

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

VOL. 10 NO. 19

1 OCTOBER 2008

Searchable Archives with over 1,500 articles at <http://www.cacianalyst.org>

ANALYTICAL ARTICLES:

PRESIDENTIAL ELECTIONS IN
AZERBAIJAN PRESENT A NEW SET
OF OPPORTUNITIES
Alman Mir Ismail

RUSSIA PRESSURES CIS MEMBERS TO
APPROVE ITS POLICIES
Stephen Blank

THE NEW "AERIAL SILK ROAD" BETWEEN
CENTRAL ASIA AND CHINA
Sébastien Peyrouse

TRILATERAL TROUBLES AMONG KABUL,
ISLAMABAD, AND WASHINGTON
Richard Weitz

FIELD REPORTS:

TWO-DAY SHOOTOUT ENDANGERS
TURKMENISTAN'S IMAGE OF STABILITY
Chemen Durdiyeva

EU DEPLOYS OBSERVERS IN GEORGIA
Niklas Nilsson

HEAD OF KYRGYZTAN'S STATE ELECTION
COMMISSION FLEES THE COUNTRY
Nurshat Ababakirov

CHILD LABOR AND COTTON PICKING IN UZ-
BEKISTAN
Erkin Ahmadov

NEWS DIGEST



*Central Asia- Caucasus Institute
Silk Road Studies Program*

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING
VOL. 10 NO. 19
1 OCTOBER 2008

Contents

Analytical Articles

**PRESIDENTIAL ELECTIONS IN AZERBAIJAN PRESENT
A NEW SET OF OPPORTUNITIES** 3
Alman Mir Ismail

RUSSIA PRESSURES CIS MEMBERS TO APPROVE ITS POLICIES 6
Stephen Blank

THE NEW “AERIAL SILK ROAD” BETWEEN CENTRAL ASIA AND CHINA 9
Sébastien Peyrouse

TRILATERAL TROUBLES AMONG KABUL, ISLAMABAD, AND WASHINGTON 11
Richard Weitz

Field Reports

TWO-DAY SHOOTOUT ENDANGERS TURKMENISTAN’S IMAGE OF STABILITY 14
Chemen Durdiyeva

EU DEPLOYS OBSERVERS IN GEORGIA 15
Niklas Nilsson

HEAD OF KYRGYZTAN’S STATE ELECTION COMMISSION FLEES THE COUNTRY 16
Nurshat Ababakirov

CHILD LABOR AND COTTON PICKING IN UZBEKISTAN 18
Erkin Ahmadov

News Digest 20

THE CENTRAL ASIA-CAUCASUS ANALYST

Editor: Svante E. Cornell

Assistant Editor: Niklas Nilsson

Assistant Editor, News Digest: Alima Bissenova

Chairman, Editorial Board: S. Frederick Starr

The Central Asia-Caucasus Analyst is an English-language journal devoted to analysis of the current issues facing Central Asia and the Caucasus. 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 are encouraged to 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*, described below.

The Analyst aims to provide our industrious and engaged audience with a singular and reliable assessment of events and trends in the region written in an analytical tone rather than a polemical one. *Analyst* articles reflect the fact that we have a diverse international audience. While this should not affect what authors write about or their conclusions, this does affect the tone of articles. Analyst articles focus on a newsworthy topic, engage central issues of the latest breaking news from the region and are backed by solid evidence. Articles should normally be based on local language news sources. Each 1,100-1,500 word analytical article must provide relevant, precise and authoritative background information. It also must offer a sober and analytical judgment of the issue as well as a clinical evaluation of the importance of the event. Authors must cite facts of controversial nature to the Editor who may contact other experts to confirm claims. Since *Analyst* articles are based on solid evidence, rather than rumors or conjecture, they prove to be reliable sources of information on the region. By offering balanced and objective analysis while keeping clear of inflammatory rhetoric, *The Analyst* does more to inform our international readership on all sides of the issues.

The Editor reserves the right to edit the article to conform to the editorial policy and specifications of *The Analyst* and to reject the article should it not be acceptable to our editorial committee for publication. On acceptance and publication of the edited version of the article, The Central Asia-Caucasus Institute of The Johns Hopkins University-The Nitze School of Advanced International Studies will issue an honorarium to the author. It is up to the individual author to provide the correct paperwork to the Institute that makes the issuing of an honorarium possible. The copyright for the article or field report will reside with the Central Asia-Caucasus Analyst. However, the author may use all or part of the contracted article in any book or article in any media subsequently written by the author, provided that a copyright notice appears giving reference to the contracted article's first publication by the "Central Asia-Caucasus Analyst, Central Asia-Caucasus Institute, The Johns Hopkins University, Nitze School of Advanced International Studies."

Submission Guidelines:

Analytical Articles require a three to four sentence Key Issue introduction to the article based on a news hook. Rather than a general, overarching analysis, the article must offer considered and careful judgment supported with concrete examples. The ideal length of analytical articles is between 1,100 and 1,500 words. The articles are structured as follows:

KEY ISSUE: A short 75-word statement of your conclusions about the issue or news event on which the article focuses.

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

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

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

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

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

Svante E. Cornell

Research Director; Editor, Central Asia-Caucasus Analyst
Central Asia-Caucasus Institute & Silk Road Studies Program
Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University
1619 Massachusetts Ave. N.W., Washington, D.C. 20036, USA.
Tel. +1-202-663-5922; 1-202-663-7723; Fax. +1-202-663-7785

PRESIDENTIAL ELECTIONS IN AZERBAIJAN PRESENT A NEW SET OF OPPORTUNITIES

Alman Mir Ismail

The upcoming presidential elections in Azerbaijan appear to develop in a quiet and less dramatic environment than in the past. For an outside observer, the boycott of the elections by the old-guard opposition parties might appear as a bad sign. But a closer look into the process identifies key factors, that are both positive for the authorities, new opposition forces and the overall country. Most importantly, a new crop of opposition forces may slowly be emerging in Azerbaijan.

BACKGROUND: Presidential elections in Azerbaijan, scheduled on October 15, are half-way into the campaign period. In addition to the incumbent Ilham Aliyev, seven candidates are contesting the most powerful political office in the country. These candidates, although considered in “loyal opposition”, nevertheless use the live airtime on Public TV to decry the authorities for the current problems in the country, as well as draw the voters’ attention to their platforms and their vision for the future of Azerbaijan.

The mainstream opposition parties, such as Musavat, the Popular Front, and the Azerbaijan Democratic Party, have boycotted the elections. They have motivated this with the absence of adequate campaigning opportunities for them, the domination of the election commissions by representatives of the

authorities, an absence of reforms in the election code, and unfavorable conditions in the local media. International organizations have condemned this

boycott, and expressed a desire to see these parties compete and use the election campaign to address the nation instead of sitting at home.

But these opposition parties do not boycott the elections completely. Some of them will deploy field observers at the polling stations, while others will actively agitate among the public. But all are refusing to nominate or endorse a candidate.

This is not the first time that the opposition parties are boycotting either the election process, or elections results. In the 1998 Presidential elections, most opposition parties, with the exception of the National Independence Party, stayed out of the election process for similar reasons. Then



Ilham Aliyev (Reuters)

President Heydar Aliyev won the elections, and most people quickly forgot about the election process. But the boycott cost the opposition not only a unique chance to unite and put up a strong fight against Aliyev, but also led to a loss of popularity among the general public. Similarly, some opposition parties boycotted the results of the Parliamentary elections in 2000 and 2005 and preferred staying outside Parliament to using their seats to voice the problems of their voters. The Municipal elections of 2004 and the referendum of 2002 were also boycotted by the opposition. In 2003, the opposition candidates failed to settle on a common candidate.

The authorities, when asked about the hardcore, mainstream opposition's boycott of the elections, point to fear among the opposition leaders, such as Isa Gambar, Ali Kerimli, and Lala Shovket Hacıyeva, of losing another election and see their popularity among the public further reduced. All of these opposition leaders have been in charge of their parties for more than a decade, sometimes almost two, and have little to show for their time in office. In one sense, the current boycott is a perfect face-saving gesture for the opposition leaders, who can use the same old excuses for staying at home.

IMPLICATIONS: The outcome of the current race is unlikely to generate surprises. President İlham Aliyev is at the peak of his popularity. If five years ago there were any doubts that he could run the country, especially considering the difficult task of succeeding his father, the grandmaster of politics Heydar Aliyev, all of these doubts have by now disappeared. In the past five years, President Aliyev has skillfully played the relations with Russia, Iran and the West to preserve a balanced foreign policy and with that, consolidating stability in the country and the region. Unlike Georgia, he avoided open confrontation with the neighboring major powers and managed to find a way to collaborate with every power in the region. Domestically, he has used the oil revenues to build infrastructure and investments into the local economy and as a result both the GDP and the state budget have been increasing at double digits during his presidency.

Under these conditions, it is unlikely that any of Aliyev's current opponents will be able to present a serious alternative to the regime. However, in spite of that, the current elections do present a new set of opportunities for the country.

First and foremost, the opposition candidates in the race are less radical than those who preferred to stay out of the race. None of them have a major opposition party structure behind them, and none advocates street violence in the aftermath of the elections. Almost all will be happy to come second or third, and to show their rivals that they were the best of all alternatives. Thus, one can assume that the elections will unfold without serious irregularities, because the authorities simply do not need to engage in fraud to help the incumbent President win the elections. Without serious irregularities, and without serious intentions on the part of the running candidates to stir violence after the voting, the general electoral process is likely to be smoother this time around. There are already signs of this: all candidates have access to Public TV, can propagate their views among voters and display their posters freely. In the words of one of the candidates, Gulamhuseyn Alibeyli, who previously broke away from Ali Kerimli's Popular Front party, "the election process is normal."

Should the elections turn out to be free from serious irregularities, they would not only differ significantly from previous elections in the country, but could also significantly improve Azerbaijan's standing in the region, especially vis-à-vis Armenia. The latter country experienced serious turmoil after its own Presidential elections in early 2008, when eight persons were killed and hundreds were wounded in the post-election violence. Should Azerbaijan achieve this positive result with its own elections, it will receive a solid trump card in its international jockeying for positions with Armenia.

The mainstream, hardcore opposition parties' boycott of the elections is also indicative of a generational change within the opposition camp. The new candidates, such as Iqbal Agazadeh, Fazil Gazanfaroglu, Gudrat Huseyguliyev and Gulamhuseyn Alibeyli, are no less vocal about the problems of the country, but favor more pragmatic and

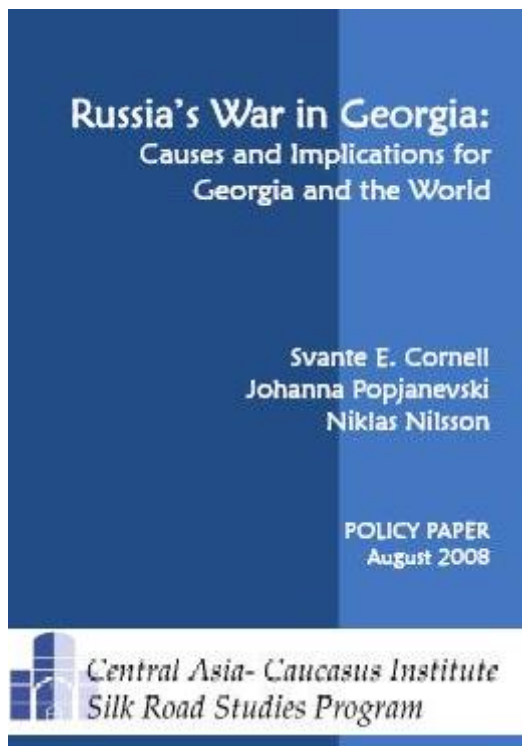
participatory approaches in the national discourse. In fact, Alibeyli, the chairman of the Supreme Council and number two man in the Popular Front party, broke off from Ali Kerimli exactly for the reason that he did not agree with the constant boycott tactics.

Opposition parties in Azerbaijan are entering an interesting stage. The ever-increasing wealth in the country, and the traditional opposition's inability to adapt to new realities both strategically and tactically have led them to lose touch with the population.

CONCLUSIONS: The radical opposition's boycott of the presidential elections will not make any meaningful difference to the voters. Most of the hardcore opposition leaders are already unpopular among the

population. However, their boycott decision helped younger, softer and more pragmatic opposition figures to come to the political scene in the country, otherwise dominated and monopolized by the old-guard opposition parties. The boycott also helps the authorities conduct elections in a free and calm manner, and will therefore be able to point to progress in democratic development. It is expected that President Aliyev will easily win the elections, but the actual losers will not be the candidates running against him – but those who stayed at home.

AUTHOR'S BIO: Alman Mir Ismail is a Baku-based freelance writer.



New Policy Paper:

Russia's War in Georgia

By Svante E. Cornell, Johanna Popjanevski, and Niklas Nilsson

This Policy Paper provides a detailed chronology of the time leading up to the war in Georgia, as well as to the war itself, while providing an analysis of its implications for Georgia and beyond.

The Paper can be downloaded free at www.silkroadstudies.org. Hardcopy requests should be addressed to Katarina Lesandric at caci2@jhu.edu.

RUSSIA PRESSURES CIS MEMBERS TO APPROVE ITS POLICIES

Stephen Blank

One month after the cessation of hostilities in Georgia it would appear that Moscow is attempting to invert Clausewitz's famous dictum. Russia clearly believes that in regard to Georgia, diplomacy means the conduct of war by other means. Apart from engineering and then unilaterally recognizing the sovereignty and independence of Abkhazia and South Ossetia, Moscow is also seeking to isolate and punish Georgia. Having failed to cajole SCO members into supporting it, Russia undeterred went ahead and proclaimed its right to an undefined sphere of influence that encompasses the former Soviet Union but also goes beyond to some unknown stopping point.

BACKGROUND: Moscow's action go beyond its earlier calls for a criminal trial of Georgian President Saakashvili in the grounds of war crimes and its calls for an arms embargo of Georgia. In late August it vainly tried to persuade the members of the Shanghai Cooperation Organization to recognize the two Georgian provinces and give retrospective blessing to Russia's war, leading it to focus efforts on the CIS.

Nor has Moscow stopped at extravagant proclamations. It evidently is seeking to pressure individual CIS governments to recognize Abkhazia and South Ossetia as states and also to cut off economic investments and ties to Georgia.

On September 24 Belarus revealed that Russia is trying to pressure it into recognizing these two provinces, something that President Alyaksandr Lukashenka has clearly been loath to do. Lukashenka is clearly stalling for time claiming that only a newly elected Parliament could undertake such an act. No doubt he also fears another cutoff or squeeze by Russian energy companies as winter approaches, the time of its neighboring countries' greatest vulnerability to gas cutoffs. It also appears that Russia is pressuring Kazakhstan to curtail economic ties to Georgia. On September 22, when Russian President Dmitry Medvedev was meeting

with Kazakhstan's President Nursultan Nazarbayev, the Kazakh government announced that it was pulling out of a projected grain terminal that it was building in Georgia's Black Sea port of Poti. On September 24, the state company for managing Kazakhstan's main gas pipelines, KazTransGaz, announced that it is considering selling its assets in Georgia. In making this announcement it noted that the increased risk situation in the Caucasus was a factor in making this decision. But the question is to whom would it sell its assets in Georgia. If, as one suspects, the buyer is Gazprom or some other Russian state company, this would give Moscow a valuable tool for pressuring Georgia further, and isolating it from potential foreign investors like Kazakhstan.

Before the war, Kazakhstan and Georgia were in the process of developing flourishing economic and energy relationship. Kazakhstan appeared to be close to a decision to contribute to the Baku-Tbilisi-Ceyhan pipeline. It was investing considerable sums in major projects like the gas terminal at Poti and buying assets in the gas pipeline business. Admittedly, it might have come to an independent conclusion that the risk environment in Georgia is too uncertain for it to maintain its investments there. But the timing of its announcements to coincide with Medvedev's visit seems to be too good

to be true, particularly if it is selling its gas assets to a company connected to the Russian government. It is, therefore, quite likely that Moscow is pressuring Astana to disengage from Georgia lest other, vital, Kazakh interests be affected.



IMPLICATIONS: Certainly in the Belarusian case we can see that Russia is cracking the whip. Its ambassador, Anton Surikov, said that while the world knows no form of instant collective recognition of states by other governments and the process should not be pressed or speeded up, Belarus has to sort out its relations with these provinces “which have to be recognized.” Surkov further added that while Abkhazia and South Ossetia need not hurry to join the projected union state with Russia, Moscow does not rule out their future accession to it. In other words, Moscow is holding a club over Minsk’s head that it has to recognize these provinces as states that could then form a union with Belarus and Russia wherein Belarusian sovereignty would be essentially dissolved and

Lukashenka swept aside, or else Belarus will have to suffer the consequences.

Moscow has formally stated that it will defend Russians everywhere and could easily claim that Russian citizens or compatriots in Belarus are being victimized in one form or another. In a little known episode in 1919, the Soviet government played a sophisticated shell game with Belarusian sovereignty to ward off a feared invasion from the new Polish government at that time. In other words, there is plenty of precedent for Moscow to emulate its recent experience in South Ossetia and Abkhazia and devise pretexts for detaching provinces from Belarus to Russia or in undermining the effective bases of Belarusian sovereignty. Finally, Surikov’s other chief claim to fame is his many statements intimating that Moscow could put missiles in Belarus against NATO enlargement or missile defenses in Europe.

At the NATO-Russian council during the Bucharest summit last April, Putin memorably told U.S. President George W. Bush that Ukraine was not a real state and that if it sought to join NATO, Russia would dismember it. This remark was of a piece with the Russian government’s oft-stated view that other CIS members are not truly sovereign states, a point that frequently emerges from the statements of Russian ambassadors. Since then, we have seen in South Ossetia and Abkhazia just how little regard Moscow has for other states’ sovereignty, even for these provinces, as its ambassadors are already intimating that their sovereignty will be dissolved in a larger, future Union state.

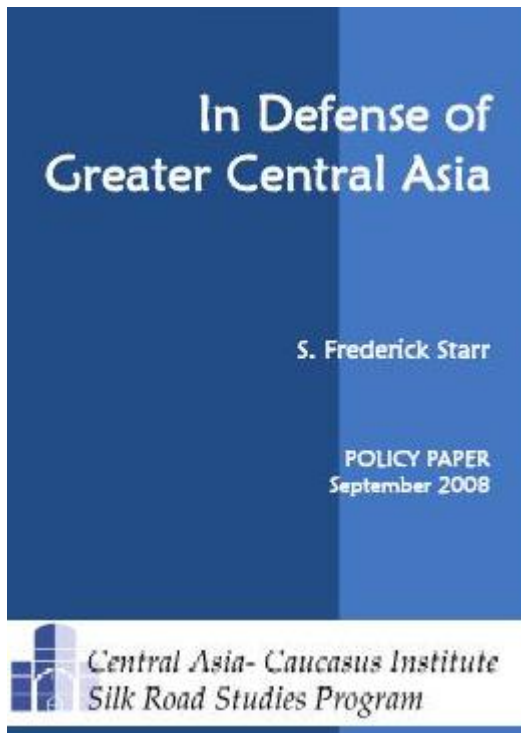
Likewise, in practice Russia is moving to compel other states to abandon their sovereign right to have economic relationships and investments with whomever they choose, and to recognize whomever they choose to recognize, lest they suffer retribution from Russia. Russia also is holding over its neighbors’ heads the club of inciting separatist movements as in Ukraine where numerous reports allege that Russia is handing out passports to ethnic Russians in the Crimea. Moscow’s newly announced doctrine of its extra-territorial right to

protect its citizens wherever they live (echoes of both Hitler's and Stalin's pretexts for imperialism in the 1930s), and its open arrogation to itself of a sphere of influence throughout the entire CIS and beyond, are land mines placed under the sovereignty of all the states that emerged at the end of the Cold War and the dissolution of the Soviet Union.

CONCLUSIONS: Russia is also still trying to further weaken Georgia and isolate it from sources of potential support inside the CIS, as it seeks in both rhetorical terms and active practice to impress upon CIS governments that in fact they are not truly sovereign. Whether the issue on the agenda is energy, e.g. Russian efforts to persuade Azerbaijan to integrate its energy systems with Russia's or the cutoff of foreign investment, takeover of both the gas supply and gas networks in CIS and other states, or the threat of territorial revision, in all cases we see a clear effort by Moscow to postulate and then enforce a de facto asymmetry in the sovereignty of these states vis-à-vis Russia. The activities described here also show that Moscow is effectively still waging war (albeit not a violent

one) against Georgia, seeking to isolate it and gain positions of strength and influence – in it over it – by foreclosing forever the decision on the formal status of the two breakaway provinces, and by securing key economic bastions from which to threaten it. Even as the international conference on Georgia and its provinces that is supposed to begin on October 15 approaches, Moscow clearly is seeking to retain a free hand to remap the CIS in whatever fashion it deems necessary. Can a policy based on the foundations now imposed and proclaimed by Moscow truly impose a legitimate order in the CIS? The unlikely nature of an affirmative answer to this question suggests that the ultimate outcome of Russian efforts to undermine both Georgia and the sovereignty of other CIS members can only be a negative one.

AUTHOR'S BIO: Professor Stephen Blank, Strategic Studies Institute, U.S. Army War College, The views expressed here do not represent the views of the U.S. Army, Defense Department or the U.S. government.



New Policy Paper:

In Defense of Greater Central Asia

By S. Frederick Starr

The idea of an open Greater Central Asia that is an economic and transport center rather than a periphery, and a self-determined subject of international affairs rather than a pliable object, stands in contrast to the territorial colonialism of yore and to the energy-driven colonialism which threatens the region today.

The Paper can be downloaded free at www.silkroadstudies.org. Hardcopy requests should be addressed to Katarina Lesandric at caciz@jhu.edu.

THE NEW “AERIAL SILK ROAD” BETWEEN CENTRAL ASIA AND CHINA

Sébastien Peyrouse

The globalization of the world economy has made a significant impact on the transportation of goods, as well as that of passengers, because air travel reduces distance through its speed. At a June 2006 meeting of the Shanghai Cooperation Organization (SCO), Central Asian states and China launched a proposal for an East-West air corridor. This plan aims to reap the benefits of the central geographic location of Xinjiang and of the Central Asian states, and to create an “aerial Silk Road.”

BACKGROUND: Since 2006, Chinese authorities have sought to advance the autonomous region of Xinjiang as an aerial gateway between Europe and Asia, and to further capitalize on the seventeen free trade areas that exist there, of which approximately half are with Central Asia. Following such hubs of world commerce like Shanghai, Guangzhou, and Beijing, the Chinese government plans to transform Kunming, in Yunnan, into a transit zone for South Asia. It seeks to do the same in Urumqi for trade with Europe, the post-Soviet space, and the Indian subcontinent. Toward this end, work has begun to renovate the international airport of Urumqi so that by 2015 it will be able to accommodate over 16 million tourists and foreign businessmen, and to manage 150,000 takeoffs and landings annually.

At present, the Urumqi International Airport has connections to Seoul, Tehran, Islamabad, as well as Moscow, Irkutsk, Novosibirsk, Yerevan, Baku, and Ulan Bataar. However, flights to Central Asia are increasing the fastest. To strengthen this trend, the Chinese authorities have allowed visas to be issued at the Urumqi airport since June 2007. This allows businessmen from Central Asia and from the entire CIS to avoid red tape in the embassies of their countries of origin or a several hour detour to Beijing. With its industrial and technological parks, Urumqi has become a major commercial hub in Central Asia. Two-thirds of the trade between

Central Asia and China actually takes place with Xinjiang. More than 70 percent of the commercial air cargo in Urumqi is so-called “return” freight purchased locally by Central Asian and Russian businessmen.

Scheduled flights between China and Central Asia are growing, and Urumqi is often used as a connection between Beijing and the Central Asian capitals. Air Astana offers five flights between Almaty and Beijing each week, while China Southern Airlines has four between Almaty and Urumqi. Strangely enough, Astana does not yet have any direct flights to Beijing; however during the summer months, Hainan Airlines operates some to Urumqi. The Kazakh and Chinese governments plan to establish by 2009 direct flights from Astana, Chymkent, and Ust-Kamenogorsk toward the capital of Xinjiang, with no need to travel through Almaty. In Kyrgyzstan, the former Xinjiang Airlines, which has been a part of China Southern since 2003, provides four flights each week to Urumqi. A private Kyrgyz company, Air Itek, offers two flights each week, but only between the months of March and October. In Uzbekistan, shuttle trade with Xinjiang is gaining momentum. Although Uzbekistan Airways has only one weekly flight between Tashkent and Beijing, Urumqi has two scheduled flights to the capital of Uzbekistan. An irregular flight between Urumqi and the town of

Fergana serves as confirmation that the Fergana Valley has become the unofficial port of entry for Chinese goods coming into Uzbekistan. In Tajikistan, China Southern Airlines offers a weekly flight to Beijing via Urumqi. The state company Tajik Air and the private company Somon Air also have occasional flights to Urumqi. In Turkmenistan, the national carrier Turkmen Airlines operates one weekly flight to the Chinese capital.

These ties are expected to gain momentum in the coming years with the diversification of southbound air, rail, and highway routes out of Central Asia.

IMPLICATIONS: Regarding the movement of goods, one of the objectives of the aerial Silk Road route between China and Central Asia is to divide the Eurasian continent into two halves, joining the port of Lianyungang on the Pacific side to Lanzhou, Urumqi, Dostyk, and Russia, and then to Western Europe. The cargo potential on the aerial Silk Road is enormous, but so are the challenges. At present, nearly all the goods that China exports to Europe are transported by sea. Even products from the hinterlands of Xinjiang, Gansu, and Inner Mongolia must first be transported by rail to seaports before they are shipped to Europe. Even if the time saved by air is incommensurable compared with sea transport, companies must still be convinced that the higher cost of air transport can be profitable. The Chinese authorities emphasize the expedited nature of air transport as a driving force of globalization. Yet Chinese air companies must face another disadvantage: the competitive prices of companies in the Gulf, which like Uzbekistan Airways and Air Astana but unlike Chinese companies, enjoy discounted oil prices.

In terms of the transit of passengers, airlines in China, as well as Uzbekistan Airways and Air Astana, are hoping for a boom in international tourist flights. The modernization of the Urumqi international airport is meant to allow Chinese companies to enter the growing travel market

between Western Europe and Southeast Asia, which Thai Airways and Singapore Airlines made successful. The Uzbek national airline gained market share in this sector in the late 1990s, but has since partially lost it. Chinese and Central Asian companies also make up a part of the triangular Europe-Asia-Africa market dominated by Gulf Air (Bahrain), Etihad Airways (Abu Dhabi), Qatar Airways, and Emirates (Dubai), which is one of the fastest growing airlines in the world. However, in addition to offering quality of service aboard the carrier to attract tourists from all over the world, these airlines must also have a solid network of duty free shops, like the ones for which Dubai has an excellent reputation. This not yet the case in Urumqi, let alone Tashkent or Almaty.

Finally, Central Asia and Xinjiang hope to invest in the “Great Game” of the twenty-first century, the North Pole. In coming years, the opening of Arctic airspace will reconfigure the map of flights worldwide in the favor of the former Soviet space. Overflight will link the old continent to the new with just a several hours long flight. Tashkent, Astana and Urumqi therefore have a vested interest to position themselves now on this future transportation market, for which a rapid expansion is promised.

CONCLUSIONS: To give rise to an aerial Silk Road, several Chinese, Japanese, and Korean harmonization projects and carrier alliances—along the lines of what is now happening between European airlines—have been proposed. The national airlines of Uzbekistan and Kazakhstan must invest in this future Asian alliance if they want to take full advantage of their central location at the crossroads of both East and West, and North and South.

AUTHOR’S BIO: Sébastien Peyrouse is a Senior Research Fellow with the Central Asia-Caucasus Institute of the Johns Hopkins University School of Advanced International Studies in Washington, DC.

TRILATERAL TROUBLES AMONG KABUL, ISLAMABAD, AND WASHINGTON

Richard Weitz

Relations among Afghanistan, Pakistan, and the United States have long been troubled due to their collective inability to repress Islamist extremists that have at various times fought against all three governments. The September 20 bombing of the Marriott hotel in Islamabad, however, has highlighted both the need for increased security cooperation among all three countries and the obstacles in obtaining it.

BACKGROUND: According to press reports, U.S. President George Bush has authorized a major expansion in the permissible range of unilateral American military operations across the Afghan-Pakistan border. The most controversial element of the new strategy is the use of U.S. Special Operations Forces in ground operations inside Pakistan. Even if tacitly endorsed by Pakistan's new civilian government, the escalation represents a risky approach given strong popular opposition in Pakistan to such violations of the country's sovereignty.

Evidence of the new policy first arose on September 3, when U.S. helicopters attacked a suspected terrorist base in Pakistan's South Waziristan region, killing over a dozen people. Yet, the recent revelations regarding direct U.S. military raids across the Afghan-Pakistan border represent but the latest in a series of escalating American military operations against al-Qaeda and Taliban militants based in Pakistan.

The CIA has long been rumored to employ remotely piloted drones to launch direct attacks on high-value al-Qaeda and Taliban leadership targets in northwest Pakistan. In recent years, CIA Predator unmanned aerial vehicles armed with Hellfire missiles have reportedly killed hundreds of people in northwest Pakistan. These air strikes have intensified in recent months and extended deeper into Pakistani territory. Even so, they have drawbacks. The attacks often lead to highly visible

civilian casualties. By killing the target, moreover, they do not yield as much intelligence as would on-site raids or live-capture "snatch-and-grab" operations, which President Bush may now have authorized.

In August 2007, a memorandum publicly revealing that U.S. Special Forces could operate up to ten kilometers inside Pakistan to support soldiers under attack or conduct raids against al-Qaeda leaders was leaked. Certain American commanders have apparently expanded the concept to justify either pre-emptive or preventive strikes designed to disrupt an attack before it could occur, which would expand the notion of "hot pursuit" considerably.

During the past year, moreover, American military commanders have maintained that the Pakistani government has facilitated cross-border infiltration by Taliban fighters into Afghanistan by negotiating peace deals with leaders of the Pakistani Taliban based in northwest Pakistan and the Federally Administered Tribal Areas (FATA). They allege that these agreements have failed to include adequate safeguards against non-Pakistani extremist groups conducting operations in nearby Afghanistan.

Since the negotiation of these ceasefire accords, the number of American combat deaths in Afghanistan has exceeded those in Iraq, despite the fact that five times as many U.S. troops are in Iraq than Afghanistan. This year has already seen more U.S.

soldiers killed in Afghanistan than any year since the 2001 invasion.

U.S. analysts also complain that some members of the Pakistani intelligence services continue to cooperate with the Taliban and have alerted them to past American air strikes on Pakistani territory. For this reason, the new U.S. rules of engagement reportedly do not provide for advanced American notification to Pakistani authorities of impending attacks on the country's territory.

For months, U.S. military commanders have issued public warnings that any future 9/11-style attack against the United States from al-Qaeda would probably originate from the group's new safe haven in Pakistan's tribal regions. Earlier this month, the Chairman of the Joint Chiefs of Staff, Admiral Michael Mullen, singled out the terrorist camps in northwest Pakistan as one of the most serious threats confronting the next U.S. presidential administration: "Al-Qaeda is there. Its leadership is there. We know that. And it continues to plan against the West, including against our homeland."

On September 10, 2008, U.S. Defense Secretary Robert Gates told the House of Representatives Armed Services Committee that, while his department was seeking to cooperate with the new

Pakistani government, it was essential to reverse recent al-Qaeda and Taliban gains along the Afghan-Pakistan border. "The war on terror started in this region," he explained. "It must end there."

IMPLICATIONS: Since assuming office earlier this year, Pakistan's new civilian government has publicly refused to authorize U.S. military operations against al-Qaeda and Taliban militants inside Pakistan. Instead, its members have insisted that Pakistani regular troops and paramilitary forces can deal with the insurgents and any high-value terrorist targets. They also have argued that they have only negotiated with the Pakistani Taliban, not their Afghan counterparts or international terrorist groups using Pakistani territory as a safe haven.

Following reports of the American raid in South Waziristan, Army Chief of Staff Gen. Ashfaq Kyani issued a written statement denying that "any agreement or understanding [existed] with the coalition forces" [in Afghanistan] allowing them to strike inside Pakistan." The general pledged to defend Pakistan's sovereignty and territorial integrity "at all cost." Prime Minister Yousaf Raza Gilani said the statement reflected his government's position.



The Islamabad Marriott (The Boston Globe)

President Asif Ali Zardari, inaugurated on September 9, has stated that he intends to collaborate more effectively with Kabul and Washington to enhance border security, but he too has criticized alleged U.S. military operations on Pakistani territory.

Pakistani leaders have made these statements with two audiences in mind. On the one hand, they have sought to limit U.S. military

operations in their country by underscoring their commitment to reign in extremist activity in Pakistan and across the border. On the other, they have tried to reassure Pakistani public opinion that they are not American lackeys and will resist Washington's pressure to permit direct military operations in Pakistan.

Pakistani public opinion is clearly hostile to the U.S.-led war on terror. A poll conducted in May and June 2008 by the Pakistan Institute for Public Opinion found that support for a negotiated solution to Islamic militancy has soared in Pakistan since the beginning of the year. Backing for al-Qaeda and dissatisfaction with U.S. policies has also substantially increased.

On September 16, the Pakistani army announced it would shoot at any U.S. forces attempting to cross the Afghan-Pakistan border. On several occasions since then, Pakistani troops and militia have fired at what they believed to be American helicopters attempting to cross the border.

Afghan President Hamid Karzai has long complained about the cross-border infiltration of Taliban insurgents from northwest Pakistan. Despite various U.S. and NATO initiatives, Karzai and former Pakistani President Pervez Musharraf repeatedly clashed over responsibility for the deteriorating security situation along their joint border. Karzai termed the recently adopted U.S. approach of expanded air strikes and ground raids into Pakistan as something that the Afghan government has been urging for years.

Two days after the Marriott bombing, Afghanistan's Defense Minister, Rahim Wardak, said that Afghanistan, Pakistan, and the United

States were evaluating a plan to create a combined military force to operate in the Afghan-Pakistani border region. The concept would enable their troops to cross the border as required by tactical military considerations.

Both Karzai and Zardari met with Bush and other senior U.S. officials while they were attending the opening of this year's United Nations General Assembly session in New York last week. Yet, none of these meetings gave any indication that such a combined force would soon be created. In his speech to the UN, Zardari pointedly stated that, "We cannot allow our territory and our sovereignty to be violated by our friends."

CONCLUSIONS: The Pakistani government has rejected past U.S. proposals to conduct joint operations with American forces inside Pakistan. Although the three governments have agreed to create border security coordination centers with representatives from Afghanistan, Pakistan, and NATO, only one of the eight centers has begun operating. Distrust among the parties has persistently weakened the ability of the tripartite intelligence sharing center established last year to promote a common understanding of border challenges. Although the Afghan, Pakistani, and American governments have recently adopted several new initiatives to augment their cooperation against Islamist militants, these past failures underscore the difficulties facing renewed efforts at improved trilateral security cooperation.

AUTHOR'S BIO: Richard Weitz is a Senior Fellow and Director for Project Management at the Hudson Institute.

FIELD REPORTS

TWO-DAY SHOOTOUT ENDANGERS TURKMENISTAN'S IMAGE OF STABILITY

Chemen Durdiyeva

On September 12, the Turkmen capital Ashgabat was caught by sounds of continuous shootings between the representatives of law enforcement agencies and a still unidentified group of militants. This unprecedented gunfire stopped after two days of fierce shootings with several casualties among police and special services. Although the shootings were heard all over the city day and night, the authorities did not officially report on the incident until the Security Council session on September 15, leaving the public shocked and confused.

The shootings in Khitrovka, often regarded as a crime ridden district of Ashgabat, raised many questions about the stability and overall security in Turkmenistan. The unidentified group of heavily armed militants had reportedly seized the water plant "Cheshme", located close to the international airport and a few kilometers away from the presidential palace. As local sources report, the assailants were heavily armed with grenade launchers, different types of rifles and small arms. On the third day after the gunfire broke out, the Ministry of Foreign Affairs released a statement which said a group of drug dealers had been "neutralized". While some reports have identified the group as radical Islamists, or as an opposition group trying to plot a coup in Turkmenistan, the majority of both foreign and local Central Asia analysts agree that the group consisted illicit drug traffickers in the process of transferring opium from neighboring Afghanistan to a third country. According to some unnamed local sources, the fighting in Ashgabat may be related to a riot that took place in a prison in Seydi district in eastern

Turkmenistan a few days before the incident in Ashgabat. Reportedly, the illicit flow of drugs and tobacco to prison inmates was suddenly cut and rioters caused massive disorder, beating representatives of the prison security and the special services. The chief of the assailants in Ashgabat, Ajdar by nickname, was reportedly released from prison in 1995 and has since been one of the most wanted persons in the country.

During a televised speech at the Security Council session on September 15, President Berdimukhammedov termed the group a gang of drug dealers and terrorists, labeling them as the nation's enemies. The president went on saying that the Turkmen law enforcement agencies had suffered heavy losses and promised to provide the families of the deceased with pensions, university education and other material support, and that all participants of the operation should be rewarded with high state honors.

The exact number of victims and casualties still remain unclear and any information regarding the case is strictly controlled. But some of the independent sources in Moscow, such as the émigré opposition group website gundogar.org and the Turkmen Initiative for Human Rights, report that at least 20 law enforcement representatives were killed. No information is available about civilian casualties, except for public rumors that the executive director of the water plant was also shot dead and 30 people injured. The water plant was stormed, all of the assailants were eliminated and the battle scene was sealed off until everything was

clear. But it appears that the target of the “drug dealers” were the law enforcement bodies solely.

Fighting drug smugglers and the consumption of narcotics among the population was one of Berdimukhammedov’s main promises as the presidential candidate in 2007. Since then, the use and consumption of “nas,” smashed tobacco put under the tongue, was banned in Turkmenistan. Smoking in streets and public places has long been forbidden in the country by the past president. Besides, a special State Coordination Commission on Drugs was created under the Cabinet of Ministers and the country also joined three UN conventions against illicit traffic in narcotic drugs and psychotropic substances. However, the fact that the shootings in Ashgabat was drug-related will have further implications for import and consumption of other types of tobacco as well. Selling cigarettes was stopped in local *bazaars* a day after the incident, causing some panic among the country’s smoking population, who rushed to find a place to buy a pack of any cigarette. Later the news spread that only the state-licensed sellers could sell the registered marks of cigarettes in Turkmenistan.

The battle in Ashgabat with drug smugglers has once again reminded the administration of the

urgency in addressing the drug problem in the country and forced it to declare an “ideological war” on drugs. The significance of this unprecedented event is as important for regional security as for stability in Turkmenistan. The fact that the shootings were not foreseen by the Turkmen National Security Services and that a large number of law enforcers were killed raises doubts regarding the strength of the security forces in the country. As was noted by Berdimukhammedov, this attack on law enforcement in Turkmenistan requires the restructuring and modernization of the Turkmen security structures. As such, the President emphasized the necessity of urgently creating anti-terrorism units and specialized secondary type police schools in all of the five regions of Turkmenistan. To prevent any similar cases in the future, the authorities will also have to further coordinate its efforts with neighboring countries in combating illicit drug trafficking. The authorities will have to acknowledge that drug trafficking and drug consumption constitute a first priority problem for the country and that it needs international support to reduce the domestic consumption and flow of drugs via Turkmenistan’s territory.

EU DEPLOYS OBSERVERS IN GEORGIA

Niklas Nilsson

On October 1, the EU began deploying the EU Monitoring Mission (EUMM) in Georgia which is to consist of over 200 observers from 22 EU member states, and additional staff reaching a total of 352. The EUMM’s headquarters are located in Tbilisi, and regional offices are set up in the towns of Gori, Poti and Zugdidi. The EUMM is tasked with monitoring the situation on the ground, overseeing the compliance of the conflicting parties with the August six-point agreement, and the return of refugees, as well as facilitating confidence building

measures between the parties. The EUMM will coordinate its work with the OSCE mission in South Ossetia and UNOMIG in Abkhazia.

The EUMM on its first day conducted a total of fourteen patrols in areas close to Abkhazia and South Ossetia and was reportedly at three locations allowed to enter the Russian-controlled “security zone” around South Ossetia. The security zone entry was allowed in spite of statements made by a Russian military spokesperson on September 30, that the observers would not be granted access to

the security zones until the division of roles had been determined between the EUMM and the Russian peacekeeping forces.

Russia agreed to the October 1 EUMM deployment during President Sarkozy's visit to Moscow on September 8, where it was also settled that Russian troops must withdraw from the security zones into Abkhazia and South Ossetia by October 10 and allow the EUMM permanent access to the zones. While it remains to be seen whether Russia will honor its commitment to withdraw, the continued implementation of the six-point agreement will present even thornier issues.

The original wording of the six-point agreement clearly states that all forces must withdraw to the positions held before August 7, implying Russia would eventually also need to pull out of South Ossetia and Abkhazia, regions Russia is now recognizing as independent states. Russia has clearly stated its intention to retain its military forces in these regions, in numbers far exceeding the pre-conflict peacekeeping contingents located there. In effect, it seems that French diplomacy has left the issue aside for now, focusing on Russian withdrawal from the security zones and preparing the way for the introduction of the EUMM.

This focus may well be reasonable, allowing for resolving contentious issues one step at a time. However, the EU's ambition is to gradually extend EUMM observation to also include South Ossetia and Abkhazia. Russia is very unlikely to allow such activities and has claimed that a potential EUMM presence must be approved by the independent

governments of the two regions. Thus, the EUMM may end up monitoring only the de facto borders between Georgia and these regions, thus being unable to fulfill its mandate.

At the international talks on the conflict to be held in Geneva on October 15, the EU will seek to secure continued Russian compliance with the six-point agreement, and among other issues hopes to negotiate an extension of the EUMM's monitoring to Abkhazia and South Ossetia. The outcomes of these talks will have consequences for the currently frozen negotiations on a new EU-Russian Partnership and Cooperation Agreement (PCA). From Russia's perspective, it is imperative to normalize its relations with its main EU partners Germany, Italy and France if such negotiations are to be reassumed. Granting the EUMM a presence in the security zones may well be one such measure to regain lost credibility among these partners.

The heavily Russia-skeptical, newer EU members are unlikely to settle for anything less than a full Russian compliance with the six-point agreement before accepting renewed negotiations. Nevertheless, allowing the EUMM access to the security zones and a gradual Russian withdrawal from these may well be viewed as sufficient signs of Russian "good will" for the heavyweight member states to advocate a restart of PCA negotiations. While the EU has so far tried hard to form a common approach to the Russian-Georgian conflict, such developments would likely again provide for a deepened wedge within the Union over preferable policies toward Russia.

HEAD OF KYRGYZTAN'S STATE ELECTION COMMISSION FLEES THE COUNTRY

Nurshat Ababakirov

Shortly ahead of local elections expected this October, the resignation of the chair of the Central Election Commission (CEC), Klara Kabilova, seems to have sown another seed for future political

instability. According to a videotape she left to the opposition, Kabilova had to flee the country due to a threat against her life from Maxim Bakiev, the son of the country's president. Although the real

motivations that pushed Kabilova to leave the country are still debated, they nevertheless are likely to solidify accusations against Bakiev of family rule and falsification of both the recent referendum and the results of parliamentary elections.

On September 26, the opposition presented a videotaped statement by Kabilova saying that the son of the president “scolded her with harsh rhetoric” and “threatened her life” for allowing Ishenbay Kadyrbekov, an unwelcome opposition member, who has been jailed for months for alleged financial machinations, to run for local council elections. According to her statement, she had to use an international business trip to leave the country in order to escape and safely reveal her “anguish.” She purportedly included the name of the imprisoned opposition member to the list of candidates after she did not receive any instructions from the government on this sensitive issue. Ishenbai Kadyrov was one of the key participants of the March 2005 events and was even acting president during the turmoil.

The government has attempted to cover up the incident with the help of pro-governmental TV channels showing the case in opposite colors or not mentioning it at all. A few hours after the opposition distributed the video, Bakiev “dismissed” Kabilova from her office. The newly appointed head of the election commission, Damir Lisovskiy, voiced strong support for the president’s decision. Lisovskiy questioned Kabilova’s professionalism as the head of the commission by stressing “extensive reshuffling” of the staff and an “unreasonably swollen” budget request for the local elections in October. This untimely request failed narrowly to undermine the local elections, he said. The commission’s new chair argued that these professional failures pushed Kabilova to avoid responsibility and seek refuge abroad.

The ruling Ak Jol party kept the parliament silent as well. Its speaker, Aytibai Tagaev, warned the parliamentarians not to raise the issue and turned off the microphone of a parliamentarian, Isa Omurkulov, member of the minority opposition-

leaning Social Democratic Party (SDPK), who tried to comment on the issue. Defending the president’s son, a member of the Ak Jol party, Parliamentarian Kabai Karabekov, even wondered as to why such a prominent businessman like Maxim Bakiev would want to interfere in the local elections that have such a “low significance.”

Nevertheless, for the opposition and civil activists, Kabilova certainly represents a trump card against the Bakiev’s regime. This case has the potential to invigorate their vociferous, but somewhat long-worn, rhetoric against family rule and manipulations of the parliamentary election results. Notably, even after one year, the detailed figures of the December parliamentary elections are still unknown. With orders from the government, the Central Election Commission is believed to have disproportionately allotted votes in favor of the presidential party, Ak Jol.

Nevertheless, expectations that Kabilova’s sensational statement will be followed by further revelations against the government may be in vain. “Irrespective of how much destructive effect it may have on the system built by Bakiev, I do not trust Kabilova,” stressed the former secretary of the Security Council, opposition member Miroslav Niyazov. He argued that one of the dirtiest parliamentary elections in the history of Kyrgyzstan is closely associated with her name. Additionally, according to Niyazov, an ambiguity in Kabilova’s statement leaves a room for negotiations with the government. The latter is interested in preserving its party’s legitimacy, whereas Kabilova is interested in personal and family security. Reportedly, Kabilova’s daughter studying in Moscow has already been pressured to report her mother’s whereabouts and to persuade her mother to retract her statement.

If facts of falsification are disclosed and the allegations prove to be true, it may leave the government extremely vulnerable. Ballot stuffing and multiple voting in the referendum in October and the parliamentary elections in December were widely registered. It is claimed that during the parliamentary elections, by using thresholds and

manipulating the election results, the CEC was a key tool for the government to grant the presidential party, Ak Jol, a majority vote in the parliament. The opposition, in its turn, is in no position to effectively make a case against the government, given its limited access to the public. Nevertheless, it has revealed plans to start its own investigation of the matter.

Against the backdrop of growing economic hardship and the government questionable ability to help people to make it through the winter, analysts explain the widespread nervousness over local elections through the March 2005 events, which

started in rural areas. Thus, strong support for the government from the local councils would ensure stability if social discontent takes place in spring.

Just like many other criminal cases involving the President's family members, this one may easily be obscured by the simple means of public rejection and acquittal of the accused. Initially refusing to start a case without a personal appeal by Kabilova, Elmurza Satybaldiev, the General Prosecutor, later said that if facts mentioned in the videotape are not confirmed, the case will be closed. Maxim Bakiev has already rejected the accusation.

CHILD LABOR AND COTTON PICKING IN UZBEKISTAN

Erkin Ahmadov

The issue of using child labor for picking cotton has been on the table for a long time in Uzbekistan. However, the existence of forced child labor as such was strongly rejected by the Uzbek authorities, claiming that "children work in the agricultural industry on a legitimate and secure basis, as all other kids in the world". This summer, four influential European import unions and cloth manufacturers sent an official letter of request to President Karimov, asking to stop the use of child labor in the cotton fields of Uzbekistan. Such calls for banning child labor have been made before, but have not brought any results. This year, however, it seems that the Uzbek authorities have finally responded to international concerns and opened for a dialogue. Nevertheless, while international conventions on child labor and child protection are being ratified, it seems that the issue is not yet closed.

Cotton, often called the "white gold" of Uzbekistan, is one of the major sources of state income. Last year's production of raw cotton was about 3,7 million tons, and the production of cotton fiber reached 1,2 million tons. Apart from local

consumption, Uzbekistan annually exports about 900,000 tons of cotton fiber, and is the third largest cotton exporter in the world.

The four associations that signed and sent the letter of discontent to the Uzbek authorities control 90 percent of the cotton production volumes sold in the U.S. and other states of the world. Therefore, it is their assumption and a plausible outcome that if Uzbekistan decides to maintain its current labor policy, the result will be a full boycott of Uzbek cotton exports, resulting in a significant reduction of export revenues. The prospect of such losses may have convinced the Uzbek authorities to consider the consequences of international discontent. A conference addressing the issue of forced child labor in Uzbekistan was held on August 11, 2008. It brought together the representatives of several Western states' embassies, the International Labor Organization, and UNICEF. The option of revising Uzbekistan's status as a country included in the common system of trade preferences was one of the key issues considered at the conference.

Soon after the conference, on 12 September 2008, the head of Uzbekistan's government, Shavkat Mirziyoev, signed a resolution "On measures for implementation of the Convention on minimal age of employment and the Convention on banning, and applying immediate measures for, the eradication of grave forms of child labor ratified by the Republic of Uzbekistan". Both Conventions were ratified in April 2008, and now the government has approved a National plan of action for their implementation. As such, it demands ministries and departments "to provide control over the banning of forced child labor and following the norms and regulations on the labor conditions of minors".

While legislative measures are still in the process of coming into force, some local observers report that in certain parts of the country, children still work in cotton fields. For instance, in the Tashkent region, pupils and students have not been forced to go to the fields yet, whereas in other regions (such as Jizzakh and Bukhara), and especially in rural areas, child labor is still common practice. Usually the daily quota that needs to be collected is 80 kilos. Nonetheless, Uzbek authorities have an explanation for this. Now, since the conventions are signed and ratified, it is claimed that children work in the fields

voluntarily. Unfortunately, in many cases, this is true. Coming from poor families, they earn their livelihoods by helping out the farmers.

They are paid 40 Sums (\$0,03) per kilo, thus picking about 70-80 kg per day brings them about \$2-3. A situation where children go to the fields willingly to earn money brings up another interesting debate. If they "voluntarily" choose to skip school and work instead, that brings up the issue of improvements of a poor welfare system and economic conditions.

In light of all the issues that child labor brings into discussion, it is remarkable to note that the practice as such was common and acceptable for many years. In spite of internal discontent and calls for prohibition by the international community, very little has been done to abolish or eradicate child labor. Now that important economic interests are at stake, it seems that the children of Uzbekistan are provided with a legal basis to protect their rights. However, in a country that gets its major sources of income from cotton exports and desperately needs "free hands" to do the work, it seems to be quite difficult to secure the rights and freedoms of the most vulnerable, as their economic conditions do not allow them to leave aside even such a hard earned and small income.

NEWS DIGEST

ARMENIA LINKS ISSUE OF ABKHAZIA, S. OSSETIA TO N.-KARABAKH

19 September

Armenia will not recognize the independence of Abkhazia and South Ossetia before Nagorno-Karabakh's independence receives international recognition as "recognition of the independence of other states without the recognition of the independence of Nagorno-Karabakh is nonsense," an Armenian diplomat said on Friday. Armenia itself has not recognized the independence of Nagorno-Karabakh, an Armenian-speaking enclave in Azerbaijan, though there have been "political, legal, moral, ethical, ethnic and other reasons for this," Oleg Yesayan, Armenian ambassador to Belarus, told a news conference in Minsk. "The independence of the Republic of Nagorno-Karabakh was declared on October 2, 1991, in full conformity to the then constitution of the USSR and international law. Then a general referendum was held and supreme bodies of state authority were elected – a parliament and government. On January 6, 1992 – more than 16 years ago – the state independence of the Republic of Nagorno-Karabakh was proclaimed. Both then and now Armenia had and has all necessary reasons to recognize the independence of Nagorno-Karabakh," Yesayan said. However, there began an international legal process of settlement of the Nagorno-Karabakh conflict, and this is why Armenia has still not recognized the enclave's independence, he said. "It is for the same reason that Armenia has not recognized the independence of Kosovo," the ambassador said. (Interfax)

IRAN TO MEET ARMENIAN ENERGY DEMANDS

23 September

Iran will supply Armenia with enough natural gas through the Iran-Armenia pipeline to meet its energy demands for the winter, officials said. Reza Kasaei Zadeh, director of the Iranian Gas Export Co., told the Iranian Students' News Agency Tuesday Iran would surpass the original estimated

gas exports of 2.5 million cubic meters per year. "Iran will pump 3 million cubic meters of gas to Armenia during this winter," he said. The \$220 million, 87-mile pipeline began construction in 2007 during a ceremony attended by Armenian President Robert Kocharian and Iranian President Mahmoud Ahmadinejad to bring diversity to the region. Russia was a primary exporter of natural gas to Armenia. Construction on the pipeline concluded Sept. 12.

IRAN'S PRESIDENT BLAMES WEST FOR GEORGIA WAR

24 September

Iranian President Mahmoud Ahmadinejad said at the UN General Assembly that NATO's "provocations" are to blame for the August war in Georgia. "The lives, properties and rights of the people of Georgia, South Ossetia and Abkhazia are victims of the tendencies and provocations of NATO and certain western powers and the underhanded actions of the Zionists," President Ahmadinejad said. (Civil Georgia)

IRAN, PAKISTAN TO FORM IPI FIRM

24 September

Iran and Pakistan on the sidelines of the U.N. meeting in New York agreed to create a joint company to create revenue for a gas pipeline project. Iranian President Mahmoud Ahmadinejad met with Pakistani President Asif Ali Zardari to discuss implementation of the proposed Iran-Pakistan-India natural gas pipeline to bring resources from the South Pars gas field in Iran east. The joint firm will generate revenue in Iran, Pakistan and the Middle East, while Iran will provide a sovereign guarantee for the company, the Pakistani Dawn said Wednesday. India and Pakistan are facing a looming energy crisis, but pressure from Washington to avoid dealing with Iran and pricing deals have slowed progress on the proposed 1,724-mile pipeline. Pakistani Information Minister Sherry Rehman said the two countries also agreed to establish two bilateral committees to examine further details of the pipeline. "The two sides made

good progress," she said. Foreign ministers from both sides plan to meet in October to discuss the way forward on the project. (UPI)

REPORTS: KAZAKHSTAN DROPS OIL REFINERY PLANS IN BATUMI

24 September

Kazakh state oil and gas company KazMunaiGas has dropped its plans to build a USD 1 billion oil refinery in Georgia's port town of Batumi, Reuters reported. The decision, however, is not linked with the political situation in Georgia, an unnamed source from the company told Reuters. "We have a lot of interest in many different projects but we rely on economic feasibility when choosing," the source said. "So you should not drag politics into this one.... Our experts have carefully studied it and decided that it is not feasible." Kazakh Agriculture Minister Akylbek Kurishbayev told lawmakers that Astana had dropped plans to build a grain terminal in Georgia's port town of Poti, citing "the current situation in Georgia." Plans for an oil refinery in Batumi first emerged in March 2007, when KazMunaiGas went into partnership with Greenoak Group, the then owner of Batumi oil terminal and sea port. In February 2008, Greenoak Group, however, sold both the oil terminal and sea port in Batumi to KazMunaiGas for an undisclosed sum. (Civil Georgia)

GEORGIAN OPPOSITION CALLS FOR EXPULSION OF KAZAKH GAS COMPANY

24 September

Georgia's opposition Labor Party has demanded the expulsion of Kaztransgaz from the country and the nationalization of Georgia's assets. Kaztransgaz owns the right to distribute natural gas in Tbilisi. "Without any notice, from August 1 Kaztransgaz increased rates per cubic meter of gas from 50 tetri (35 cents) to 70 tetri, and not only for businesses, but for a certain group of individuals as well, so we demand that Georgia should expel this company and nationalize its assets," one of the Labor party leaders Paata Dzhibladze told a press conference on Wednesday. "Kaztransgaz is robbing Georgians with the help of the current Georgian government, which in effect has interest in this robbery," Dzhibladze said. (Interfax)

U.S. NAVY RELIEF AID SHIP REACHES GEORGIA

24 September

The U.S. Navy says it has joined humanitarian efforts to help Georgian refugees by sending a destroyer laden with 155,000 pounds of supplies. Officials with the Pentagon's European Command Sunday reported the USS McFaul arrived in Batumi, Georgia, with 82 pallets of hygiene items, baby food and care supplies, bottled water and milk donated by the U.S. Agency for International Development. "Our job was to get the supplies to Georgia as quickly as possible," Navy Capt. John Moore said. "The entire crew of this ship realizes the significance of their efforts in helping to provide comfort to the people of Georgia." Military officials also said two U.S. Coast Guard cutters have loaded humanitarian supplies destined for Georgia. One left Crete Thursday with more than 76,000 pounds of relief supplies and is to arrive in Georgia within a week. The officials said tens of thousands of hygiene kits have been flown into Georgia by U.S. Navy aircraft in the wake of its conflict with Russia. (UPI)

FORMER RUSSIAN MP YAMADAYEV KILLED IN MOSCOW

24 September

Former State Duma member Ruslan Yamadayev has been killed in Moscow. "Unknown people opened fire from assault rifles at Ruslan Yamadayev's car at 6:30 p.m. outside N10 in Smolenskaya Naberezhnaya," a source in law enforcement authorities told Interfax. "As a result of the shooting Yamadayev died on the scene," the source said. Another man who was with him inside the car is severely wounded, he added. (Interfax)

TAJIKISTAN FORCES KILL AFGHAN OPIUM SMUGGLERS

25 September

Tajik border guards have shot dead a group of Afghan drug smugglers and seized more than 250 kg (550 lb) of opium and other drugs, a border guard spokeswoman said on Thursday. Ex-Soviet Tajikistan lies on the main trafficking route out of neighbouring Afghanistan – the world's top producer of opium and its refined form, heroin – to western Europe. Yelena Alekseyeva, the spokeswoman, said a number of Afghan smugglers were killed in a shootout with Tajik forces on the border but could not say how many. "During the

operation a large quantity of drugs was seized and a number of criminals were killed," she said. With treacherous terrain and leaky borders, Tajikistan is a haven for drug smuggling out of Afghanistan which produced a record 8,200 tonnes of opium last year. The impoverished nation has struggled to contain the problem since independence from Moscow, with analysts saying its security forces intercept only a fraction of the total traffic. (Reuters)

YAMADAYEV'S MURDER BLOOD REVENGE - KADYROV

25 September

Blood revenge could be the leading theory in the investigation of the murder of former Russian Duma member Ruslan Yamadayev, said Chechen President Ramzan Kadyrov. "I am 80-90% sure that the murder might have been motivated by blood revenge," Kadyrov told journalists in Grozny on Thursday. "Sulim Yamadayev [Ruslan Yamadayev's brother] "was involved in many civilian kidnappings for ransom, and shot everyone for whom money was not paid," the Chechen president said. "In Chechnya, murder is something that will never be forgiven. The revenge may come even after one hundred years," Kadyrov said. "It is with great regret that I learnt about Yamadayev's death," he said. "A hero of Russia, a former MP, a Chechen killed in the center of Moscow. How can I take it? I am very unhappy. If Ruslan Yamadayev was guilty of something, he should have been tried," Kadyrov said. (Interfax)

TON OF DRUGS SEIZED IN CSTO OPERATION IN TAJIKISTAN

26 September

More than 954 kg (2,101 lbs) of drugs were confiscated in Tajikistan in the course of the special operation of regional security organization members between September 16 and 22, country's police official said Friday. A spokesman for the Tajik Drugs Control Agency said the drugs were confiscated during the first stage of the Channel-2008 anti-drugs operation, conducted by members of the Collective Security Treaty Organization (CSTO). "Within the stated period law enforcement bodies in cooperation with border guards detected and stopped 38 crimes, connected with smuggling and trade of drugs," the spokesman said. The operation, he added, was monitored by representatives of law enforcement bodies from Azerbaijan, China, Latvia, the United States and Ukraine. The CSTO is a security grouping

comprising the former Soviet republics Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Uzbekistan and Tajikistan. Narcotics trafficking is an acute problem for the Central Asian republics due to the constant flow of illegal drugs from neighboring Afghanistan, the world's largest heroin and opium producer. The drugs are then smuggled via Russia's Urals region onto Western Europe. (RIA Novosti)

TURKMENISTAN BACKS MULTI-PARTY POLITICS FOR FIRST TIME

26 September

The hermetic state of Turkmenistan formally endorsed political pluralism and market economics for the first time Friday, approving a new constitution that opens the door to ties with the West. Some 2,500 tribal elders and local officials at a meeting of the People's Council in the capital Ashgabat raised their hands to give unanimous approval to the new constitution, proposed by President Gurbanguly Berdymukhamedov. The reform marks a dramatic change for this long isolated and highly authoritarian ex-Soviet Central Asian state that has signalled it wants to open up to the West to encourage investment in its huge untapped gas reserves. Turkmenistan is strategically located on the Caspian Sea between Iran and Afghanistan and is seen by Western officials and multinational corporations as a potential key energy source that could reduce dependency on Russian reserves. "The new constitution corresponds to all international and democratic norms. By adopting it, we will show our country's authority at an international level," Berdymukhamedov told the People's Council ahead of the vote. He also said the old constitution was "outdated" and did not fit with Turkmenistan's "progress," a reference to timid reforms he has introduced since coming to power after long-time dictator Saparmurat Niyazov, who died in 2006. "Our country is now open and supports cooperation with every country in the world," Foreign Minister Rashid Meredov told the People's Council session. But experts quoted by Russia's Nesavisimaya Gazeta daily warned the new constitution had major faults such as the absence of a constitutional court and was aimed at pleasing Western partners instead of bringing true reform. "A constitution for the West," read a headline in the newspaper, which quoted Turkmen political observer Batyr Mukhamedov as saying: "Berdymukhamedov came up with it for export... The constitution is oriented to Western values."

One expert, Farkhad Ilyasov, told *Nezavisimaya Gazeta*: "As far as democratic norms are concerned, as long as there are political prisoners, as long as there are no opposition parties and no free media, these are just words." The new constitution allows for the formation of multiple political parties in a country that currently only has one party. The Democratic Party headed by Berdymukhamedov is in practice the successor to the Soviet-era Communist Party. Also on Friday, the Turkmen president said parliamentary elections would be held before the end of the year. The last elections were held in December 2004 and were won by the Democratic Party with 100 percent of the vote. The People's Council, which was created by Berdymukhamedov's predecessor Niyazov to reduce parliament's authority, will now become a purely consultative body and the country's parliament will be enlarged from 65 to 125 seats. The constitution also enshrines market economy principles for the first time in this largely Soviet-era command economy, confirming the "right to private property" and support for the development of small businesses. (AFP)

GEORGIAN PARLIAMENT ENDORSES LAW ON OCCUPIED TERRITORIES

26 September

The Georgian parliament has unanimously approved a draft law on the occupied territories imposing various restrictions on Abkhazia and South Ossetia, which are to remain in place until such time as Georgian jurisdiction is restored. "Our goal is that this law does not create problems for Georgian citizens living there," MP Pavle Kublashvili, co-author of the draft law, said. "Hence, the restrictions will concern only non-Georgian citizens."

He said that the draft law envisages three restrictions. In particular, it will restrict free movement into the occupied territories, obliging foreigners to enter Abkhazia and South Ossetia from the rest of Georgia, in agreement with the Georgian authorities. The second restriction concerns property rights, which will have no legal force as long as the occupation lasts. And the third, dealing with business activities, will see real estate deals and investment in the two regions prohibited. "We should not create favorable conditions for investors carrying out business activities under the orders of the separatists," Kublashvili said. The draft law geographically covers the Abkhazian Autonomous Republic and the former Autonomous

District of South Ossetia. It also covers areas under Georgian control before the war, namely the Upper Kodori Gorge, the Akhagori district and Georgian villages north of Tskhinvali, which are currently under Russian occupation. Parliamentary Chairman Davit Bakradze said that the draft law would be further improved before its final approval. (Civil Georgia)

ISRAEL TO SELL ARMAMENTS TO AZERBAIJAN

26 September

The Israeli government has agreed to sell mortars, radio equipment and ammunition to the Caucasus state of Azerbaijan, signed agreements show. The agreements signed by the Israeli Defense Ministry and the Azerbaijani government say Israel will supply Azerbaijan with munitions including rocket artillery and mortars, Haaretz reported Friday. The international agreements, said to be worth hundreds of millions of dollars, will be supplied by the Israeli firms of Soltam, Israel Military Industries and Tadiran Communications. Former Israeli Defense Minister Benjamin Ben-Eliezer had previously said Azerbaijan would be a valuable ally for Israel due to its supply of oil and gas, Haaretz said. The Israeli newspaper said the Israel-Azerbaijan agreements come after a number of Israeli firms signed similar sales agreements with Kazakhstan, a country neighboring Azerbaijan. (UPI)

AZERBAIJAN SHOULD JOIN THE GROUP OF INDUSTRIALLY DEVELOPED COUNTRIES - ALIYEV

26 September

Azerbaijan should join the group of industrially developed countries, Azerbaijani President Ilham Aliyev said, speaking late at night on Thursday at iftar (supper after a day's fasting during the sacred month of Ramazan), which was held by the Spiritual Board of Muslims of the Caucasus. Aliyev, who is running for presidency for the second time, formulated in this way the main objective of his work, in case he is re-elected president. The presidential elections are scheduled for October 15. "During the years to come we shall continue to exert efforts in all directions. Stability will be preserved in Azerbaijan, and important steps will be taken for ensuring the democratic development of the country, consolidating its security, continuing the implementation of the economic reforms and of social programmes. Major infrastructure projects are planned to be

implemented,” Aliyev said. According to his information, the 2009 state budget will amount to 15 billion dollars, which is bigger than the budget five years ago, when he became president, by almost 15 times. “This is unprecedented progress,” Aliyev stressed. Aliyev said he was very much optimistic about the future and knew the future of Azerbaijan would be brilliant. “The tasks we planned have been partially fulfilled, partially are being fulfilled now, and a major part of them remains to be fulfilled in the future. I can state with confidence that Azerbaijan will join the group of industrially developed countries of the world. All the criteria in the economic, political, social and other spheres will be the same as those of the best developed countries,” Aliyev said. He stressed he would further uphold the interests of his nation and consolidate the positions of the state. He pointed to the fact that Azerbaijan was a stabilising factor in the region, which became especially clear during the recent Caucasian crisis. “All our initiatives – in the political, economic, energy and transport spheres – are aimed at promoting regional cooperation, peace and security in the region,” the Azerbaijani leader said. He stressed that Azerbaijan’s influence and the role it plays in the region would continue to grow in the coming years, together with its feeling of responsibility. “We are taking all steps in the domestic and foreign policy with a deep feeling of responsibility,” he stressed. (Itar-Tass)

LAVROV: ‘PROBLEM OF S.OSSETIA, ABKHAZIA CLOSED-OUT’

28 September

Tbilisi’s aggression against South Ossetia has put an end to Georgia’s territorial integrity, Sergey Lavrov, the Russian foreign minister, said in an address to the UN General Assembly on September 27. In the speech Lavrov brought up the August war in the context of what he called U.S. “unipolar” policies, which he said had failed not only in Iraq and Afghanistan, but also had helped to provoke the August war. “The illusion of a unipolar world confused many,” he said. “For some people, it generated a desire to make an all-in stake on it. In exchange for total loyalty they expected to receive a carte blanche to resolve all their problems by any means. The all-permissiveness syndrome that they developed went rampant, out of all possible control, on the night before 8 August when the aggression was unleashed on South Ossetia.” “The bombing of the sleeping city of Tskhinval, the killing of civilians and peacekeepers trampled under foot all

settlement agreements thus putting an end to the territorial integrity of Georgia.” Lavrov justified Russia’s military intervention by the need to save the lives of its citizens and peacekeepers. He said that Russia helped South Ossetia “to repel aggression.” He also said that the recognition of the independence of South Ossetia and Abkhazia by Moscow was “the only possible measure to ensure their security,” especially “taking into account all previous record of the chauvinistic attitude of the Georgian leaders.” He then mentioned Georgia’s late President Zviad Gamsakhurdia and said that Gamsakhurdia “under the slogan of ‘Georgia for Georgians’ ordered the deportation of Ossetians to Russia, abolished the autonomous status of South Ossetia and Abkhazia and later unleashed war.” He said that the current Georgian leadership pursued “a persistent policy” to undermine negotiating mechanisms through “continous provocations.” “Finally [the Georgian leadership] trampled under foot the peace process by launching a new murderous war on the night before August 8,” Lavrov said. “This problem has been closed out now. The future of the peoples of Abkhazia and South Ossetia has been reliably secured by the Treaties between Moscow and Tskhinval and Sokhum,” he continued. “With the implementation of Medvedev-Sarkozy plan and our strong commitment, the situation around the two republics is going to be finally stabilized.” He also said that the foreign policy of the “Georgian regime” was aimed “exclusively at provoking confrontation in the world in the pursuit of their own objectives, which have nothing in common with the goal of ensuring security in the Caucasus.” “This crisis in the Caucasus proved again that it is impossible or even disastrous to try to resolve the existing problems in the blind folds of the unipolar world,” Lavrov said. (Civil Georgia)

COUNTER-TERROR WORKSHOP HELD IN UZBEKISTAN

29 September

The Organization for Security and Cooperation in Europe held a workshop in Uzbekistan on Monday in a move to bolster counter-terrorism efforts in Central Asia. The two-day workshop is designed to improve cooperation in Central Asia among law enforcement and other security authorities to better combat transnational criminal organizations and terrorist groups operating in the region, the OSCE reported. Officials say the workshop, organized by the OSCE Strategic Police Matters Unit and the

OSCE Action against Terrorism Unit, among others, includes more than 75 security experts discussing techniques and strategies to prevent and respond to terrorist attacks. "This meeting helps participants better understand the roles and responsibilities of the different institutions in relation to fighting terrorism," Kevin Carty, OSCE secretary-general senior police adviser, said in a statement. "We hope this will spark the creation of networks and lasting cooperation." (UPI)

CEYHAN REFINERY ON HOLD

29 September

The price of real estate in the Turkish port of Ceyhan put joint plans by Kazakhstan and Azerbaijan to build a refinery there on hold. The proposed refinery in the Turkish port between the state-run KazMunaiGas and the State Oil Co. of Azerbaijan Republic has stalled over the purchase of land in the region, the European weekly New Europe reported Monday. Ceyhan is a major energy hub in the Mediterranean, making further expansion of the infrastructure there attractive. About 1 percent of the world's oil travels through the Baku-Tbilisi-Ceyhan pipeline, and plans to expand several pipeline routes to northern Turkey and into Iraq make sense to several regional energy players. With the first suggestions of new development in Ceyhan, however, private investments in the real estate sector drove land prices sharply up. "A part of the land that was planned for the refinery belongs to the government of Turkey, while the other part has become private property. The prices that the private owners ask are exorbitant, driving the cost of the project up," an anonymous source in the Kazakh energy sector told New Europe. (UPI)

RICE: RUSSIAN VETO ON NATO EXPANSION IMPOSSIBLE

29 September

Russia cannot be allowed to veto NATO membership for Ukraine and Georgia, U.S. Secretary of State Condoleezza Rice said on September 28. "We will not permit Russia to veto the future of NATO, neither the countries offered membership nor their decision to accept it," Reuters quoted Rice as saying. "We and our European allies will give our help to Georgia ... The United States and Europe strongly support the independence and the territorial integrity of Russia's neighbors," she said. NATO rejected Georgia's bid for a Membership Action Plan (MAP) at its April

summit in Bucharest, but gave temporizing assurance that it would become a member of the alliance in the future. Rice also warned that the August war and Russia's unilateral recognition of the independence of Abkhazia and South Ossetia could derail its efforts to join the World Trade Organization and the Organization for Economic Cooperation and Development (OECD).

SOUTH OSSETIAN, ABKHAZ REPRESENTATIVES TO ATTEND UN SECURITY COUNCIL'S MEETING, APPLY FOR VISAS

29 September

Representatives of South Ossetia and Abkhazia have applied for U.S. visas to be able to participate in the United Nations Security Council's informal meeting in New York, South Ossetia's acting Prime Minister Boris Chochiyev announced Monday. "Russia has initiated an informal meeting between Security Council members and representatives of Abkhazia and South Ossetia to discuss the situation in the Caucasus in the wake of Georgia's aggression. We have applied [for visas] but no visas have been issued yet. So far we have not received permission to enter the United States," he said. Up to now, the U.S. authorities have been refusing to let Abkhaz and South Ossetian representatives attend Security Council meetings because they do not represent official UN member-states. Meanwhile, Moscow holds that an informal meeting of the council may be transferred to Geneva. "I think the Security Council may transfer its informal session to Geneva due to the United States' position on South Ossetia and Abkhazia," Russian Deputy Foreign Minister Alexander Yakovenko said in an interview published in the Rossiiskaya Gazeta early last week. The Security Council has previously convened outside its New York headquarters. "It's time to resume this practice," the diplomat said. (Interfax)

KYRGYZ PRESIDENT'S SON QUESTIONED

30 September

Investigators from the Kyrgyz Prosecutor General's Office have questioned the Kyrgyz president's son Maksim Bakiyev, following a claim made by the former chairman of the country's Central Elections Commission (CEC). "Investigators from the Kyrgyz Prosecutor General's Office on Tuesday questioned Maksim Bakiyev, the son of President Kurmanbek Bakiyev, as part of the investigation opened

following a videotaped address by former Central Elections Commission chief Klara Kabilova on the basis of an article dealing with 'impeding the work of an elections commission,'" Uchkun Karimov, an official with the Prosecutor General's Office, told reporters. At the end of last week, the Kyrgyz opposition issued a videotaped address by Kabilova, in which she said she was receiving threats from the Kyrgyz president's younger son, which she links to the October 5 elections in Kyrgyzstan, and announced her decision to resign as chairman of the Central Elections Commission. Bakiyev's questioning lasted for about an hour, Karimov said. The official would not give any details, citing the interests of the investigation. In addition, Karimov said Kyrgyz opposition activists, who made Kabilova's statement public, have been summoned to come to the Kyrgyz Prosecutor General's Office for questioning on October 2. Among these people are Kyrgyz parliamentarians, members of the opposition Social Democratic Party, the leader of the opposition party Ata Meken, and former Kyrgyz parliament speaker Omurbek Tekebayev. (Interfax)

AIG UNIT SAYS NO PLAN TO SELL KAZAKH BUSINESS

30 September

The Kazakh unit of AIG said on Tuesday it had no intention of selling its insurance business in the Central Asian state. On Monday, Kazakhstan's No.1 insurer Eurasia said it had made a formal offer to buy the Kazakh unit of the U.S. insurance company which was bailed out by the Federal Reserve this month. On Tuesday, it responded by denying the possibility. "Yesterday a number of news agencies reported that a takeover offer had been made with regard to AIG Kazakhstan which is part of the American International Group Inc. (AIG) group of companies," it said in a Russian-language statement. "We officially announce that AIG Kazakhstan's business is not for sale. ... Our ability to work in the usual mode has not been affected in the light of recent events. ... We continue to work in our usual mode." Eurasia, owned by the three key shareholders of mining giant ENRC, said in a statement on Monday it had sent the offer to AIG's London office on Sept. 24. The Kazakh company did not say how much it was ready to pay for AIG Kazakhstan, but said it could consider further bids for AIG assets. AIG, once the world's largest insurer, was forced to seek a government rescue earlier this month after its shares crashed, leading

ratings agencies to cut its credit ratings and forcing the company to post billions of dollars in additional collateral on derivatives contracts it insured. (Reuters)

WAL-MART TAKES ACTION ON UZBEKISTAN CHILD LABOR

30 September

Wal-Mart Stores Inc. said Tuesday it has told suppliers to stop acquiring cotton from Uzbekistan to try and put an end to forced child labor in cotton harvesting. The world's largest retailer said it has formed a coalition representing 90 percent of U.S. purchases of cotton and cotton-based merchandise. "There is no tolerance for forced child labor in the Wal-Mart supply chain," said Rajan Kamalanathan, Wal-Mart's vice president of ethical standards. On Sept. 12, the Uzbekistan government issued a plan detailing steps to stop the use of child labor, following a letter from a number of industry trade groups demanding the end of forced child labor in cotton harvesting. Wal-Mart will modify its stance once these steps can be independently verified. (AP)

EU OBSERVERS START PATROLS IN GEORGIA

1 October

The EU Monitoring Mission (EUMM) officially started patrols on October 1. The first patrols, each consisting of two vehicles, have already started patrolling in Samegrelo and Shida Kartli regions. Local and international media reported that the EU monitors have entered the buffer zone around breakaway South Ossetia, despite a Russian official saying on September 30 that EU monitors would not have immediate access to the so-called "security zone" inside Georgia. Vitaly Manushko, a Russian peacekeeper spokesman, stressed the necessity for a memorandum between the Russian and Georgian sides and the European Union to clearly define the EUMM mandate, as well as the strength of Georgian police, who will enter the Georgian villages currently occupied by Russian forces after the latter withdraw. The EUMM, comprising unarmed monitors, aims to stabilize the situation and ensure compliance by Georgia and Russia with an EU-brokered peace plan. The EUMM will work in close coordination with the UN Observer Mission in Georgia (UNOMIG) and the OSCE Mission in Georgia. Over 200 monitors from 22 EU members-states will conduct permanent patrols on the ground. The total international mission personnel, including HQ staff, will be 352. The HQ

is in Tbilisi, with regional field offices in Tbilisi/Bazaleti (96 monitors), Gori (70 monitors), Poti (30 monitors) and Zugdidi (70 monitors). The mission has a budget of Euro 35 million and is expected to remain for at least one year. (Civil Georgia)

20 EU MILITARY OBSERVERS ENTER SECURITY ZONE TO MONITOR SITUATION

1 October

October 1 (Itar-Tass) - Twenty military observers from the European Union have entered the security zone in the Georgian-South Ossetian conflict area to monitor the situation, Lieutenant-Colonel Vitaly Manushko, representative of the Russian peacekeepers' headquarters in the conflict zone, told Itar-Tass on Wednesday. He said, "Two groups of military observers accompanied by observers of the Russian peacekeeping forces in the zone of the Georgian-South Ossetian conflict entered the security zone at 10:00 Moscow time today." "The first group of EU military observers entered the security zone through the check point of the Russian peacekeeping forces in the area of Kvenatkopa populated locality and is monitoring the situation on the Kvenatkopa-Abisi route in both directions. The second group entered the security zone through

the check point of the Russian peacekeeping forces in the area of the populated locality of Karaleti and is monitoring the Karaleti-Tkviavi route," the spokesman said. (Itar-Tass)

UZBEKISTAN: WAL-MART BANS COTTON

1 October

Wal-Mart Stores said it was requiring its suppliers to stop sourcing cotton from Uzbekistan in an effort to end child labor there. Wal-Mart's move follows similar steps by retailers including the British grocery chain Tesco and the department store chain Debenhams, which have already banned Uzbek cotton in products they sell. Wal-Mart said instructions to suppliers to stop buying cotton and cotton materials from Uzbekistan came after months of work with industry trade associations, government agencies, nongovernmental organizations and socially oriented investment groups. Wal-Mart said four industry trade groups, including the National Retail Federation, sent a letter to officials of Uzbekistan on Aug. 18 asking for an end to forced child labor in cotton harvesting. Wal-Mart said that the Uzbekistan government responded on Sept. 12 by outlining steps to stop child labor; the chain said it would revisit its decision once it can verify those steps. (Reuters)