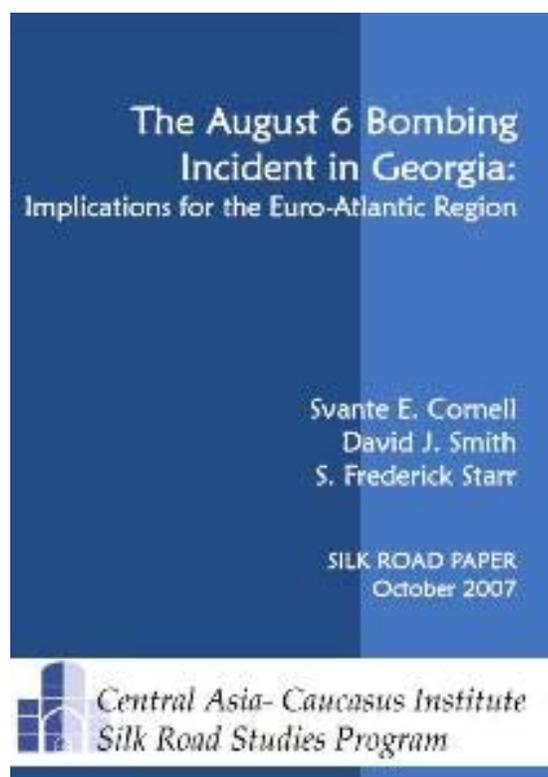
Russia’s move to reopen the CFE Treaty to further revisions has already exacerbated tensions between Azerbaijan and Armenia, which remain in a state of conflict over the territory of Mountainous

Karabakh. At the OSCE Council of Ministers meeting in late November 2007, Armenian Defense Minister Vardan Oskanian claimed that Azerbaijan was exceeding its CFE armaments limits. Although insisting that his country was fulfilling its current obligations, Azerbaijani Foreign Minister Elmar Mammadyarov echoed Moscow's call to revise the treaty. As justification, he cited the need to deal with Armenia's occupation of one-fifth of Azerbaijan's territory following the Mountainous Karabakh conflict, which resulted in "weapons [being] unlawfully kept on this territory." Vaan Ovannisian, the deputy speaker of the Armenian parliament, replied that Armenia would withdraw from the treaty entirely if Azerbaijan attempted to revise its provisions.

CONCLUSIONS: NATO spokesman James Appathurai acknowledged that the alliance was worried by the potential of a military buildup in western Russia, saying that "to see large amounts of

what is now treaty-limited equipment suddenly moving ... would be a concern to NATO countries." Nevertheless, it remains unclear whether NATO collectively would agree to do anything more than verbally protest a Russian military upsurge along its southern border. Alliance members are already deeply divided over whether to consider even offering possible membership to Georgia or Azerbaijan. In addition, relations between Turkey and other NATO members remain strained over the Iraq War and Turkey's frustrated EU membership aspirations. Russian officials might conclude that increasing military tensions in the South Caucasus could actually help induce cautious NATO members to resist deepening the alliance's involvement in the region.

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New Silk Road Paper:

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

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

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

KARABAKH IN MADRID: GREAT POWERS SEEK CONTINUITY IN THE PEACE PROCESS IN TURBULENT YEAR AHEAD

Haroutiun Khachatryan

At the December 2007 Madrid summit of the OSCE, the co-chairs of the Minsk group presented a new document on resolving the Mountainous Karabakh conflict. This was the first such initiative by the co-chairs since 1998. It may reflect the wish of the great powers to secure guarantees that the progress reached so far in the negotiation process is not lost, and that the conflicting parties will not abort the negotiation process under the aegis of the OSCE Minsk group following presidential elections to be held in both countries this year.

BACKGROUND: The document, termed “Basic Principles for the Peaceful Settlement of the Nagorno-Karabakh Conflict,” was presented to the foreign ministers of Armenia and Azerbaijan at the sidelines of the OSCE Madrid ministerial meeting

which no agreement has been reached. To stress the importance of the event, the document was presented not by mid-level diplomats serving as co-chairmen, but by top-level ones, namely, U.S. Undersecretary of State Nicholas Burns, Russian

Foreign Minister Sergei Lavrov, and French Foreign Minister Bernard Kouchner. The official reaction of Azerbaijan and Armenia to the new proposal of the Minsk Group co-chairs is expected no earlier than mid-January 2008.

The current stage of the Karabakh negotiations began in August 2004 in Prague, and is termed the “Prague process.” During numerous meetings, the leaders of the two countries have reached common ground around most of the ca. ten points of the future settlement

process. In particular, as Azerbaijani foreign minister Elmar Mamedyarov told reporters in Madrid, “one or two points have remained to reach agreement upon.”

Both the Madrid document and the details of previous agreements reached in the framework of the “Prague process” have not been published. The



on November 29. It is to pursue two goals. First, it is to address the questions on which the parties have already reached agreement, including the fundamental issue of seeking resolution by peaceful means only. More important, however, is the second component, in which “compromises” were put forward by the co-chairs, evidently, on issues on

following is known about the results so far. The main agreed items are the following. First, Armenian troops are to be withdrawn from five out of seven Azerbaijani regions surrounding Mountainous Karabakh. Second, the Azerbaijani population displaced during the war in 1993-1994 is to return to these regions. Third, Kelbajar, the sixth of the above-mentioned seven regions, will be freed at a later stage, with subsequent return of the Azerbaijani population. This step is conditioned by the progress of the process of determining the future status of Mountainous Karabakh. Fourth, the Lachin region (the seventh occupied territory to the west of Mountainous Karabakh) or part of it will serve as a corridor to secure a permanent land communication between Armenia and Mountainous Karabakh. Fifth, some international peacekeeping forces will be involved to keep stability along the border of the territories and preventing renewed conflict.

The non-agreed items are mostly those directly affecting the core of the conflict, namely, the status of Mountainous Karabakh. According to a report disseminated by the co-chairs in June 2006, the status should be determined by a referendum or plebiscite held in the enclave. The Armenian side seeks the procedure to result in the realization of the "right of self-determination" of the people of Mountainous Karabakh, which are seeking recognition of the enclave as an independent state. The Azerbaijani side, which claims Karabakh to be inseparable from Azerbaijan, resist such a prospect. Hence numerous issue arise, beginning with the legal power of the proposed referendum, to the participation of ethnic Azerbaijanis who previously lived in Nagorno Karabakh. Disagreement on this key issue has blocked the entire process, not only of conflict settlement but also all forms of reconciliation and confidence building.

The apparent deadlock surrounding these principal items have continued for over two years, and has increased concerns on the possibility of a collapse of the entire negotiation process, going so far as fears of a resumed war, as the sides continue increasing their military budgets. In addition, the lack of a

formally agreed document would allow the parties not only presenting contradicting interpretations (a frequent event seen so far) but also to move back from previously agreed positions.

IMPLICATIONS: The co-chairs appear to see a number of threats to the peace process, especially in the context of upcoming presidential elections in both Armenia and Azerbaijan. First, the sides might, under pressure from domestic politics, retreat from the negotiation process, which would enhance tensions in the region and increase the danger of resumption of violence. Second, the great powers could lose control over the policies of the ruling elites regarding the conflict. Third, the three superpowers appear to try to secure the continuity of the peace process after new presidents are elected first in Armenia (on February 19), and then in Azerbaijan (October).

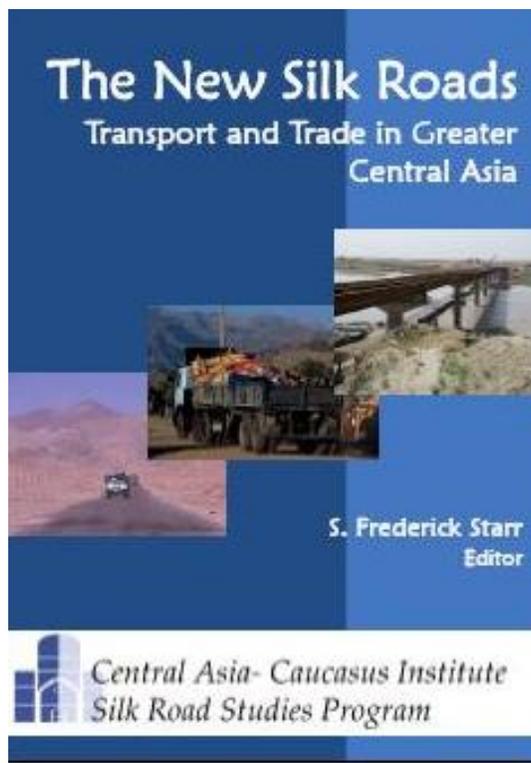
Whereas the re-election of Ilham Aliyev is almost certain in Azerbaijan, the situation in Armenia is more complex. Although the candidate of the current ruling elite, the Prime Minister Serge Sarkisian, appears the strongest among those nominated, he has a very strong competitor in the person of former President Levon Ter-Petrossian. The Karabakh issue is one of the trumps of Ter-Petrossian's election campaign, and his criticism of the authorities may provoke public attention and force the authorities to adapt their policies, even if Ter-Petrossian himself loses the vote. In fact, it is difficult to predict what the actual outcome of this factor may be. Ter-Petrossian is known as an adherent of a flexible approach, which would likely enable a rapid improvement of Armenian-Azerbaijani relations. On the other hand, the "step-by-step" version he favored back in 1997 (and which became the cause of his resignation), envisaged also addressing the problem of the Shaumian region to the north of Mountainous Karabakh, which the NKR claims, while current negotiations largely ignore this issue. Incidentally, this is not the only problem that could arise if the current de facto authorities of Mountainous Karabakh take part in the negotiations, which may be inevitable at a later stage.

Unless the details of the compromises are made public, it is impossible to predict what the outcome of the Madrid document may be. In particular, its influence on the subsequent political processes will remain unclear. The statements regarding the Madrid document primarily stress the fixation of the common ground reached so far by the parties, which indicates that the co-chairs may try to persuade the parties to undertake some agreed steps before a final agreement on the settlement principles is reached. In other words, they may seek to impose the principle of a so-called “step-by-step” resolution process, which in theory provides opportunities to build a gradual process and ensure possibilities to build mutual trust. However, the paradox of the situation is that the current status of a “frozen” conflict, though itself unsatisfactory,

could become even more dangerous if it is “unfrozen” in the wrong way.

CONCLUSIONS: The current stage of the Mountainous Karabakh peace process appears headed for a deadlock. In parallel, the danger of destabilization increases given the rise in military expenditures in Azerbaijan and Armenia, and the coming presidential elections in both countries. This is the context in which the U.S., Russia and France advanced the Madrid document in order to signal to the elites of the conflicting parties that the three great powers involved are interested in the stability in the region and in the continuity of the current peace process.

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FIELD REPORTS

RUSSIA DECREASES IMMIGRATION QUOTA THREEFOLD IN 2008

Erica Marat

The Russian Federal Migration Service (FMS) has recently announced its plan to reduce the quota for labor migrants coming to Russia from six million in 2007 to two million in 2008. In larger cities, the quota will decrease even more, with Moscow accepting six times fewer migrants in the coming year. However, even last year's quota of six million proved to be insufficient, as the number of FMS-registered migrants exceeded seven million by the end of 2007. Unofficial figures of migrants are higher.

The FMS's new policy comes ahead of the Russian presidential elections in spring 2008, with President Vladimir Putin responding to one of the biggest concerns for the Russian public – labor migrants from former Soviet states that continue to flood Russian cities.

In 2008, the FMS lists 14 categories of professions in demand in the Russian labor market to be filled by migrants, but the list excludes market merchants – a category usually occupied by natives of the South Caucasus and Central Asia. It seems that the FMS is trying to minimize encounters between the local population and foreign labor migrants by keeping the latter at remote construction sites and the agricultural sector.

The FMS's policy responds to growing anti-migrant sentiments among the Russian population, especially in big cities. It also goes along with the platforms of all political parties currently

represented in the Duma, as all promote greater national pride in a stronger Russia. Putin's political party, United Russia, no longer hides its close ties with ultra-nationalist movements such as *Nashi* or *Russkii projekt*.

Discontent with foreign labor migrants in Russia is felt everywhere, from popular culture and contemporary literary works to ultra-right and ultra-left youth movements. In popular culture, the image of a Moldovan, Kyrgyz, or Tajik migrant is normally depicted as a middle-aged man with broken Russian, dirty clothes, and awkward behavior. Migrants are also often depicted as the major source of criminality in Russia. However, migrants themselves are often victims of brutal crimes committed by xenophobic movements.

The cut in the immigration quota will affect mostly Russia's weaker neighboring states, which often have up to 10 percent of their work-age citizens residing in Russia – Moldova, Kyrgyzstan, and Tajikistan, as well as the South Caucasian states. The economies of all three countries considerably depend on remittances. Although Tajikistan is not among the poorest countries in the world, it is the fourth biggest recipient of remittances per capita, accounting for 37 percent of its GDP in 2006, according to *the Economist* data. The share of remittances in Kyrgyzstan and Moldova's GDP in 2006 comprised some 32 percent.

Labor migration from these countries is impossible to prevent. Over the past decade, human labor migration obtained its own structure and organization. There are middlemen assisting migrants' flows, and financial institutions providing security for transnational financial exchange. There are also people and businesses on both sides of the borders that vitally depend on labor migration. The business element in labor migration includes both legal investment projects and organized criminal networks. Decreasing immigration flows through lowering quotas is largely a populist policy, especially in a period when the Russian economy is in rapid growth.

Labor migration is a complex phenomenon in the post-Soviet space, and its implications remain understudied. What is clear, however, is the fact that migrants' remittances boost the real estate market both in the importer and recipient countries. A cutback in migrant flows to Russia would clearly affect its local construction sector.

Migrants are likely to encounter tougher border checks and law enforcement control in Russia following the FMS's reduced quotas. Indeed, it is also likely to boost corruption in Russia among agencies registering migrants and in the police. Crime rates among migrants are likely to increase as a result of their inability to receive legal

registration, and therefore provoke more tensions between them and the local population. Altogether, the FMS will encounter a harder burden in maintaining its system of control of migrants inflows.

If the portion of labor migrants traveling to Russia decreases in the coming months, Kazakhstan is likely to become their first priority country. Kyrgyz migrants increasingly choose South Korea as another favorable destination. With that, Moscow and St. Petersburg remain a popular destination for students and young professionals from former Soviet states.

Along with extremist xenophobic movements, there are, of course, movements in Russia campaigning for the better treatment of labor migrants, and promoting a more positive public perception of foreigners. However, their voices are overshadowed by everyday moderate or radical antagonism toward foreign workers on the part of the local population.

The last two decades have shown that in most parts of the world, both recipient and importer countries benefited from labor migration. Its rates increase or decrease depending on transnational economic development. As Russia's economy strengthens and a middle class emerges, there will hopefully be more proponents of a balanced approach to foreign workforce.

TURKMENISTAN LAUNCHES A NEW UNITED NATIONS INSTITUTION FOR CENTRAL ASIA

Chemen Durdiyeva

December 12 was a double holiday in Turkmenistan: Students' Day and the twelfth anniversary of the country's permanent neutrality. On top of the typical countrywide holiday celebrations, the Day of Neutrality was tied to another landmark event in the country, the official opening of the United

Nations Regional Center for Preventive Diplomacy for Central Asia in Ashgabat.

Turkmenistan was conferred the status of permanent neutrality during the 50th UN General Assembly session on December 12, 1995. Since this date, Turkmenistan distanced itself from any political or economic unions in Central Asia, as well

as integration efforts in the security sphere on post-Soviet territory. However, this isolationist stance appears to have taken an entirely opposite route with the change of power a year ago, as President Gurbanguly Berdimuhammedov embarks on progressive foreign policy issues.

The opening of the UN Center for Preventive Diplomacy comes out as a symbolic achievement of the new leadership's efforts to steer clear of the country's earlier isolationism. The new UN mission, the first of its kind in the region, aims at preventing possible conflicts in Central Asia by capacity-building measures, and facilitating dialogue among the parties. As has been reported by the UN news center, the new UN mission in Ashgabat has been granted an initial budget of \$2.3 million, with a small international staff contingent, and the senior director is to be appointed by UN Secretary-General Ban Ki-Moon. "Preventive diplomacy is not an option but a necessity, and the opening of this new center in Ashgabat "holds tremendous promise" for preventing conflict and reducing the potential threats of cross-border challenges such as drug trafficking, terrorism and environmental degradation," the UN Secretary General was quoted as saying.

The official inauguration of the new institution was attended by Lynn Pascoe, the U.S. State Department's Undersecretary General for Political Affairs, Tajik President Emomali Rakhmon, the foreign ministers of other Central Asian states, and the heads of the OSCE and NATO missions, as well as the secretary general of the Shanghai Cooperation Organization. In the context of his three-day visit to Turkmenistan, President Rakhmon also highly underscored Turkmenistan's contribution to a peaceful outcome of Tajikistan's civil war and its continuing efforts to supply energy to Tajikistan.

Choosing Ashgabat as the location for the UN Regional Center for Preventive Diplomacy fits well into Turkmenistan's neutrality policy overall, and by implication confers it a role of peacemaker in the region. In this connection, it is another step taken by the international community to pay more attention to possible threats in Central Asia. "In Central Asia, we are taking a concrete step now... All this together may serve as a further boost and example for other Member States to take collective action on a regional as well as global level in preventive diplomacy", General Assembly President Srgjan Kerim was quoted as saying.

After the inauguration of the UN Center on December 10, 2007, a two-day international conference entitled "Preventive Diplomacy and International Cooperation" was held in Ashgabat. Sergei Lebedev, Chair of the CIS Executive Committee said, "today Turkmenistan is more and more opening up to the world, to international cooperation and the world is opening to Turkmenistan too." Speaking on the opening of the center, Bolat Nurgaliyev, the Secretary General of the Shanghai Cooperation Organization noted that a new type of political psychology in solving regional and global issues is being formed, and in its own part would serve as an integrative factor for Central Asia.

All in all, the creation of the new UN Center for Preventive Diplomacy became one of the major political events in the country, in light of the twelfth anniversary of Turkmenistan's permanent neutrality. At the regional level, the institution is highly expected to become a major catalyst for political dialogue to prevent possible threats to peace and stability in Central Asia. To what extent the center will manage to fulfill its stated mission remains to be seen, as it soon embarks on real life scenarios in Central Asia.

BUSINESS CLIMATE IN TAJIKISTAN: TREADING WATER

Sergey Medrea

On December 25, Emomali Rahmon initiated a meeting with local business entrepreneurs in Dushanbe, to allow local businessmen to discuss the problems and difficulties they face while conducting small-scale private business. The meeting lasted for six hours. For the first two, the president read a report of recent economic achievements and developments; afterwards, local entrepreneurs were given a chance to express their concerns and have a discussion with the president. It is hoped that the participation of local entrepreneurs will help reform the national tax code.

An online survey of the newspaper *Asia-plus* showed that 67.5 percent of private entrepreneurs see the local authorities (*i.e.* innumerable annual checkups and controls, high levels of corruption) as the main obstacle to the growth of small business in Tajikistan. The high level of governmental corruption, excessive bureaucracy, high taxes, and limited access to credits are the main obstacles currently faced by Tajik entrepreneurs.

The president expressed his dissatisfaction with the results of the survey, and asserted that private entrepreneurs should pay instead of shun taxes – thus, local authorities would no longer exert pressure. He asked his audience how the results of the survey were even possible, when he – the head of the country – had taken the issue under his control. The audience was lost for words and provided no response. Rahmon then urged local businessmen to invest in the construction of the Rogun and other hydro projects. Overall, the meeting was a sermon, with the president teaching businessmen how to work. He gave numerous instructions to ministries and national banks to take the necessary measures to improve the business environment in the country, specifically asking banks to increase the terms for repayments of credits and to decrease interest rates for credit.

Similar meetings have taken place several times in the past, in 2001 and 2003. Likewise, private entrepreneurs then complained about the difficulties of opening and running a small business. Mr. Rahmon promised to solve all problems and make the business environment in Tajikistan more attractive. Meanwhile, labor migrates to Russia to earn money: the numbers for January to October 2007 alone show \$1.18 billion in remittances sent back to Tajikistan. This money could have been spent to invest in private business, to ensure stable incomes for many families. But this is only possible with a continuous and uninterrupted supply of electricity – and a normal business environment (*i.e.* low taxes, little bureaucracy, and security for private property). As yet, very few remittances are invested in private business, as it is safer and more attractive to buy real estate or a car than to open a business in Tajikistan.

In September 2007, dozens of shops, restaurants, cafes and the whole market of Dushanbe were taken down. No explanations were offered, except that these constructions contradicted the new plan of the city. No compensation was issued to private entrepreneurs; no suits were brought against the government. In the absence of the rule of law and the security of private property, the internal private business is not going to grow – and will be suffocated in the multilevel bureaucracy and bribery system. Private entrepreneurs complain that their business aims not at development, but rather survival. There is therefore little incentive to open a small business, unless one has what is referred to as a “roof” (government officials to back up the business, and to ease the registration and tax payments). As the bureaucracy currently stands, private business largely remains in the shadow economy. For a number of tax rates (though not the income tax), Tajikistan is in a leading position in the region.

The recent discussion and its outcome differ in no way from previous ones in 2001 and 2003. The main problems had already been highlighted – what is lacking is implementation. To this end, there was a 2001 law on “State Protection and Support of Entrepreneurs.” And there were the 2004 special governmental regulations on the concept of development of entrepreneurs in the Republic of Tajikistan, in effect until 2015. The problems of

private entrepreneurs were accorded extensive long-term resolution: the organization of a special Coordination Council, where private entrepreneurs, government representatives and even international experts would convene. However, like many other initiatives, the laws remained on paper, getting killed in the bureaucracy. Meanwhile, problems remain.

KYRGYZ OPPOSITION OUT OF PARLIAMENT

Nurshat Ababakirov

The results of the contentious parliamentary elections held in Kyrgyzstan on December 16 seem to show the last stages of President Kurmanbek Bakiev’s plans to ensure strong centralized power and to force stability on the country. The pro-presidential party, Ak Zhol, won 71 out of 90 seats in the parliament. However, Ata Meken, the popular radical oriented party that was racing second in the popular vote, was left with no seats, failing narrowly to pass the controversial threshold in one electoral unit, the city of Osh. The election results are widely questioned, creating a view that the country’s political confrontation will not subside, in spite of the opposition-free parliament.

Along with Ak Jol, smaller parties such as the centrist Social Democratic Party of Kyrgyzstan (SDPK) and the pro-presidential Communist Party entered the parliament, filling 11 and 8 seats respectively. Although securing 8.3 percent of votes nationwide, the Central Election Commission (CEC) ruled that Ata Meken failed to pass the new rule mandating every party to obtain 0.5% of the national vote in every province. Ata Meken failed in the city of Osh, where the threshold soared up to 10 percent of the provincial vote, given the small size of populace.

The CEC’s decision sparked small flash protests in Jalalabad, Osh and Bishkek, and hunger strikes of

more than 50 people in Osh and Bishkek in support of Ata Meken and against rigged elections. From 18 to 21 December students and civil activists organized an unauthorized campaign, “I do not believe,” in protest against the “CEC’s incompetence and partiality,” until they were put down by law enforcement officers, its leaders being imprisoned for several days.

Unlike the preliminary results showing Ak Jol as the only winner, the official results on December 19 had the SDPK and Communist Party pass the nationwide barrier by a minuscule margin. In the latter’s case, the percentage of votes almost doubled. Nevertheless, so far the CEC has been reluctant to show their figures in relation to the problematic 0.5 percent barrier. Surprised with these changes, Akylbek Sariev, a member of the CEC, in an interview to Radio Liberty said that “the information blockade in CEC is substantial. For example, we are not sure how many complaints we have.”

On December 21, the US State Department, referring to “irregularities of procedures and administrative involvement” registered by election monitoring organizations such as the OSCE, described the election as “marred by the government’s intention to achieve specific political objectives.” Following the recent dismissal of

Almazbek Atambaev as prime minister, the Stratfor Research Center forecast that with centralized power, Bakiev, under the influence of Moscow, could finish off unresolved questions such as the fate of the American air base near Bishkek.

Bakiev appears confident that the parliamentary election was “one of the most transparent and fairest over the last years.” On December 18, Russian President Vladimir Putin congratulated Bakiev for “successful parliamentary elections that will foster stability in the country and positively contribute to deepening relations between the two countries.” The CIS observer mission, in its turn, commented that “Kyrgyzstan passed the test of democracy with dignity.”

Although three out of 12 registered parties did enter parliament, Ata Meken is being perceived as the main victim of rigged elections. It categorically refused to recognize the election results due to “dreadful violations of the Electoral Code” and demanded a recount of votes and repeat elections in Osh. Its members say that “the early spring will usher in a second wave of discontent with the results of the elections, aggravated by a general increase in the price of basic products and services.” In the meantime, claiming to have clear-cut evidence of its success in Osh, the party has filed a lawsuit to protest the election results.

In general, many have come to believe that Ata Meken, founded in the early years of independence, has a good chance to consolidate itself and successfully lead other small parties. Two months before the elections, the Ak Shumkar Party led by tycoons and popular northern opposition members like Kubatbek Baybolov and Temir Sariiev, merged with Ata Meken. Its leader, Omurbek Tekebaev, a former speaker of the parliament, is well-known as a hard-core and principled opposition leader. He was elected four times to parliament and twice ran for president, in 1995 and 2000, in the latter case coming second after Askar Akaev.

From the onset of Bakiev’s rule, Tekebaev was frequently accused of engaging in high-level politics at the expense of his own district in Jalalabad oblast. In fall 2006, amid the constitutional crisis when the president accepted the For Reform opposition movement’s draft constitution, 16,000 signatures were reportedly gathered from his electoral district to strip Tekebaev of his mandate. He also made international headlines at the time, when on his way to a conference in Warsaw he was arrested for smuggling heroin, but was released as he was found the victim of political intrigues. It became known that Janysh Bakiev, the president’s brother and a high security official, was involved in setting Tekebaev up.

Tekebaev resigned as speaker of parliament in early 2006, when debates on the constitutional reforms began to surface. This was preceded by his harsh rhetoric against Bakiev, who, in turn, condemned the parliament as a “source of instability,” for sabotaging the work of the government by spurring “unreasonable debates over a parliamentary form of government.” Specifically, Bakiev accused the parliament of being controlled by a handful of opposition members.

So far, Bakiev and his team have been enjoying series of swift victories over the opposition. Government branches were cleansed of all unwelcome thorns, which is likely boost the president’s confidence to adopt bold political and economic decisions. On the other hand, the unrepresented opposition parties will have the time and motivation to come up with a consolidated opposition camp by spring. However, the opposition’s actions are likely to heavily depend on the popular mood, which so far has proved apathetic towards the apparent violations in the recent referendum and parliamentary elections. Changes in the socio-economic realm during the winter will likely play a determining role for the way the situation plays out.

NEWS DIGEST

KAZAKH OFFICIALS BRIEF PRESIDENT ON MEASURES TO STABILIZE FINANCIAL MARKETS

20 December

Meeting in Astana on December 19, a delegation of senior banking officials led by Kazakh Central Bank Director Anvar Saydenov briefed President Nursultan Nazarbaev on measures aimed at "stabilizing" the country's financial markets. The officials reported that "despite temporary problems that certain banks in the country face, the situation is fully under control, and the level of lending volumes has stabilized." They also told the president that there is a need for further scrutiny of the financial sector, noting that a significant level of "foreign commitments" and loan repayments are due in 2008. The head of the Financial Market Regulation and Control Agency, Arman Dunaev, also participated in the briefing and reported on measures being taken in view of indications of instability in world financial market. Speaking at a press conference following the briefing, Saydenov said the Central Bank continues to hold "a quite large portfolio of reliable foreign assets" and stressed that "Kazakhstan's balance of payments is good," with expectations for continued growth of oil-driven export earnings. But he added that inflation is expected reach 18 percent by the end of the year. (Interfax-Kazakhstan)

RUSSIAN OFFICIAL SAYS IRANIAN NUCLEAR PLANT WILL NOT COME ON LINE FOR A YEAR

20 December

Atomstroieksport President Sergei Shmatko said on December 19 during a trip to China that Iran's first nuclear power plant -- which is being built

by Russia at Bushehr -- will not come on line before late 2008, Interfax reported. He told the news agency that a precise date will be set "later." Atomstroieksport said in a statement on December 17 that it has begun delivering fuel for the first loading of the power plant. The deliveries will take place in several stages over two months. The deliveries were scheduled to begin in March 2007, and the plant was slated to come on line in September 2007. Many foreign observers regarded the long delay, allegedly because of payment problems, as an excuse by Moscow to hold up work on the plant in response to pressure from Western countries. The Russian Foreign Ministry said in a statement on December 16 that it received written assurances from Tehran that the fuel will be used for no other purpose than for civilian energy needs. The statement noted that the shipment creates "qualitatively new conditions" that should enable Tehran to halt its own uranium-enrichment project because Russia is providing all the uranium it needs. The daily "Vremya novostei" wrote on December 18 that "it stands to reason to assume that the nuclear power plant will go on line in September 2008." Sergei Oznobischev, who is the director of the Institute of Strategic Evaluations and deputy chairman of the Russia-U.S. Association, told the daily that "many countries have cooperated with Russia only until they could manage to establish contacts with the United States, as a richer and stronger partner. A similar metamorphosis could happen in this case as well." He noted that "as for the Americans, Russian-Iranian rapprochement is something they could do without, but it is highly unlikely that they expected anything different from Moscow.... The Russian-Iranian contacts cannot sour the

Russian-US relations any worse than they already are." (RFE/RL)

AZERBAIJANI DEPUTIES CRITICIZE JOURNALISTS FOR VISITING ARMENIA

20 January

Speaking at a session of the Azerbaijani parliament in Baku on December 18, two pro-government deputies strongly criticized a group of journalists for their recent visit to Armenia. Deputy Zahid Oruc called on parliament to "adopt a serious law" to monitor and possibly levy "sanctions" for such visits. A second deputy, Azay Quliyev, declared that "any contact with Armenia is unacceptable," and said parliament should express its "attitude to such visits." The deputies were referring to a recent visit by a group of Azerbaijani journalists to Armenia to report on a week-long Days of Azerbaijan event at a public school in Yerevan. That event was designed to "promote Armenian-Azerbaijani reconciliation" by giving students and teachers a chance to hold discussions with visitors from Azerbaijan, RFE/RL's Armenian Service reported on December 17. (RFE/RL)

GEORGIAN CAMPAIGN OFFICIAL SAYS PRESIDENTIAL CANDIDATE PROMISES TO PERSONALLY FUND STATE BUDGET IF ELECTED

21 December

Giorgi Zhvania, a senior campaign aide to wealthy Georgia businessman and presidential candidate Badri Patarkatsishvili announced on December 20 that the candidate will personally fund the country's state budget if elected president in the January 5 presidential election. In comments after his return to Georgia from Israel, where Patarkatsishvili is reportedly staying, Zhvania said that, if elected, Patarkatsishvili would "transfer" \$943 million dollars into the state budget "as a grant," adding that the practice of "transferring private resources to the state budget as a grant is a normal and civilized step." He also said Patarkatsishvili intends to spend the money on "resolving various social problems." The campaign chief also said he "urged" Patarkatsishvili to not return to Georgia and to "use television and radio stations to conduct his

campaign" instead, arguing that "we are sure he will be arrested." (Caucasus Press)

KYRGYZ PRESIDENT ENDORSES NEW CABINET

27 December

Speaking in Bishkek on December 27, Kyrgyz President Kurmanbek Bakiev endorsed the new cabinet selected by newly appointed Prime Minister Igor Chudinov. The Kyrgyz parliament formally approved the new cabinet earlier in the day. Although the new cabinet is dominated by ministers from the previous government, Chudinov made some new appointments, including the former mayor of Bishkek, Arstanbek Noguev, who has been appointed minister of agriculture, water resources, and industry; Marat Mambetov as the minister of health; and Tajikan Kalimbetov as the new finance minister. Former Finance Minister Akylbek Dzhaparov was named minister of trade and economic development. Bakiev appointed former Energy and Industry Minister Chudinov as prime minister on December 24. (AKIpress)

KAZAKH MINISTER ACCUSES INTERNATIONAL OIL COMPANY OF 'STALLING TALKS'

27 December

Kazakh Energy Minister Sauat Mynbaev on December 24 accused the U.S. Exxon oil company of "stalling talks" over the status of operations in the offshore Kashagan oil field. Talks between Kazakhstan and an international consortium led by the Italian Eni energy group remain hindered by a Kazakh demand for a greater share in the Kashagan project for Kazakhstan's KazMunaiGaz state energy company, as well as earlier tension over the consortium's repeated production delays and cost overruns. KazMunaiGaz currently holds an 8.33-percent stake in the project, but is seeking to increase its share to 16 percent. The Caspian Sea Kashagan oil field is viewed as the largest discovery of oil reserves made in the last 40 years. Mynbaev added that participants in the negotiations have agreed to set a new deadline of January 15. Despite the signing of a new memorandum on a "reconsideration" of the existing production-sharing agreement,

Exxon reiterated on December 24 its refusal to join other consortium members in agreeing "in principle" to grant "some" of their shares in the project to KazMunaiGaz. (Interfax-Kazakhstan)

KAZAKHSTAN SIGNS NUCLEAR COOPERATION AGREEMENT WITH JAPAN

27 December

Meeting in Astana on December 26, officials from Kazakhstan's Kazatomprom state atomic-energy company and the Japanese Kansai Electric Power Corporation signed on of four agreements on cooperation in nuclear energy. The agreements, which involve the participation of other leading Japanese firms including Sumitomo, comprise detailed plans for Japanese expertise in modernizing and expanding operations at Kazakhstan's Ulba Metallurgical Plant, a facility run by Kazatomprom in the country's East Kazakhstan Region, with a focus on "the reconversion of regenerated uranium." The agreements include a protocol on the processing of uranium scrap and on the production of uranium-dioxide powder from hexafluoride. Kazakhstan also pledged to increase exports of uranium products to Japan by between 30-40 percent "in the near future." The head of Kazatomprom, Mukhtar Zhakishev, also announced on December 26 the start of talks with Brazilian companies on plans for the Kazakh company to extract tantalum in Brazil. Zhakishev added that Kazatomprom is holding talks with "other foreign companies" on setting up other "joint ventures outside Kazakhstan." (Interfax-Kazakhstan)

KAZAKH NATIONAL CARRIER ANNOUNCES PLANS TO EXPAND FLEET

27 December

In a statement released in Almaty on December 26, Kazakhstan's national air carrier Air Astana announced plans to expand significantly the carrier's fleet with the purchase of nine new aircraft. The planned \$950 million purchase involves six new Airbus A320 and three Boeing 787-8 aircraft equipped with Rolls Royce Trent-1000 engines. The Air Astana statement added that in addition to the signing of relevant "letters of intent" with Airbus, Boeing, and Rolls Royce,

it also has options to spend another \$736 million to buy another three Airbus A320 and three more Boeing 787-8 jets at a later date. The nine new aircraft are to be delivered to Kazakhstan beginning in 2012. (Interfax-Kazakhstan)

UZBEK PRESIDENT REELECTED TO THIRD TERM IN ELECTION CRITICIZED AS UNFAIR

27 December

The head of the Uzbek Central Election Commission, Mirzo-Ulughbek Abdusalomov, announced on December 24 that incumbent Uzbek President Islam Karimov was reelected to a third term after securing over 88 percent of the vote in the country's December 23 presidential election, RFE/RL's Uzbek Service reported. Karimov, who has governed Uzbekistan since 1989, soundly defeated three little-known candidates, who garnered only between 3 and 4 percent of the vote each. The CEC reported a voter turnout of more than 90 percent. Candidate Asliddin Rustamov of the People's Democratic Party received 3.7 percent of the vote, followed by Diloram Tashmukhamedov of the Adolat Social-Democratic Party, and human-rights activist and independent candidate Akmal Saidov, with 2.9 and 2.8 percent, respectively. The OSCE criticized the vote as falling well short of democratic standards. An official from the OSCE's Office of Democratic Institutions and Human Rights (ODIHR), Urdur Gunnarsdottir, said the "election was held in a very controlled political environment, which did not really leave much room for real opposition and this election failed to meet many of the commitments that OSCE states have made to hold democratic elections." She also noted that despite the presence of alternative candidates, "when you have these candidates endorsing, publicly endorsing the incumbent president, then that in reality deprives the electorate of choice." Uzbekistan has never held an election judged to be free or fair by Western election monitors and Karimov was easily reelected in 2000 with 92 percent of the vote. Karimov ran for a third term despite a constitutional restriction against any person being president for more than two terms. He was elected in 1992 and 2000 and had both

those terms in office extended through referendums in 1995 and 2002. (RFE/RL)

GEORGIA EXPRESSES READINESS TO RELEASE DETAINED RUSSIAN PEACEKEEPERS

27 December

An unidentified official from Georgia's Defense Ministry stated on December 23 that Georgia is ready to hand over several Russian peacekeepers recently detained by military police. Georgia also officially notified the United Nations' Observer Mission in Georgia (UNOMIG) of its intention to release the three Russian peacekeepers. The three Russian soldiers, serving as part of the Russian-led CIS Collective Peacekeeping Force, were seized on December 22 in Poti, after they allegedly violated the 12-kilometer "security zone" along the Enguri River, which separates Abkhazia from the rest of Georgia. Georgian military police claimed the Russians were out of uniform and failed to produce their identity cards. Following the arrests, the Russian officers were taken to the Georgian Military Police station in the town of Senaki. (Caucasus Press)

TAJIK COURT IMPOSES STIFF PRISON SENTENCES ON CONVICTED 'TERRORISTS'

28 December

Judge Mirzosharif Hojiboev, the presiding judge of the Sughd district court in the northern Tajik city of Khujand, handed down stiff prison sentences on December 26 to three men convicted on terrorism charges, RFE/RL's Tajik Service reported. The three men were arrested in late May 2007 in the Isfara district, and were found guilty of engaging in "terrorism, creating an illegal armed group, and of cooperation" with the banned Islamic Movement of Uzbekistan (IMU), as well as being members of an outlawed extremist Islamist group known as Bayat. Two of the men were sentenced to prison terms of 10 years and the third to 17 years. The extremist Bayat group, an outlawed Islamist movement believed to have been formed in the early 1990s and operating mainly in areas of northern Tajikistan, has been linked to the January 2004 murder of a Christian missionary in the Isfara district. The unnamed defense lawyer for the men

vowed to appeal the sentence to the Tajik Supreme Court. (RFE/RL)

KAZAKH POLICE CONCLUDE 'SPECIAL OPERATION' TARGETING ILLEGAL MIGRANTS

28 December

At a press conference in Astana on December 27, unnamed officials of the press center of the Kazakh Interior Ministry reported on the results of a recently concluded "special operation" targeting "illegal migrants." The four-day nationwide police operation, which ended on December 24, uncovered a total of 10,446 foreign citizens working and living illegally in the country. Of the total, 9,916 were from other CIS countries and another 530 were identified as being from "other foreign countries." The detainees included more than 100 people who were wanted on various criminal charges in Kazakhstan and abroad. The Kazakh police deported 1,218 of the detained foreigners for "violating migration legislation" and initiated criminal cases against another 23 illegal migrants. The police operation also involved a sweeping inspection of firms and businesses employing the illegal migrant workers, as a result of which some 202 employers were charged with administrative offenses and fined for "violating the rules of recruiting and using foreign labor." (Kazakhstan Today)

INGUSHETIAN ELECTION COMMISSION DENIES INFLATING VOTER TURNOUT

28 December

Ingushetian Central Election Commission Chairman Musa Yevloyev said that allegations that the reported 98 percent turnout in Ingushetia for the December 2 elections to the Russian State Duma was exaggerated are without foundation. But kavkaz-uzel.ru reported the same day that as of December 22, 45,248 people had submitted written statements denying that they cast ballots; that figure is equal to 28 percent of the republic's registered voters. On December 24, the independent website ingushetiya.ru reported that the number of those who have formally denied voting has reached 57,898. (RFE/RL)

AZERBAIJANI PRESIDENT AGAIN RULES OUT INDEPENDENCE FOR NAGORNO-KARABAKH

1 January

In his New Year's address to the people of Azerbaijan, Ilham Aliyev yet again affirmed that "we shall never make concessions over our territorial integrity," and therefore "Nagorno-Karabakh will never be granted independence." Aliyev stressed that Baku will continue to participate in talks aimed at resolving the conflict peacefully "until our hopes [for a peaceful settlement] are completely exhausted," and he blamed Armenia for the failure to reach a settlement in 2007. "If the Armenians of Nagorno-Karabakh want self-determination, they can have it within the framework of Azerbaijan's territorial integrity. If they do not want it, then they can leave Karabakh and establish a second Armenian state for themselves somewhere else," Aliyev said. (day.az)

PROSECUTION CALLS FOR 20-YEAR PRISON TERM FOR EMBATTLED FORMER KAZAKH OFFICIAL

2 January

The prosecution in the trial of Rakhat Aliev, the former son-in-law of Kazakhstan's President Nursultan Nazarbaev, on charges of corruption, money laundering, extortion, and abduction has called for a 20-year prison sentence for Aliev and prison terms ranging from 10-17 years for four of his co-defendants. The five are accused of abducting in late January 2007 two managers of Nurbank, which Aliev formerly owned, in an attempt to coerce them to turn over sizable property holdings. One of the two managers was later released; a body believed to be that of the second was found three months ago. All five men are currently in Vienna, where Aliev previously served as Kazakhstan's ambassador; the Austrian authorities refused a request for his extradition on the grounds that he would be unlikely to receive a fair trial in Kazakhstan. His trial in absentia began on November 8. (RFE/RL)

U.S. REJECTS DOUBTS OVER OBJECTIVITY OF ARMENIAN SURVEYS

2 January

The U.S. Embassy in Yerevan rejected on December 27 claims by opposition media that opinion polls financed by the U.S. Agency for International Development (USAID) are inaccurate and unreliable, RFE/RL's Armenian Service reported on December 28. The polls have been conducted regularly since March 2006 by pollsters from the Armenian Sociological Association (ASA) under the supervision of the U.S. Gallup Organization. Critics allege that the ASA has close ties to the Armenian government. They question specifically the findings of a recent survey showing that Prime Minister Serzh Sarkisian is the clear favorite to win the February 19 presidential ballot, with his support increasing from 29 percent to 35 percent last month. By contrast, support for former President Levon Ter-Petrosian was estimated in single figures. Ter-Petrosian and Armenian Revolutionary Federation--Dashnaktsutjun presidential candidate Vahan Hovannisian have both questioned the reliability of those statistics. In related news, U.S. President George W. Bush has signed into law a congressional bill that will reduce by 23 percent, from \$76 million to \$58.5 million, U.S. economic aid to Armenia for the fiscal year 2008, RFE/RL's Armenian Service reported on December 28. (RFE/RL)

GEORGIAN CIVIC GROUP RELEASES PREELECTION MONITORING REPORT

3 January

The Georgian Young Lawyers Association released on January 3 its preliminary report of the preelection monitoring, which reported a "series of violations" and criticized the fact that "a significant part of the preelection period took place during a state of emergency, against the background of virtual restriction of the media sources." The report also criticized the Georgian authorities for allowing or even encouraging officials to illegally participate in election campaigning and for the use of "administrative resources" to gain support among voters. The report went on to say that the temporary closure of Imedi-TV and revisions of the election laws on November 22 and December 7 made an effective monitoring of the election campaign more difficult. The group's monitoring effort focused

on Tbilisi and seven regional centers -- Telavi, Dusheti, Rustavi, Gori, Ozurgeti, Kutaisi, and Batumi. (Caucasus Press)

AFGHANISTAN APPEALS FOR FOOD AID

4 January

Afghanistan is appealing to the international community to provide extra supplies of wheat to alleviate a shortage, an Afghan minister has said. Commerce Minister Mohammad Amin Farhang said the shortage could lead to serious problems during the winter. His call came amid rising discontent inside Afghanistan at the spiralling cost of wheat and other basic food. Afghanistan does not grow enough wheat to feed all its people and is partially dependent on imports. Mr Farhang made his comment in an interview with the German newspaper, Neue Osnabruecker Zeitung. "The situation is serious," he said. Kabul has come under increasing pressure to take action, amid rising grain prices on the international market. And the political crisis triggered by the assassination of Pakistani opposition leader Benazir Bhutto has led to a reduction in wheat shipments from Pakistan. Some people also blame shortages on the fact that wheat is being smuggled out of Afghanistan to neighbouring Tajikistan. In some areas, the price of bread has doubled or even quadrupled. "Food prices have gone up and no-one can afford to buy all the food they need," said a resident of Lashkar Gar, the capital of the southern Helmand province. "A 100kg of flour is about 3,300 Afghanis (\$67), and poor people will not be able to afford to pay this at all. The government should do something about it," he added. Helmand is one of the worst-affected areas - some say partly because local farmers have increasingly switched from growing wheat to the more lucrative opium poppy. There has been an increasing clamour in the Afghan press with columnists questioning why the government has not stockpiled supplies of grain. This week, Kabul moved to ease concerns, cancelling a tax on imported grain until the end of the Afghan year, which ends in March, and reducing the tax on imported cooking oil. (BBC)

TAJIK SUPREME COURT SENTENCES FORMER MILITARY COMMANDER FOR

CRIMES DURING CIVIL WAR

4 January

The Supreme Court on January 4 sentenced former military commander Mahmadahdi Nazarov to 15 years in prison for crimes committed during Tajikistan's 1992-97 civil war. In addition to Nazarov, also known as "Makhsum Mahdi," the court sentenced two of his associates, Murod Saidov and Mirzo Mulloev, to 14 years in prison each. Immediately following the sentencing, presiding Supreme Court Justice Salima Khojaeva reduced the prison terms by one-third, because of the general amnesty adopted by parliament in November 1998 for crimes committed during the civil war. As a former leader of the Popular Front, Nazarov was convicted of committing a number of crimes during the civil war, including the October 1992 murder of a popular Tajik singer, Karomatullo Qurbonov. He was first arrested in December 2006 and his two associates were detained in August 2007. (Asia-Plus)

UZBEKISTAN TO INVEST \$US255MLN IN AUTO INDUSTRY TO 2010

7 January

In 2008-2009, Uzbekistan plans to invest some US\$255 million in the development of the automobile industry. A programme on modernization, technological and technical re-equipment of enterprises of the automobile industry, was approved through the Presidential Resolution in December 2007. According to the document, US\$113.94 million will be invested within the next two years in the modernization, technological and technical re-equipment of the UzDaewooAuto Joint-Stock Company (Asaka city, Andijan region). Of them US\$65.4 million will be used to renew the model range, including the launch of the new model of Nexia sedan (US\$17.7 million) and setting up the series production of Lacettis (US\$47.7 million). (UzReport.com)

OBSERVERS SAY GEORGIA VOTE MET MOST INTERNATIONAL STANDARDS

6 January

"While the ... election was in essence consistent with most international standards for democratic elections, significant challenges were revealed

which need to be addressed urgently," the OSCE said in its report. Georgia's presidential election was essentially in line with the country's democratic commitments, but revealed problems that must be addressed urgently, the observer mission of a top international democracy group said Sunday. Observers of the Organization for Security and Cooperation in Europe in particular cited a blurring of state activities and the campaign of Mikhail Saakashvili, who was seeking a second term in office. "In Georgia yesterday, democracy took its triumphant step," said Alcee Hastings, a U.S. Congressman who headed the observer mission. But, he said, "the future holds immense challenges." "Now it is up to the authorities to hear our criticisms and urgently respond to the significant shortcomings noted," said Hungarian legislator Matyas Eorsi. Early results from Saturday's voting indicated Saakashvili would narrowly clear the 50 percent of the vote that a candidate needs to win in the first round. Opposition members contend the voting was riddled with violations. On Sunday, thousands of opposition protesters gathered in the capital Tbilisi to demonstrate. The OSCE's assessments of elections are widely seen as definitive and it was not immediately clear if its ambivalent report would encourage or undermine the protesters.

RUSSIA SLAMS GEORGIAN PRETERM PRESIDENTIAL BALLOT

7 January

In a statement posed on January 6 on its website (<http://www.mid.ru>), the Russian Foreign Ministry noted that opposition representatives and NGOs reported "numerous" procedural violations during the January 5 ballot, violations that it commented were only to be expected given that the election campaign "can hardly be said to have been 'free and fair.'" The outrage expressed by opposition candidates over Saakashvili's claim before the preliminary results were made public to have won the ballot is therefore entirely understandable, the statement continued. It further quoted Western observers as describing the ballot as "a triumph for Georgian democracy" and dismissed that imputed conclusion as "superficial." (RFE/RL)

KAZAKHSTAN'S GDP IN 2007 AMOUNTS TO ABOUT 9%-PM

8 January

Kazakhstan's gross domestic product (GDP) in 2007, according to preliminary estimates, amounted to 8.7 percent, Kazakh Prime Minister Karim Masimov said at a televised meeting of the government in Astana on Tuesday. "The country's economy last year continued to develop at a high pace and, according to preliminary estimates, its economic growth amounted to 8.7 percent," Karim Masimov said.

He recalled that more rigid conditions of getting access to financial means at international markets complicated the possibility of attracting external financing for Kazakh banks. "As a result of this, it is expected that in 2008, the GDP real growth will amount to 5-7 percent," the Kazakh prime minister forecasted. (Itar-Tass)

GEORGIAN PRESIDENT SAAKASHVILI RE-ELECTED

8 January

Georgia's president Mikheil Saakashvili has won re-election in the first round of a snap presidential poll, according to official results Wednesday from the Central Election Commission. Saakashvili has secured 52.21 percent of the votes out of the 98.8 percent counted so far, the CEC website showed. His nearest rival, wine entrepreneur Levan Gachechiladze was trailing far behind with 25.26 percent votes. With only 1.2 per cent of ballots left to count, Saakashvili's victory is a foregone conclusion. "Unless there is any cancellation of results due to a decision of the courts, the results of any candidate will not be reduced significantly," CEC Chairman Levan Tarkhnishvili said. Meanwhile, opponents have so far refused to accept the result, accusing the authorities of rigging the vote to ensure Saakashvili's victory. The 40-year-old Saakashvili will begin a new five-year term during which he is expected to continue pursuing radical reforms that have transformed Georgia's economy and made the former Soviet republic a strong US ally pushing for NATO and EU membership. (RTTNews)

BAKU AIRPORT RESUMES NORMAL WORK

8 January

The Heydar Aliyev International Airport, Baku has resumed working under normal conditions, the press service of the Azerbaijan Airlines told Interfax. "The airport was closed for arriving planes up to 10 p.m. local time on Monday. It works normally now. Flights to Istanbul, Milan and Ukraine have already been dispatched. Flights to Paris, Moscow, Dubai, Tbilisi, Kabul, and Urumchi are being prepared," the press service said. Flights to Nakhichevan have yet to be resumed, because the Nakhichevan airport cannot receive planes following bad weather conditions, the press service said. It was reported earlier that the frosted runway of the Heydar Aliyev International Airport prompted its closure on Monday. According to the hydrometeorology department at the Azeri Ecology and Natural Resources Ministry, frosty and snowy weather will stay in Baku until January 10. (Interfax)

GEORGIAN OPPOSITION DEMANDS ELECTION CHIEF RESIGN

8 January

Raising the stakes in Georgia's post-election standoff, opposition leader Levan Gachechiladze dramatically confronted the ex-Soviet republic's elections chief Tuesday and demanded his resignation. "Resign! Otherwise we will protest every day," Gachechiladze yelled at the Central Election Commission (CEC) chairman, Levan Tarkhnishvili, after opposition leaders burst into the commission's headquarters. Gachechiladze -- shown by still not final results from Saturday's election to be a distant second behind incumbent Mikheil Saakashvili -- accused the elections chief of fraud. "You are telling lies to the whole of Georgia. We demand the resignation of the liar Tarkhnishvili," he shouted, jabbing his finger at the elections chief. Tarkhnishvili responded by telling him to take his complaints to official

channels or the courts. "This is pressure and threats," he complained in footage shown on Georgian television. The opposition has "all possible tools to act within the framework of law," he said. Later, at a protest against alleged media bias outside the offices of Georgian Public Television, Gachechiladze addressed a message to Saakashvili and interim president Nino Burdjanadze. "I will not stop until you kill me," he said, his face filled with rage. Justice Minister Ekaterine Tkeshelashvili said the opposition "must prevent illegal actions, such as attempts to threaten the work of the Central Election Commission." "I call upon the opposition to respect the Georgian people and its choice," she said in televised comments. The CEC had yet to release final results of Saturday's vote by Tuesday afternoon, nearly three days after polls closed. With about 90 percent of ballots counted, Saakashvili had 52.1 percent -- clearing the 50 percent barrier for winning in a single round. Gachechiladze, his nearest competitor, had 24.98 percent. Tarkhnishvili declared late Sunday that an unofficial final count showed victory was certain for Saakashvili. (AFP)

RESULTS CONFIRM SAAKASHVILI VICTORY

9 January

Georgian President Mikheil Saakashvili has won re-election with 52.21% of the vote, the Central Election Commission chairman has confirmed. The closest challenger was Levan Gachechiladze with 25.26%. The figures were based on 99.99% of votes counted from Saturday's election. "It is the preliminary official result, which can be changed as a result of the examination of complaints either in the Central Election Commission or in court," CEC Chairman Levan Tarkhnishvili said. Mr Gachechiladze has so far refused to concede his defeat, alleging that Mr Saakashvili rigged the result to assure he crossed the 50% barrier for winning in one round.