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ANALYST

BIWEEKLY BRIEFING

Wednesday, March 26, 2003

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BIWEEKLY BRIEFING

Wednesday/March 26, 2003

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Although a Doctrine on National Security is considered of paramount importance in the modern world, most of Azerbaijan's neighbors possess one, and the law obligates a President-elect to create one, this process is only recently beginning in Azerbaijan. The process of creating a National Security Doctrine is complex in states like Azerbaijan, where regional clan allegiances are strong, and where special consideration is needed to distinguish regime interests from truly national interests. The process of formulation of an Azerbaijani Security Doctrine, while crucial given the challenges the state faces, is likely to be time-consuming and complicated.

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EDITORIAL PRINCIPLES

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

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Analytical Articles:

Analytical articles require a three to four sentence 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.

Analytical article structure:

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

BACKGROUND: 200-300 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: 200-300 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.

Specifications for Field Reports:

Field Reports focus on a particular news event and what local people think about the event, or about the work of an NGO. Field Reports address the implications the event or activity analyzed has for peoples' lives and their communities. Field Reports do not have the rigid structure of Analytical Articles, and are shorter in length, averaging ca. 500-700 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: svante.cornell@pcr.uu.se and suggest some topics on which you would like to write.

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PRESIDENTIAL ELECTIONS REVEAL SERIOUS FLAWS IN ARMENIA'S JUSTICE SYSTEM

Claude Zullo

During Armenia's recent presidential election and in the post election period, government authorities have detained scores of opposition supporters under dubious charges. These developments highlight the lack of independence within the judiciary and will likely further undermine already low public confidence in the legal system. They may also be an omen of pending troubles in the forthcoming May 2003 parliamentary elections and may complicate Armenia's relationship with Western donors and such European institution as the Council of Europe.

BACKGROUND: During and since the recent presidential election, Armenian opposition forces held a string of mass demonstrations in Yerevan to protest voting irregularities and the election's disputed outcome. The Armenian government was caught off guard by the size of these protests, which according to estimates peaked between 45,000 and 100,000 people. Since the first round of voting, the Kocharian government resorted to extreme measures to ensure success at the polls, including the detention of scores of opposition supporters for allegedly organizing and leading unauthorized demonstrations, public disorder, hooliganism, and disobeying police. According to the OSCE's Election Observation Mission, at least 200 individuals were detained as of March 6. Reports from various sources indicate that dozens more of suspected opposition supporters have been arrested or detained since the final round of the election. The common denominator among those arrested or detained seems to have been that either they or a family member was an opposition supporter or actively spoke out against the violations that occurred during the elections.

There are a number of disturbing aspects about the government's tactics. First, the arrests and detentions not only violated the spirit but also the letter of the law. Many were arrested under Article 180 of the Code of Administrative Violations, which prohibits organizing and leading unauthorized marches and demonstrations, but not participation in such events. A number of persons who participated in but were not involved in organizing the rallies were arrested under this pretext. Others, who were merely passing by the protests, were also detained for similar reasons. In other instances, individuals were asked by police to speak with the head of police without an arrest warrant and were subsequently detained and/or sentenced. Under Armenian law, if an individual agrees to accompany police in the absence of a warrant, that person must be released. Second, there seems to be overwhelming evidence that individuals were under surveillance. A number of individuals were arrested at their homes or stopped while driving and hauled off by police. In some instances, police detained the relatives of those being sought until the latter showed up at police headquarters. Third, fundamental legal procedures and standards fell by the wayside. Military units were deployed

around the central courthouse. Many of the accused were not provided with legal representation or a copy of the court's decision, which is necessary to lodge an appeal. Oftentimes, judges rendered decisions in absentia. One of the most highly publicized cases involves the detention of Artur Sakunts, head of the Vanadzor branch of the Helsinki Citizen's Assembly (HCA). On March 14, the Helsinki Assembly Vanadzor office was firebombed a day before a planned a protest over voting violations. Despite the incident, the protest went ahead as planned, only to have police disperse the gathering and take Sakunts into custody.

IMPLICATIONS: The government's actions have had and will likely continue to have a number of ramifications. First, its actions appear to be backfiring. Arrests and detentions seem to be fueling continued opposition rallies. On March 21, thousands of Demirchian supporters marched past the main police building in Yerevan to demand the release of all detainees. Mass protests by the opposition and, as a consequence, arrests and detentions will likely continue and impact the May 2003 parliamentary elections. Second, as the American Bar Association's CEELI program recently reported in its Judicial Reform Index for Armenia, the executive branch's extensive involvement in the judicial appointment and disciplinary processes infringes on the independence of the judiciary. The judiciary's involvement in closed-door trials is clear evidence of its lack of independence. This can only exacerbate the already low esteem in which judges are held and further undermine public confidence in the legal system. Third, the government's sights may now be set on criminal defense advocates because of their efforts to defend detainees. Only days ago, the Council of Justice organized a conference on the regulation of the profession of lawyers and the provision of legal aid services in Armenia. One issue that the Ministry of Justice raised was the creation of an association, not just for independent lawyers, but one that would include prosecutors and judges. The question remains if such a broad association of legal professionals is created, to what extent it might come under the thumb of the Ministry of Justice. If such an association were created, it might not only provide a mechanism for controlling independent lawyers but may also serve as a means of retaining control over the judiciary once

key constitutional amendments are passed. Finally, the government's actions may adversely affect Armenia's integration into European institutional structures and relations with the West. The Council of Europe, which admitted Armenia two years ago based on the condition of further democratization, has already promised unspecified consequences. Moreover, sources indicate that Western donors could set tougher conditions for loans and grants to the Armenian government.

CONCLUSIONS: Maintaining control over parliament is as critical for Kocharian as was getting reelected, which will likely force his government to continue some of the same tactics that now being employed. This may, in turn, force Western donors and European institutions to take tougher measures against the government, which may hurt the Kocharian government in the long run. If the West does not engage Armenia's government now, it will be difficult to ensure that the upcoming parliamentary elections are free and

fair. Moreover, attention needs to be paid to the constitutional referendum and follow-on activities as well. For example, the proposed amendment package would institute changes in the judicial appointment and disciplinary processes that can potentially enhance the independence of the judiciary. In addition, the amendments would also institute an ombudsman's office to investigate human rights abuses. Once these amendments are passed, intense work will be needed in drafting the constitutional laws that flow from these amendments in order to clarify how those amendments are implemented. In addition, international organizations, foreign embassies, and rule-of-law implementers need to support the independence lawyers, particularly criminal law advocates, as they are the first line of defense against civil and human abuses of the state.

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INVESTORS ATTRACTED, BUT DO NOT APPEAR

Government of the Kyrgyz Republic is doing its best to attract foreign investments to the country. However, cash is hardly flowing in since the investment climate in Kyrgyzstan needs to be improved. Scarcity of valuable natural resources, a long distance from world trade arteries, high transportation expenses, large taxes, and a small internal market space impede financial injections into Kyrgyzstan.

The local investment climate analysis showed that the country gives fewer privileges to investors than do neighboring states. The cancellation of tax and judicial initiatives in 1996 and in 1997 distracted foreign businessmen who had expressed interest in Kyrgyzstan.

As result, from 1997 a sustained negative tendency of direct investments levels developed. According to the Kyrgyz National Statistic Committee data, in 1998, Kyrgyzstan gained \$136,000,000 as direct investments, and in 1999, it was \$108,000,000; in 2000 the figure was about \$90,000,000. In 2001, \$90,000,000 were invested in the state.

The investment climate in Kyrgyzstan is already problematic for several reasons. The internal economic resources are too small, local administrative decrees run counter to main laws, the condition of communication infrastructure is bad, the area of arable land is limited, and the policy of neighboring countries concerning transportation fees is unfavorable.

Investors also complain of bureaucratic red tape, corruption, and the absence of personal security guarantees to businessmen. Flawed laws, as finance specialists say, admit different

interpretations, which often lead to conflict situations. Serious problems are caused by an uneven distribution of direct foreign investments in the regions of the republic, which influences the prosperity level of each of them. It leads to stagnation of some parts of the country, increases in migration, strengthening of social strains, etc.

However, the economics of the Kyrgyz Republic also has positive aspects for attracting direct investments. Kyrgyzstan is a World Trade Organization member, which opens a wide scope for export. There are no limits concerning currency transfers and convertibility (Unlike Uzbekistan, for example). Inflation rates are restrained, and the national currency is stable (although a significant volume of external debts make it vulnerable for unexpected shocks).

The state has an enormous potential in the sphere of tourism due to its rich culture, glorious landscapes, and friendly people. Kyrgyzstan may also become an active transit country, if its road, railroad and air transport infrastructure is improved and if local free economic zones are used as import-export centers. There is potential of hydroelectric power development in Kyrgyzstan, if this sector is privatized and if the arguments with neighboring countries on water supplies are managed. The republic has advantages in human resources, with a highly educated yet inexpensive labor pool. Climate is pleasant, and prices of real estate are quite reliable for foreigners.

The Kyrgyz government, in an effort to improve the investment climate in the country, has confirmed a general plan of measures called

Investments Matrix. Its purpose is to remove barriers hardening the flow of direct investments into the country. The document was put together by the government of KR, potential investors, different associations, parliament deputies, and international financial institutions.

Foreign investments in Kyrgyzstan are regulated by the law "On foreign investments in the Kyrgyz Republic". It does not limit the volume of external financial injections into the country. Foreign investors are allowed to own 100 percent stocks of local enterprises. Foreign employees of joint companies may automatically be given visa with permission to live and work in the country.

In 2001, the local parliament has confirmed the law on private property for land. It lets foreign companies own city real estate and rent agricultural ground for 99 years. In June 2002, the government established an investor help service "One Stop Shop", which provides necessary information, administrative, and consultative assistance to any businessman.

Kyrgyzstan is a member of the Central Asian Economic Community uniting republics of the region, and of the Customs Union of Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Belarus, and has a visa-free regime with 27 states. However, significant investors do not strive for starting business in Kyrgyzstan yet. Analysts say there still is a good deal of work to be done in the country.

Aijan Baltabaeva

EAST-WEST OR WEST-EAST? CHINA RESURGENT IN THE CASPIAN

Michael Denison

As the supply of oil pipes begins to arrive at construction sites along the Baku-Tbilisi-Ceyhan (BTC) pipeline route, which will transport Caspian oil west to the Mediterranean Sea, thoughts are turning to the next phase of development of the region's oil and gas reserves. Until recently, the long dormant plans for a new pipeline, connecting the oil fields of Uzen and Tengiz in Kazakhstan directly with China, barely figured in oil industry calculations. However, China's acquisition of significant stakes in the Tengiz oilfield in March 2003 and new diplomatic attention indicates that China may be poised to become a formidable commercial and political influence in the Caspian region.

BACKGROUND: The decision by British-owned BG International Ltd. to sell its entire 16.67% stake in the North Caspian Sea Project (NCSP) in Kazakhstan did not unduly surprise industry analysts. Many thought that, with 30% of its net assets held in Kazakhstan, the company was over-exposed in the Caspian region, especially in the light of the contractual problems experienced with the Kazakhstani government experienced by Chevron in December 2002. BG's interest in NCSP was purchased in two equal stakes, a few days apart, by the China National Offshore Oil Corp. Ltd. (CNOOC) and Sinopec Group, the state-controlled parent company of the listed Sinopec Corp. The combined price was \$1.23 billion. The other NCSP consortium members, which include ENI-Agip, Royal Dutch-Shell, Exxonmobil and TotalFinaElf can, should they wish, exercise pre-emption rights and purchase BG's stake for the same price. Clearly unwilling to jeopardise future access to China's potentially lucrative energy market, they will not do so. In the same week, Kazakhstan's Ambassador to China, Zhanibek Karibzhanov, urged China to revive plans to build a pipeline direct from western Kazakhstan to the Xinjiang Autonomous Region (XAR) of China, pursuant to an agreement first reached in 1997. Since then, technical issues surrounding the pipeline's extreme length (2600-2900 km), and whether its projected capacity of 20 million tonnes per year was sufficient for it to be a viable commercial proposition, had seemingly caused the project to be kicked into the long grass.

IMPLICATIONS: The explanation for the acquisition of the NCSP shares by the Chinese government, and the renewed encouragement given by the Kazakhstani government to a Sino-Kazakh pipeline, each have similar origins: the drive by each state to formulate a coherent national energy security policy. China imported 70 million tonnes of crude oil in 2002, paying over \$12.7 billion. With domestic oil exploration still yielding unimpressive results, China is forecast to import 84% of its energy supplies by 2030. The Chinese government is keen to reduce its reliance on imports from the Persian Gulf, especially if the US retains unfettered control over Iraqi oil supplies after

the military campaign. Bearing in mind that a series of strategic acquisitions worth \$1.2 billion have been made by COOC in Indonesia and Australia over the past 12 months, and that Sinopec has hitherto largely focused on midstream and downstream activities such as refining and distribution, buying in to NCSP fits in within a pattern consistent with the objective of China wishing to develop a cheap, long-term national petroleum reserve. As a bordering state, Kazakhstan is a particularly attractive option, there being no transit fees or potential disruptions by intervening states. Applying strictly commercial criteria, the merit of constructing a pipeline from the Tengiz and Uzen oilfields in western Kazakhstan might appear borderline at best or dubious at worst. Within the context of a national energy security concept, however, it is highly logical.

The likelihood of further commercial penetration of Chinese oil interests into the Caspian energy sector might, at first sight, appear to be unsettling for Kazakhstan. However, the construction of an oil pipeline eastwards also chimes in with Kazakhstan's own national security aspirations. Currently, oil produced on the Caspian seaboard is either refined domestically or in the Volga region of Russia. With no internal East-West pipeline, the oil refineries in Shymkent and Pavoldar are processing decreasing amounts of Siberian oil. Paradoxically for an oil-rich state such as Kazakhstan, its eastern industrial centres of Almaty, Oskerman and Pavoldar still remain dependent for their power supplies on Russia and Uzbekistan, a relic of Soviet era planning. A Sino-Kazakh line could be integrated within Kazakhstan's own eastern network in order to ease this dependence. Should that eventuality come to pass, the response of Russia, which will find its leverage over Kazakhstan further diminished, will test the extent to which it continues to view Kazakhstan as a critical sphere of influence. The U.S. may also view the flow of significant quantities of non-Gulf oil east, rather than west, as an issue of strategic concern.

CONCLUSION: The focus of recent energy sector analysis in the Caspian region has largely been confined to issues involving the resolution of the legal status of the sea

itself and the development or extension of new pipeline routes west and south – to link BTC to the oil port of Aktau in Kazakhstan along the Caspian sea bed, to construct pipelines from Kazakhstan to transit Turkmenistan and link up with Iranian networks, and to develop a southwestern route via Afghanistan to service the South Asian markets of India and Pakistan. Whilst all these projects merit close attention, the growing commercial and political leverage of China in the Caspian

Basin is becoming increasingly evident. Whilst this re-engagement does not yet amount to a significant geopolitical configuration, the encouragement given by the U.S. for the development east-west transport and energy corridors may yet facilitate the emergence of an equally important west-east corridor.

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DISPUTE OVER AZERBAIJANI ELECTION CODE CONTINUES

Since November of last year, a dialogue between the opposition and authorities around the Election Code (EC) has been going on. The Election Code was adopted by the Parliament in the first reading. The apple of discord between authorities and opposition is in principle on how to form the election commissions.

The opposition demands the formation of the Central Election Commission (CEC) on the basis of the eight parties, which collected more than 1 % of votes in the last parliamentary elections of November 2000. According to the opposition, the principles of CEC formation developed in the President's office allows authorities to take the election commissions under their control, which they deem unacceptable.

The Election Code assumes to divide the Central Election commission into three parts between authorities, the parliamentary opposition, and independent MPs. The Council of Europe has been closely involved in the development of the EC project, as has the Baku office of the OSCE. A roundtable was organized by the OSCE in December 2002. However that format of consultations did not suit all interested parties, and the OSCE considered the opposition proposal to establish a conciliatory commission. Yet this attempt also failed. At the end of February, the consent about negotiating at an expert level without preliminary conditions was achieved.

On March 6, at the first meeting of the representative of the Opposition Coordination Center (OCC) Fuad Agayev with the head of department of presidential administration, Shahin Aliyev, it has been stipulated that experts will begin consultations on conceptual questions, and then will pass to item-by-item discussion. But on March 10, during the second meeting, the situation changed and the dialogue failed. Before this meeting, OCC charged Fuad Agayev to discuss only the question of formation of the election commissions and to explore the

readiness of the authorities to discuss this most disputed issue.

OCC leaders have even declared that if authorities agree to discuss other options of the formation of the election commissions, they will withdraw all other proposals on changes to the law. In this situation when dialogue has been actually broken, the head of the Baku office of OSCE Peter Burkhard has declared that his organization suspends its intermediary activity between authorities and the opposition. "We can renew intermediary efforts if the sides desire. The different proposals of the structure of election commissions offered both by authorities and by the opposition cannot be considered appropriate, since both give the majority to one political pole" emphasized Burkhard.

In the opinion of OCC expert Agayev, the government is ready to discuss all questions connected to the Election code as a bloc, but not its separate parts, and in particular the formation of the election commissions. "The practice of implementation of the election legislation in Azerbaijan testifies that good statutes can be brought to nothing by the absence of an impartial election body. The opposition regards the question of election commissions as being of paramount importance. If these bodies do not represent a wide spectrum of political forces but only the governing party, they will serve the interests of this party".

In an interview to TURAN news agency, Shahin Aliyev accused the opposition of proposing additional conditions and has declared it inadmissible to conduct a dialogue in this manner. Opposition Musavat Party chairman Isa Gambar declared that "Authorities are afraid of fair elections and consequently reject alternative variants of formation of the election commissions. The opposition, probably, would not object in the future to form the Central Election Commission from independents. However today they believe that there are no independent MPs in Parliament; all

MPs not members of political parties are to some extent connected to the authorities. And for this reason, the opposition suggests to form the Central Election Commission from representatives of the authorities and the opposition".

Representatives of the governing party "Yeni Azerbaijan" are of another opinion. YAP MP Sayad Aran decried the opposition's position. "They demand to hold discussions only on questions of the formation of the Central Election Commission. But in fact the interests of non-party members should be taken into account. Their representatives too should be part of the CEC". At the same time, discussion of the EC project is going on in the Parliament. Opposition Popular Front Party MP Ali Kerimli declared that carrying out free, fair and democratic elections does not mean only the association in one code all laws concerning this issue. "The requirement of the international organizations and the people consists in carrying out electoral reforms in the country. It is necessary to take into account remarks and proposals of the opposition".

However, others disagreed. According to independent MP Jahangir Huseynov, the EC proposal is optimal. "Some details may be corrected. However as a whole, I think that this document corresponds to democratic norms. At the same time the regulations about structure of the CEC are optimal: without participation of representatives of independent MPs - independent lawyers - it is impossible to form the Central Election Commission".

The initiative of the Baku office of OSCE to organize a dialogue between opposition and authorities failed because of the inconsistent position of this international organization. Opposition and analysts have argued that the head of the Baku office of OSCE first of all consults with representatives of official Baku, and then informs opposition. The same was true with the dialogue on the EC.

Gulnara Ismailova

CONFRONTING KAZAKHSTAN'S 'DUTCH DISEASE'

Ariel Cohen

As the United States is engaging in regime change in Iraq, the political turmoil in the Middle East is driving up the oil prices. Kazakhstan is flush with oil and gas revenues. However, without targeted government policy, the long term economic consequences of the hydrocarbon boom may lead to crowding out investment in the non-petroleum sectors and appreciation of the Kazakh currency, the tenge. If President Nazarbaev's administration will continue to preside over increases in income disparities and underdevelopment, it eventually may face political instability due to inflated popular expectations. Kazakhstan has done little to prevent the Dutch disease, despite warnings from the World Bank.

BACKGROUND: According to government statistics, Kazakhstan is boasting an impressive 9.8 percent economic growth rate in 2002. It further expects GDP to grow at annual rates of 6.3-8.6 percent in 2004-2006, with total growth of over 27 percent in the next four years. Whether this ambitious target is achieved depends on volatile energy prices and the quality of national economic management in Astana.

According to President Nazarbaev, who spoke at the recent Kazakh-Italian business forum in Rome, Kazakhstan's projected economic growth for the first quarter of 2003 is 9 percent. Italian investment in Kazakhstan reached \$1.3 billion dollars. But this is barely a drop in the ambitious goal of \$100 billion in investment funds Nazarbaev wants to attract in the next 10-12 years. Kazakhstan may be interested in working with the Italian state-owned ENI, the operator of Agip-led consortium in the Kazakh sector of Northern Caspian, and of the giant Karachaganak field, to export oil via Iran. If such investments materialize, experts say, they will flow overwhelmingly to the overheated oil and gas sector.

Oil revenues continue to remain in record territory for 2003. Kazakhstan has boosted oil production by 16.6 percent in 2002, to 42 million tons. International oil majors, such as Shell and Hurricane oil have significantly expanded their Kazakhstani holdings.

Natural gas production and downstream production will also grow: Kazakhstan has increased natural gas exports by 13.2 percent, and produced 30 percent more of gas condensate. Kazakhstan will be developing Phase Three of the Karachaganak gas condensate field, which will require a \$2 billion investment. The Amangeldy field in southern Kazakhstan will be expanded, and ChevronTexaco will open a polyethylene plant in April 2003. ExxonMobil is planning to develop a strategic program for Kazakhstan jointly with the Energy Ministry for years 2003-2010. The first iteration of the program will be submitted to the government in the third quarter of this year.

Kazakhstan is boosting its hard currency and gold reserves, which grew by 9.1 percent to \$5.5 billion in January, and further increased the National Fund to \$1.933 billion, while gold reserves grew by 14 percent to \$627 million, according to the Kazakh Central Bank press release quoted in the

February Interfax Central Asian Business Report. The Central Bank said that Tenge money supply tripled, foreign deposits rose by 32.8 percent, and bank deposits increased by 46.2 percent, while lending rose 37 percent in 2002.

Using growing demand for energy, Kazakhstan announced plans to become the world's largest uranium producer by the year 2027. Its national nuclear corporation, Kazatomprom, has increased the ore production from 794,000 tons in 1998 to 2.4 million tons in 2002. As it currently produces only five percent of the global output, the goal to become number one seems excessively ambitious. Kazakhstan has increased uranium production by 34 percent in 2002, and is planning to expand export to China, Japan and Russia.

Astana is also interested in boosting its coal production from 70 million tons in 2002 to 74 million tons in 2003. The January 2003 figures are higher than January 2002 by 21 percent.

IMPLICATIONS: This natural resources windfall is the strategic window of opportunity for Astana to address four structural defects of its energy-driven economy: corruption; capital flight; a dysfunctional social safety net; and the money-losing nature of the non-extracting sectors of the economy.

High-level corruption and capital flight may be the most difficult to resolve. Most often perpetrated, or aided and abetted, by top government officials, it is a net loss to the people of Kazakhstan. Police measures are in themselves not effective, as law enforcement is corrupt and controlled by the perpetrators. The fish is rotting from its head. The government is unlikely to crack down on organized crime and corruption which plague the economy. As long as the government is not prosecuting the most odious "exporters" of capital, even if they are politically connected insiders, the local economy will remain too inhospitable – and bureaucracies too corrupt – to make investment in non-energy sector attractive.

Second, it is the time for the Kazakhstani government to bring internal energy prices, including natural gas and coal, to world levels. Today's high oil prices will allow to provide subsidies to retired or laid off workers, while closing down inefficient, energy-guzzling enterprises and hiking railroad tariffs. Energy can be exported to increase revenue. Some of

the workers in remote “company towns” can be relocated to more livable venues.

Third, social sector reform is long overdue. While salaries are higher in the energy sector by a factor of at least two in Kazakhstan, most of the gigantic profits are not invested back home to create jobs outside of the oil and gas sector, nor are tax proceeds efficiently distributed to support the elderly, sick and poor.

CONCLUSION: The Kazakh government can battle the Dutch disease by stimulating non-energy business development and job creation, by simplifying registration for new business and reducing corporate taxes and employment payments for these newly created entities. As USAID and a number of NGOs repeatedly demonstrated around the world, micro-lending to boost entrepreneurship is yet another way to decrease unemployment and poverty.

In addition, some of the structural unemployment – 20 percent in Kazakhstan, even higher in energy-poor Kyrgyzstan and Tajikistan – can be alleviated by opening the doors of the oil and gas sectors to workers from the areas hit with particularly high unemployment. This can be achieved by loosening severe interior ministry residence registration

rules, which are a hick-up of the old Soviet era “propiska” system, and by providing better living conditions in the company towns owned by the extracting industries. As World Bank Vice President Johannes F. Linn has suggested in his *Situation and Outlook in Russia and Central Asia*, regional cooperation is likely to alleviate some of the structural asymmetries and stimulate growth. Clearly, cooperation on water utilization, pipelines, transport, and commerce is the most logical.

Unequal income distribution in Kazakhstan, where average salary is barely over \$1,000 a year, (and even more so in Kyrgyzstan and Tajikistan with only \$200-\$300 per capita incomes), may lead to economic dislocation, social conflict, and uncontrolled migration. Kazakhstani leaders were forewarned. Both Astana and international financial institutions should address these disparities while the energy bonanza lasts.

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KYRGYZSTAN: PEOPLE TO COMMEMORATE AKSY EVENT

On the first anniversary of the event, more than three and a half thousand people gathered in the village Bospiek, Aksy region to commemorate the Aksy tragedy that occurred on March 17, 2002. At the same time, people in other cities and villages throughout Kyrgyzstan paid their respect to the Aksy victims.

The opinions about this event are different, however opposition members claim that it shows that the Kyrgyz people are ready to fight for Democracy. People that gathered there once again hoped that President Askar Akaev would arrive, but neither he nor any high-ranking officials participated at the mourning processions, even though the President and the parliament received an official invitation a week in advance. Mourners were frustrated with the ignorance, and felt the had President refused to fulfill his civil, Muslim and Human duty.

After the meeting, members of opposition issued statements directed to the UN, OSCE and other international organizations. Opposition members demanded President Akaev's resignation, and raised an issue over the people accountable for the tragedy. They demanded that Felix Kulov, imprisoned oppositionist, should be freed from jail; Usen Sydykov should be allowed to run in Kara-Kulja parliamentary elections; officials who

deported people from Aksy, Kara-Kulja and Uzgen should be punished; legal suits of opposition mass media be stopped; and March 17th should be officially recognized as a Day of Remembrance of Aksy event victims.

At the same time in Bishkek, parliamentarians were not allowed to pay their respect to their countrymen and countrywoman who suffered from the Aksy event. The Government prior to that day took certain steps to avoid mass public gatherings because of the mourning day. The main (AlaToo) Square was closed off, officially due to the preparation process for the upcoming Nooruz Spring Festivity of March 21, but the nearest Old square in front of the Jogorku Kenesh (Parliament) was stuffed by trucks and construction equipment. Several parliamentarians commemorated the victims and read the Quran under the noise of construction machines and screaming music from the main square.

After the Remembrance Day, a number of opposition members gave interviews and press conferences about the Aksy event. Adakhan Madumarov, active oppositionist parliamentarian, blamed the government for the Aksy event; he appreciates the help of people who brought him a copy of the videotape that shows the Kyrgyz police shooting demonstrators. Without the videotape, people would never know the truth,

because state owned television and newspapers did not mention a word about the murder of innocent people. But he did not mention their names in order to avoid their persecution. Madumarov believes that Askar Akaev was being a “enemy to his own people” by not taking part at the mourning process, and by doing so, ruining people's trust in government.

During the press conference given by the Remembrance Day participants, journalists were told about the fact that the victims' parents pledged “they would protest in front of Government House”, warning that “if the government wanted to shut them up, they (government) would also have to kill them like their sons”.

This event might further destabilize the situation in the country and strengthen the opposition movement. Although the results of the recent Referendum show that Akaev possesses legitimacy and approval of Constitutional reforms, people keep joining the opposition. Since new legislation obliges ‘protestors’ to attain a written permission from authorities to hold demonstration, people tend to move towards breaking the laws of their own state in seek for justice and truth.

Sheride Sharuffi

AZERBAIJAN: TOWARDS CRAFTING A NATIONAL SECURITY DOCTRINE

Teymur Huseyinov

Although a Doctrine on National Security is considered of paramount importance in the modern world, most of Azerbaijan's neighbors possess one, and the law obligates a President-elect to create one, this process is only recently beginning in Azerbaijan. The process of creating a National Security Doctrine is complex in states like Azerbaijan, where regional and clan allegiances are strong, and where special consideration is needed to distinguish regime interests from truly national interests. The process of formulation of an Azerbaijani Security Doctrine, while crucial given the challenges the state faces, is likely to be time-consuming and complicated.

BACKGROUND: A Doctrine on National Security, second in importance only after the Constitution in the contemporary international system, has been absent in Azerbaijan during Heydar Aliyev's presidency, although he has been in power for close to ten years. The Constitution of the Republic of Azerbaijan obliges the President-elect to present such a document to the Parliament shortly after the elections, but the current administration has not yet done so. This in spite of the fact that two presidential races have been held in 1993 and in 1998, and that a third one is to be held in October of this year. In view of the fact that such documents already exist in most of the post-Soviet states, among them Russia and Armenia – countries of direct and overwhelming relevance to Azerbaijan – the question arises why the Azerbaijani administration been so slow to produce one.

Towards the end of October 2002, the European Marshall Center together with the Ministry of Foreign Affairs of Azerbaijan organized a four day conference in Baku entitled "National Security Concept", which was supposed to be attended by, and benefit, the members of the Parliamentary Commission on Security and Defense. As the only member of Parliament to attend the conference, retired Major General Vladimir Timoshenko told the journalists that matters discussed during the meetings were mainly focused on the topics of the process and system of enhancing of decision-making in national security affairs; the duties, mission and control of security services; matters of coalition, cooperation and alliances. According to Timoshenko, the adoption of the discussed document will determine the state's priorities in protecting the country's security, harmonize relations of different bureaucratic institutions and determine the priorities for distribution of resources among them. This seems to imply indirectly that the above-mentioned fundamental duties of the state in Azerbaijan have been ignored so far. These issues with great influence on the effective operation of the state have only recently been included into the pool of topics to be discussed during the spring session of the Parliament's meetings.

IMPLICATIONS: Security has historically been of utmost importance to all modern polities and the corresponding document – the Doctrine of National Security – was first developed in the industrialized states of the West. The

operation and implications of this concept has been and is still in many ways significantly different in the case of the so called 'weak states' of Asia, Africa and Latin America, which bear many similarities to the post-Soviet states of the South Caucasus and Central Asia. First and foremost, problems arise in the notion of 'national' in its application to these states, for most of them are ethnically heterogeneous and socio-politically divided societies. The incoherent idea of national identity and the process of nation-building in these states, still far from complete, create this uneasiness.

Secondly, the idea of security, when combined with the interests of elites, create a unique blend of its own in many of the weak states. The predicament in this case is that there is a constant clash between the subjective interests of the regime and the objective needs of the state, which operates in an environment of insecurity. History is a witness to numerous examples when threats to regime survival and security were usurped by these elites and presented as genuine threats to the state *per se*.

Today's political arena in Azerbaijan is not very different from the picture drawn here. Almost all of political parties are based on regional affiliation and/or on personalities of party leaders; effective channels of state-society relations are weak; society at large is disillusioned and apathetic, and elites lack legitimacy among the masses; and in the case of NGOs, the backbone of democratic civil society, these are not receiving an adequate treatment by the state. Therefore the creation of an effective and workable Doctrine of National Security in such countries seems to present serious challenges.

This, of course, is no justification for its complete absence. Of fundamental importance is the comprehensiveness and scope of the Doctrine. It should incorporate in itself and address internal as well as external threats and vulnerabilities to the state and society divided into realms of military-strategic, political, societal, economic and environmental arenas. Geopolitically, problems facing the country are the 'frozen' conflict in Nagorno-Karabakh, as well as the increasing pace of the militarization of the Caspian Sea, related to the conflicts among the five littoral states regarding the development and export of energy resources from this

basin to world markets. There are yet no prospects for any groundbreaking progress on these problems anytime soon.

Additionally, Azerbaijan's economy faces real dangers of falling into the grips of the Dutch Disease, resulting from overspecialization and reliance on oil and gas reserves and the resulting distortion of the export-import balance. Recent disagreements of the administration with the visiting IMF mission have been exactly on this very issue, which is of direct relevance to the country's economic security and development.

CONCLUSIONS: It is yet too early to come up with sound predictions as to the comprehensiveness and relevance to the threats and vulnerabilities facing the country of the forthcoming National Security Doctrine of the Azerbaijani Republic. At this stage, though, it can be stated that the

achievement of socio-political cohesiveness, of a consensus upon the basic premises of the major organizing principles of the state and the creation of strong and legitimate institutions – all the primary requirements of successful state- and nation-building – should be the main target. It is crucial that the aforementioned document be genuinely *national* in content. In Azerbaijan, regionalism and clan allegiances have been elevated to the political level, thus creating an imminent threat to the overall stability of the state. Moreover, social instincts are strained and explosive, suggesting that this process will take time, resources and substantial effort.

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IRAQ WAR AND KAZAKHSTAN'S SECURITY CONCERNS

A few days before the American led coalition forces launched war on Iraq the Defense Ministry of Kazakhstan announced large-scale military exercises in the Eastern military district. The timing of these maneuvers leaves little doubt that the main concern of the military is the security of Western borders in view of the inevitable war in Iraq.

Long before the hostilities in Iraq began, the Defense Ministry of Kazakhstan has reiterated on numerous occasions "the urgent necessity" to tighten border security on the Caspian Sea. At the same time the ruling elite was overcautious not to arouse the distrust of the other nations on the Caspian, who, on an official level, spoke out for the demilitarization of the region.

It seems the war actions in Iraq now provide a good pretext for Kazakhstan to expand its military presence in the Caspian, were the big oil has lured too many rivals. Despite hearty handshakes and never-ending talks about confidence- building measures with officials of Russia, Iran and Azerbaijan, Kazakhstan has little reason to trust any of them. Outwardly disinterested Turkmenistan is equally unpredictable.

An essential part of the military maneuvers, which last till the end of April, is the quick redeployment of army units from the Eastern to Western military district. This is the first ever maneuver involving the rapid movement of huge mobile forces. It is expected that the final stage of training operations in the Western military district on the Caspian will be carried out with the participation of 5000-strong military personnel.

The real reason of such unprecedented activity is only to be guessed. The Military Staff is still trying to persuade the media that the move is

motivated by the necessity to guard Western borders against possible infiltrators and to protect the air space from stray missiles fired from the war zone in Iraq. These explanations can hardly satisfy any serious observer. Even in the worst days of Chechen war, which posed a real threat of penetration of extremist forces from Russia, the Western borders were left practically transparent. Frequent disturbers of peace in territorial waters of Kazakhstan have been thought to be fishing vessels from neighboring countries poaching for rare species of fish.

The likelihood of Iraq targeting the Caspian region with a long-range missile or using chemical weapons powerful enough to contaminate a vast area is hard to imagine. Some environmentalists fear that if the despaired Iraqis set oilfields on fire, it may have a negative ecological impact on Kazakhstan. Others argue, at the same time, that any environmental disaster of that sort would not be greater in scale than the pollution of the Atyrau area by oilfields in West Kazakhstan.

Nevertheless, the government of Kazakhstan, as soon as the first bombs exploded in Baghdad, summoned up the cabinet to an emergency meeting. Announced measures include ensuring the reinforced security of embassies and international flights, and tightening of passport control. In the face of the impending "battle for oil", Kazakhstan can not afford to leave this strategically important part of its territory unprotected.

But that is only a part of the decisive measures taken by the Military Staff to enhance the defense capability of the country. A few weeks before the outbreak of war in Iraq, Kazakhstan deployed anti-aircraft units in the Karagandy

region, in the central part of the country. Most significantly, Great Britain has recently expressed its readiness to assist Kazakhstan in creating an integrated air defense system. That is a very welcome gesture for a small nation seeking a closer alliance with the mighty of the world.

In the present context, Kazakhstan is still balancing on a tightrope between partisans and opponents of the war in Iraq. It needs both of them. On March 21 a Defense Ministry spokesman made a formal, carefully worded statement saying that the responsibility for the outbreak of the war rests with Saddam Hussein, regretting at the same time "considerable loss of human lives" among the civil population.

Hostilities in Iraq did not provoke a significant anti-war demonstration. However, the feeling of anxiety is lingering in the air. Apparently, the USA with all its might will smash Iraq in a matter of a few weeks. But will the American juggernaut stop at that? If America chooses Iran as the next target it will have far more economic and political impact on Kazakhstan than the war in Iraq.

Another bad expectation is that if the Americans come into the possession of Iraqi oil, which is almost a certainty, the interest of foreign investors in developing the Kazakh oil sector will wane rapidly. The chairman of the National bank, Grigoriy Marchenko, is nevertheless not so pessimistic about it. According to him, even if oil prices plummet to a dangerous level of 15 dollars for barrel, the money from the National Reserve Fund can be used to sustain the economy above water for at least 24 months. Regrettably, this rosy vision is not shared by everyone.

Marat Yermukanov

NEWS BITES

ARMENIA PREPARES TO EVACUATE CO-ETHNICS FROM IRAQ

17 March

The Armenian Foreign Ministry is making arrangements, including issuing visas, to enable members of Iraq's Armenian community to travel to Armenia in the event of hostilities in Iraq, Armenian Foreign Minister Vartan Oskanian said on National Television the previous evening. The Armenian diaspora in Iraq is estimated to number several tens of thousands. Oskanian said the families of Armenian diplomats in Baghdad have already been evacuated. He reaffirmed Armenia's belief that the Iraq crisis should be resolved through the UN, adding that the Armenian leadership is in constant consultation with both Moscow and Washington. (Interfax)

KAZAKHSTAN SEIZES AZERBAIJANI FISHING VESSELS

17 March

Kazakh border guards have seized three Azerbaijani boats for allegedly poaching in Kazakhstan's Caspian Sea territorial waters. A Border Service press release said that the Azerbaijani vessels were found to be in possession of more than 1 1/2 tons of sturgeon. According to the report, the Azerbaijanis were escorted to Aktau, the administrative center of the western Kazakhstan Mangystau Oblast, where the Kazakh Customs Control Agency and the regional prosecutor's office opened an investigation. Sturgeon poaching in the Caspian is considered a particularly serious matter by most of the Caspian littoral states because of rapidly shrinking stocks. Some environmentalists in the Caspian region have warned that without strict limits on sturgeon fishing, the species could soon become extinct. (Interfax-Kazakhstan)

ANOTHER CONSORTIUM FAILS TO FIND OIL IN AZERBAIJAN

18 March

Two wells the Japanese Azerbaijani Operational Consortium drilled in the Ateshgakh Caspian field have failed to yield oil in commercial quantities. The consortium, in which Azerbaijan's state oil company SOCAR has a 50 percent stake with the remaining 50 percent divided among five Japanese oil companies, will not drill a further exploratory well, but will conduct further geophysical studies at Ateshgakh and two other fields before deciding whether to self-liquidate. The contract to develop the three fields, which were said to have estimated recoverable reserves of 75 million to 90 million metric tons, was signed four years ago. (Turan)

ABKHAZ PARLIAMENT RATIFIES APPEAL FOR 'ASSOCIATE MEMBERSHIP' OF RUSSIAN FEDERATION

18 March

The parliament of the unrecognized Republic of Abkhazia on 18 March ratified an appeal to the Russian government to grant Abkhazia "associate membership" of the Russian Federation.

The leaders of both Abkhazia and the similarly unrecognized Republic of South Ossetia formally requested such status for their respective republics a year ago, and the Russian State Duma responded with a statement reserving the right to consider granting such status. "Associate status" of the Russian Federation would oblige Abkhazia to coordinate with Russia its defense, foreign, and economic policies and formally to adopt the Russian ruble as its currency. Hinting at possible public opposition to such close ties with Russia, parliamentary Defense and National Security Committee Chairman Harri Samanba argued that the Abkhaz leadership should undertake a survey of popular attitudes to joining Russia. In Tbilisi, Georgian Foreign Minister Irakli Menagharishvili predicted that Moscow will persuade the Abkhaz leadership that its aspirations to associate membership of the Russian Federation are totally unrealistic. (Caucasus Press)

BUSH THANKS UZBEKISTAN'S PRESIDENT FOR SUPPORT AGAINST TERRORISM

18 March

Uzbekistan's presidential press service announced on 18 March that U.S. President George W. Bush sent a letter to President Islam Karimov thanking him and his government for Uzbekistan's contribution to the fight against international terrorism. The letter specifically mentioned Uzbekistan's decision to allow the international antiterrorism coalition to use the military airbase at Khanabad to support its actions in Afghanistan and went on to assert that the world is now facing the challenge of a combination of weapons of mass destruction, terrorism, and countries sponsoring and encouraging terrorism. Bush's letter also said that success in meeting this challenge depends on the broad involvement of the international community. Uzbek officials have fully supported the United States in its handling of the Iraq crisis. (uzreport.com)

SUKHUMI SEEKS ASSOCIATED RELATIONS WITH RUSSIA

18 March

The parliament of the self-proclaimed republic of Abkhazia on Tuesday passed an address to the Russian Federation Council and the State Duma, requesting that they support the establishment of associated relations between Abkhazia and Russia. The address reads that after the Georgian-Abkhaz conflict ended with Russian and UN mediation, Abkhazia and Georgia, with OSCE involvement, on April 4, 1994 signed a statement on measures for political settlement of the Georgian-Abkhaz conflict, which fixed the absence of state legal relations between Abkhazia and Georgia. Proceeding from this, Sukhumi believes that Abkhazia has the right to conclude agreements with other states, and Russia is Abkhazia's only guarantor of security and economic prosperity, the statement reads. This model of relations does not require amendments to either the Russian or Abkhaz Constitutions and can be based on a treaty, it reads. (Interfax)

SHELL SET TO PULL-OUT OF TURKMENISTAN**18 March**

Anglo-Dutch oil giant Shell will reduce to a minimum its presence Turkmenistan from April 1, an official of the Central Asian country's oil and gas industry ministry said on Tuesday. "Shell feels there is a lack of prospects for oil and gas projects in Turkmenistan. Just a few people will remain at its Ashkhabad office to observe developments in the oil and gas sectors," an official of the oil and gas industry ministry said on condition of anonymity. Shell is among a number of Western energy companies that have scaled back cooperation with the increasingly isolated government of Turkmen President Saparmurat Niyazov. Turkmenistan has immense gas reserves but lacks pipelines to export its energy wealth to international markets and currently transports almost all of its gas to or via Russia. Shell recently dropped plans to build a gas pipeline from Turkmenistan to Turkey via the Caspian Sea, Iran and Turkey after large gas reserves were found further West in Azerbaijan. US oil company ExxonMobil announced it was ceasing operations in Turkmenistan last year. But some neighbours continue to be interested in cooperation. In December Turkmenistan signed a three-way accord with Afghanistan and Pakistan to build a 1,500-kilometre \$2-billion trans-Afghan gas pipeline to the Indian Ocean. Last October Denmark's Maersk Oil signed an agreement giving it the right to prospect for hydrocarbons in Turkmenistan's section of the Caspian. (AFP)

DRAWN-OUT IRAQ WAR COULD DELAY CASPIAN PIPE CONSTRUCTION**18 March**

A drawn-out war in Iraq could delay the construction of a BP Plc-led oil pipeline set to run from Baku to the Turkish port of Ceyhan, a top Azerbaijani oil official said Tuesday. "We're worried that a long war could hold up deliveries of pipes necessary for construction of Baku-Ceyhan," Natig Aliyev, president of Azerbaijan state oil company Socar, told reporters. Pipes to be used for construction on Turkish territory are delivered through the Turkish port of Iskenderun, which may be used to launch forces against Iraq, Aliyev said. "Right now we are looking at other Turkish ports," he said. "If war breaks out, we will switch from Iskenderun to another port that won't be used by the military. BP and (Turkish state pipeline company) Botas are examining the problem." The Baku-Ceyhan pipeline, which will also run through the Georgian capital of Tbilisi, is estimated to cost \$2.95 billion. Construction is scheduled to end in 2004, and the first oil is to reach Ceyhan in 2005. BP is the largest shareholder in pipeline operator BTC Co. with a 30.1% stake. Other shareholders include Socar, Unocal Corp. and Statoil ASA. (Dow Jones)

AZERBAIJAN OFFERS LANDING RIGHTS TO CIVILIAN AIR TRAFFIC**19 March**

Azerbaijan Airline First Deputy General Director Sabir Ilyasov said Baku is ready and able to offer landing and refueling facilities to civilian aircraft on scheduled flights to the Near East and Middle East diverted as a result of the war in Iraq. Ilyasov said the number of civilian landings could be increased by up to 33 percent, but that no such requests have yet been received. Also on 19 March, an unnamed spokesman at the Iraqi Embassy in Baku declined to comment on unconfirmed reports that

members of the United Azerbaijan Party have left for Iraq to participate in a "human-shield" action. The spokesman added that he does not know whether some 10-15 Azerbaijanis studying in Iraq are still in that country or have returned to Azerbaijan. (Turan)

UZBEKISTAN WILL CONTINUE EFFORTS AGAINST TORTURE**19 March**

The Uzbek government on 19 March issued a statement promising that the country's authorities will continue their efforts to end the torture of people in detention, Interfax reported the same day. The statement came in response to a draft report submitted to the UN Commission on Human Rights by Theo van Boven, the UN Special Rapporteur Against Torture. According to the report, the Uzbek statement acknowledged that "gross violations of human rights are committed in prisons" in Uzbekistan. It said the authorities are trying to put a stop to such violations, and drew attention to the 2002 convictions of four law enforcement officials for torturing detainees. That trial has been hailed by international human rights groups as an encouraging first step in the Uzbek campaign against torture. (Interfax)

ARMENIAN POLICE HALT OPPOSITION PROTEST**19 March**

Police and Interior Ministry troops armed with rubber truncheons and backed by water cannons prevented several thousand opposition protesters from approaching the presidential palace in Yerevan on 18 March, RFE/RL's Yerevan bureau reported. The demonstrators were protesting the 15 March arrest, which they consider politically motivated, of businessman Armen Sargsian on suspicion of having commissioned the 28 December suspension of Armenian National Television and Radio head Tigran Naghdalian. Sargsian's lawyer, Robert Grigorian, told RFE/RL that the charges against Sargsian should be dropped because of a lack of evidence. Sargsian's mother, Greta, who picketed the presidential palace on 17 and 18 March, said her son is innocent and should be released on bail. (RFE/RL)

U.S.-BASED ARMENIAN ORGANIZATION CALLS ON PRESIDENT TO INVESTIGATE ELECTION FRAUD**19 March**

In a statement released on 18 March, the Armenian Assembly of America (AAA) has appealed to President Robert Kocharian to "fully investigate all alleged violations of the election process and the rule of law" during the recent presidential election, RFE/RL's Armenian Service reported. Referring to the OSCE Election Observation Mission's criticisms of the ballot, the AAA statement said that "restoration of the public's trust in the democratic process must now be the highest priority of the Kocharian Administration." In an undated statement posted on Groong on 19 March, Armenian Foreign Minister Vartan Oskanian sought to reassure diaspora Armenians who, he said, have "not yet fully understood Armenia and its growing pains." Oskanian pointed out that international monitors found fault only with the voting process and have not questioned the validity of its outcome. He admitted that the election was not perfect but

claimed that what is more important is that "progress has been made." (RFE/RL)

GEORGIAN PRESIDENT REAFFIRMS SUPPORT FOR U.S. ON IRAQ

20 March

Eduard Shevardnadze told journalists in Tbilisi on 20 March that Georgia supports the U.S. military intervention in Iraq. He said that no one in any country of the world can sleep peacefully as long as Iraqi President Saddam Hussein has weapons of mass destruction. Shevardnadze said Georgia has not received any U.S. requests for assistance, but that it is ready to make available both its airspace and its military bases. (Caucasus Press)

KAZAKHSTAN'S LOWER HOUSE APPROVES BILL ON PRIVATIZATION OF AGRICULTURAL LAND

20 March

The lower house of Kazakhstan's parliament approved a draft Land Code in its first reading on 20 March. The draft code provides for the privatization of agricultural land, an issue that is highly controversial. Foreign individuals and legal entities may not acquire private farmland, according to the draft. The code must have at least one more reading in the lower house and at least two in the upper house before it is sent to the president for signature. President Nursultan Nazarbaev has been a strong proponent of land privatization. (Interfax-Kazakhstan)

RUSSIA SAID READY TO AID REFUGEES FLEEING IRAQ

20 March

Russia is ready to provide aid, including food, to refugees expected to flee from Iraq in the event of war, Emergencies Minister Sergei Shoigu was quoted as saying on Wednesday. "The Emergencies Ministry has everything necessary to react in time to developments in the refugee situation," Itar-Tass news agency quoted Shoigu as saying in the Volga city of Nizhny Novgorod. He said Russia had held talks with Iran and with the world's largest food aid agency, the U.N. World Food Programme (WFP), on helping Iraqi refugees. He gave no details. Sixty percent of Iraq's 25 million people depend directly on the U.N. oil-for-food programme, which allows the country to export limited quantities of oil and use the proceeds to provide basic necessities. The programme was suspended on Monday after the U.N. ordered its international staff to leave Iraq. The Russian Grain Union, the industry lobby, told Reuters last month that Russia supplied Iraq with about half a million tonnes of wheat a year under the oil-for-food programme. But this could not be officially confirmed. (Reuters)

PUTIN DEPLORES U.S. RESORT TO 'LAW OF THE FIST' IN IRAQ

20 March

In a statement responding to the onset of U.S.-led military operations against the regime of Iraqi President Saddam Hussein, President Vladimir Putin said on 20 March that Washington has made "a big political mistake," and insisted on the quickest possible cessation of hostilities. Putin deplored the idea that "international law is being replaced by the law of the fist and the principle that the strongest are always right." He

added that Iraq poses no danger to the international community, and said that Russia's policy will be "to return the crisis to a peaceful track and to search for a solution to the Iraq problem based on UN resolutions." He said that he has already received reports of casualties and damage in Iraq. (ITAR-TASS)

CHECHEN FOREIGN MINISTER UNVEILS NEW PEACE PROPOSAL

20 March

Speaking in Washington on 18 March, Chechen Foreign Minister Ilyas Akhmadov presented a new peace plan under which Chechnya would enjoy what he termed "conditional independence," chechenpress.com reported. It is not clear to what extent that status corresponds to that proposed last year by former Russian parliament speaker Ruslan Khasbulatov. Akhmadov told a briefing at RFE/RL that his plan further provides for the withdrawal from Chechnya of Russian troops and their replacement by a UN peacekeeping contingent, followed by elections to new bodies of power. He said he doubts the planned 23 March referendum on a new Chechen constitution will bring lasting peace to Chechnya. (RFE/RL)

UNOFFICIAL CENSORSHIP ON WAR REPORTING INSTITUTED IN UZBEKISTAN

20 March

Unofficial censorship has been restored in Uzbekistan in response to the military operation in Iraq and only the viewpoint of the Uzbek government, which fully supports the war, can be expressed in the media. Neither the Russian nor the Western European points of view are being reported in Uzbekistan. The report, quoting an anonymous source, said that Foreign Minister Sodyk Safaev summoned the editors of major media outlets and asked them not to report on the war from a pro-Russian point of view, but exclusively from the U.S. position. (Deutsche Welle)

U.S. PRESIDENT THANKS AZERBAIJAN, GEORGIA FOR SUPPORT OF ANTITERRORISM CAMPAIGN

20 March

In separate letters to Heidar Aliev and Eduard Shevardnadze, U.S. President George W. Bush has expressed his gratitude to both Azerbaijan and Georgia for granting the U.S. overflight rights during the antiterrorism operation in Afghanistan, Russian media reported. (RFE/RL)

GEORGIAN PARLIAMENT RATIFIES MILITARY AGREEMENT WITH U.S.

21 March

Deputies voted at a special session of parliament on 21 March by 138 in favor with one vote against to ratify the military cooperation agreement with the United States signed in December 2002. The agreement exempts U.S. military personnel from visa requirements and grants them privileges and immunities comparable to those extended to U.S. diplomats. Parliament speaker Nino Burdjanadze expressed reservations that the agreement had been drafted and signed without parliament being consulted and warned that it might prove necessary in the future to amend it. Parliament failed to ratify the agreement in a vote in late February. (Caucasus Press)

KAZAKH COMMUNIST PARTY REGISTERED**21 March**

Kazakhstan's Justice Ministry has reregistered the Kazakh Communist Party, party leader Serikbolsyn Abdildin announced at a press conference on 21 March. The reregistration procedure, required of all political parties in Kazakhstan under a controversial 2002 law adopted, was "difficult" for the Communists, according to Abdildin. He had earlier attributed the difficulty to questions about the number of party members. According to the new law, political parties must prove they have at least 50,000 members in order to be registered. The Communists are the fourth party to complete the reregistration procedure. The pro-government Otan Party, the Aq Zhol Party, and the Civic Party have also been reregistered. (Interfax-Kazakhstan)

FOREIGN MINISTER CONCERNED BY U.S. EFFORTS TO SEIZE IRAQI ASSETS**21 March**

Igor Ivanov said on 21 March that the U.S. decision to confiscate the assets of Iraqi President Hussein's regime is extremely worrying, Russian media reported. Ivanov was speaking in Moscow to a session of the Council for Defense and Foreign Policy. "It could mean that after this is done, it will be announced that all previous treaties and contracts with Iraq are invalid, and we will lose our economic interests in the country," Ivanov said. He also expressed related concerns over Washington's efforts to persuade foreign countries to expel Iraqi diplomats. Ivanov also called for restoring the United Nations' leading role in international affairs and repeated Moscow's call for expanding the UN Security Council to include India and one new permanent member each from Latin America, Africa, and Asia. (Interfax)

RUSSIA'S MUFTIS DENOUNCE ATTACK ON IRAQ**21 March**

Russia's Council of Muftis released a statement on Thursday, which said the attack on Iraq evokes with Moslems of the whole world a feeling of solidarity with their brethren subjected to an aggression. "The attack on Iraq is an attack on a Muslim country, on believers, which evokes with Muslims of other countries a natural feeling of solidarity with the brethren subjected to the aggression," said the statement adopted in connection with military actions in the Persian Gulf. "We do not give political valuations to Saddam Hussein's actions, but he is the legitimate president of a sovereign country, so the people of Iraq have the right to decide on their fate," the document said. It is people, not regimes who die in the first place during war, the statement said. The Council of Muftis said the war can be avoided by giving UN inspectors an opportunity to carry their work through. (ITAR-TASS)

REPRESENTATIVES OF RUSSIA, KAZAKHSTAN, BELARUS AND UKRAINE TO DRAFT AN AGREEMENT ON FORMING A COMMON ECONOMIC ZONE**21 March**

A two-day meeting of the special working group - the so-called High Level Group which was recently established upon the decision of the presidents of Russia, Kazakhstan, Belarus and

Ukraine to draft an agreement on forming a common economic space - opened in the capital of Kazakhstan, Astana, on Friday. Vice-Premier of Russia Viktor Khristenko, a participant in the meeting, said that the meeting would focus on the concept of forming a common economic space of the four largest CIS countries. According to Khristenko, the representatives of the four governments "will try to outline in no uncertain terms" what should be undertaken and in what succession in order to ensure free movement of goods, capitals, services and workforce among the parties to the future agreement. The Russian vice-premier stated that the existence of other integration associations in the CIS will not hamper the formation of a common economic space of the Four, but will be used as valuable experience. (RIA-Novosti)

PARLIAMENTARIANS DISCUSS REESTABLISHMENT OF MOSCOW-YEREVAN RAILROAD**21 March**

The reestablishment of a railroad connection between Yerevan and Moscow has been discussed at today's meeting of a delegation of the Armenian National Assembly with representatives of the Russian Federation Council. Armenian parliamentarians have urged the Federation Council to use every possibility to reestablish the Transcaucasian railroad and welcomed the reestablishment of a railroad connection between Sochi and Sukhumi. Oganeg Oganyan, the head of the Federation Council Economic Policy Committee, said that, according to experts, the reestablishment of a railroad connection with Armenia would increase the Armenian GDP by 40 percent, at least. He stressed that "the pace of the Armenian economic growth (12.9 percent) was impressive and Russia is interested in the mechanisms that have promoted this jump". Oganyan stressed that Armenia was one of the few countries that had settled the problem of debts to Russia. In his turn, Viktor Ozerov, the head of the Federation Council Security and Defense Committee, noted that the reestablishment of the Transcaucasian railroad in Georgia depended on the normalization of Russian-Georgian relations that "are rather tense at present". "Armenia, unfortunately, is Russia's the only strategic partner in the Caucasus, and Russia is interested in the development of economic ties with this country", the senator added. (RBS)

RUSSIA, FORMER SOVIET REPUBLICS SECURITY CHIEFS CONDEMN IRAQ WAR**21 March**

Security chiefs from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan and Russia on Thursday warned that the US-led attack on Iraq could compromise Washington's efforts to win the war on terrorism. "We learned with great worry of the beginning of military action against Iraq, which has already caused human victims and destruction," the security chiefs said in a statement, quoted by Interfax-AVN news agency. They warned that the military actions would have "grave consequences for the entire international security system, including for the unfinished anti-terrorist operation in Afghanistan." The six countries, members of the regional Collective Security Treaty, said they worried that the war would trigger "a vast humanitarian and ecological catastrophe in the region, which is very close to the member

states." Russian President Vladimir Putin has issued one of the harshest condemnations of the US-led war on Iraq begun on Thursday, while other ex-Soviet member countries of the Collective Security Treaty were key US allies in anti-terrorism operations launched after the September 11, 2001 attacks, notably providing military bases for US forces. (AFP)

ARMENIA EXPRESSES REGRET AT START OF WAR IN IRAQ

21 March

Armenian Foreign Minister Vartan Oskanian told journalists in Yerevan on 20 March that "we regret that diplomacy has produced no positive results and that Iraq's disarmament is not occurring peacefully," RFE/RL's Yerevan bureau reported. He added that the Armenian leadership sees no point in either supporting or opposing the war, but merely hopes that it will end swiftly and without inflicting undue suffering on the Iraqi people. Also on 20 March, Armenian police spokesman Artak Vardazarian told Arminfo that security has been heightened at all strategic facilities. (RFE/RL)

PUTIN SAYS CHECHEN REFERENDUM HAS REMOVED THREAT TO RUSSIA'S TERRITORIAL INTEGRITY

24 March

Meeting on 24 March with Russian government ministers, President Putin said the previous day's referendum in Chechnya "resolved the last serious problem relating to Russia's territorial integrity," Russian media reported. According to official data, Chechen voters overwhelmingly endorsed a new draft constitution that defines Chechnya as an integral part of the Russian Federation. Putin instructed ministers to speed up work connected with reconstruction in Chechnya. Russian presidential aide Sergei Yastrzhembskii told Ekho Moskvoy on 24 March that Putin will continue to monitor developments in Chechnya closely. Yastrzhembskii also said the personal responsibility of individual government ministers for improving the situation in Chechnya will only increase following the referendum. Also on 24 March, Russian Security Council Secretary Vladimir Rushailo said the referendum was "an important political event not only for Chechnya as a part of Russia, but for the whole of Russia." (ITAR-TASS)

BUSH COMPLAINS TO PUTIN ABOUT ALLEGED MILITARY TRANSFERS TO IRAQ

24 March

U.S. President George W. Bush on 24 March telephoned President Vladimir Putin to express his concern about alleged transfers of high-technology military equipment by Russian companies to the regime of Iraqi President Saddam Hussein, U.S. media reported. White House spokesman Ari Fleischer told journalists that the equipment -- alleged to be night-vision goggles, antitank guided missiles, and technology for jamming global-positioning systems -- is capable of jeopardizing troops in the U.S.-led anti-Hussein coalition. Putin, however, denied the accusations, according to presidential press spokesman Aleksei Gromov. "Such unsubstantiated and public accusations might harm bilateral relations," Gromov quoted Putin as saying. Putin reminded Bush that Russia has made similar inquiries about

alleged U.S. equipment sales to Iraq, but has received no official response from the U.S. administration. (RIA-Novosti)

WASHINGTON ACCUSES RUSSIA OF ILLEGAL MILITARY SALES TO IRAQ

24 March

Russia's Ambassador to the United States Yurii Ushakov was summoned on 24 March to the U.S. State Department to receive an official protest alleging that Russia allowed illegal transfers of military equipment to Iraq in violation of UN-imposed economic sanctions. According to the reports, the equipment in question includes night-vision goggles, antitank rockets, and electronic jamming equipment. The U.S. protest specifically accused the Russian company Aviakonversiya of involvement. Aviakonversiya General Director Oleg Antonov admitted that Iraq had requested such equipment from his company, but denied that it had been supplied. He also told the radio station that his company has always strictly complied with the sanctions against Iraq, but he added that it is possible Iraq produced such equipment independently or with the help of individuals or firms in the former Yugoslavia. (RFE/RL)

TURKISH PRESIDENT CONGRATULATES ARMENIAN COUNTERPART

24 March

President of Turkey Ahmed Sezer congratulated Robert Kocharian on the occasion of his reelection as the president of Armenia. In his message Mr. Sezer particularly stated: "Your Excellency, I would like to congratulate you on the occasion of your reelection as the president of Armenia. I hope that during your second presidency term, your region, with your involvement, would be able to make firm steps towards long-term peace, stability and cooperation. Your Excellency, please accept the assurances of my highest consideration" Robert Kocharian also received congratulatory telegrams from the presidents of Uruguay, Uzbekistan and Qatar. (ArmTV)

TURKEY AND U.S. WRANGLE OVER TURKISH TROOP PLAN

25 March

Turkey and the United States are bargaining on Turkish demands to deploy military units in northern Iraq to control refugees and monitor the activity of Kurdish groups. Diplomats on Tuesday said Washington may also seek some form of cooperation to support the "northern front" it is trying to assemble across the border, despite Turkey's refusal to let U.S. troops launch a second land invasion of Iraq from Turkish soil. Turkey for its part wants to extend cooperation to secure urgently needed financial help, turned down by the United States after parliament voted against the U.S. troop deployment. President George W. Bush, fearing clashes between Turks and armed Iraqi Kurdish groups working with U.S. forces in their military campaign, told Turkey firmly at the weekend he did not want it to dispatch troops. But Ankara insists it alone can defend its interests in the Kurdish-controlled area. European states have also cautioned Turkey against deploying additional troops in the area, where Ankara fears establishment of a Kurdish state that could galvanise rebels on Turkish soil. U.S. special envoy Zalmay Khalilzad met foreign ministry officials as war in neighboring Iraq entered a sixth day. One official dismissed speculation the

United States, granted use of Turkish air space following collapse of talks on the land invasion, had asked for use of Turkish military bases. Turkey says it needs to deploy troops in a buffer zone around 20 km (12 miles) wide at the border to control any refugee camps. But U.S. officials argue that, if refugees do eventually come, international organisations rather than the Turkish military are the ones to handle them. Turkey would also reserve the right to go beyond that cordon if it felt there were moves to establish a Kurdish state. Ankara has kept troops in northern Iraq since it broke from Baghdad after the 1991 Gulf war. Current estimates put the strength anywhere between 3,000 and 17,000. Kurdish groups are vehemently opposed to any further Turkish incursion and have vowed to resist, opening for the United States the danger that its attempts to set up a smaller northern front in the area, using airlifts from the south and west, could be undermined by Kurdish-Turkish tensions. (Reuters)

AZERIS PROTEST AGAINST SETTLEMENT OF IRAQI ARMENIANS IN KARABAKH

25 March

"Iraqi Armenians are being settled in Nagorny Karabakh in violation of international legal norms," the chairman of the Karabakh Liberation Organization [KLO], Akif Nagi, has told MPA. He stressed that Armenia was trying to change the demographic situation in Nagorny Karabakh by settling there residents from Armenia itself and Armenians from abroad. The international organizations should respond to this infringement if the settlement of Armenians from Iraq to Karabakh is confirmed. Otherwise, the KLO will picket the international organizations' offices in Baku. On 27 March the Union of the Azerbaijanist Forces is going to stage an action of protest over the US-British interference in the Iraqi affairs. The Democratic Party of Azerbaijan told MPA that the picket outside the British embassy in Baku will take place at 1100 [0700 gmt] and the US embassy at 1200 [0800 gmt]. The relevant appeals have already been sent to the Baku mayor's office. (MPA news agency)

AZERBAIJAN CONSIDERS PARTICIPATION IN POSTWAR RECONSTRUCTION IN IRAQ

25 March

Azerbaijani Foreign Minister Vilayat Guliev told journalists in Baku on 25 March that Azerbaijani oil industry specialists and

medical personnel could be sent to Iraq once the war is over, and Azerbaijani personnel could also help "to protect Islamic shrines." Guliev said coalition troops should take care not to damage such religious sites, which "belong not just to the Islamic world but to the whole of mankind." Guliev also mentioned the possibility that Azerbaijani forces might participate in peacekeeping operations in Iraq. He said that to date coalition aircraft have not used Azerbaijani airspace, as there has been "no need" for them to do so. (Turan)

RUSSIA WILLING TO GIVE WATER TO CENTRAL ASIA

25 March

In the wake of the World Water Forum that ended in Kyoto, Japan, on 23 March, First Deputy Natural Resources Minister Nikolai Tarasov told journalists that Russia is willing to provide water to Central Asia, but no Central Asian countries have made formal requests for such assistance. One session of the international water conference was devoted to the Aral Sea. Uzbekistan's Rim Giniyatullin of the International Fund to Save the Aral said diverting just 5 percent of the water from Siberian rivers to the sea would prevent its complete disappearance. (RFE/RL)

OFFICIAL BAKU OBJECTS TO LETTER BY TURKISH PRESIDENT

26 March

Azerbaijani officials protested the congratulation letter to Robert Kocharyan, President of Armenia, sent by Ahmed Nejdet Sezer, the President of Turkey. As Vilayet Guliyev, minister of Foreign Affairs of the Azerbaijan Republic said Turkish ambassador, Ahmed Unal Chelikozy, was invited to the Ministry of Foreign Affairs and informed about the objection. Vilayet Guliyev thinks that the Turkish president must know the role of Kocharyan in the occupation of Azerbaijani regions, murder of Azeris and the policy of fictitious genocide of Armenian by Turkey in 1915. The minister also noticed that, the another reason to consider the congratulation letter an absurd as most of countries declared election in Armenia undemocratic. The Turkish ambassador stressed that, the congratulation letter of the Turkish president to Robert Kocharyan wouldn't influence to relations between Azerbaijan and Turkey. The Turkish Republic has no diplomatic relations with Armenia and the congratulation letter is only diplomatic formality. (ANS)

