

Central Asia

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ANALYST

BIWEEKLY BRIEFING

Wednesday, April 9, 2003

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BIWEEKLY BRIEFING

Wednesday/April 9, 2003

ANALYTIC ARTICLES:**TURKEY'S ECONOMIC PREDICAMENT MEANS LESS HELP FOR ITS CENTRAL ASIAN COUSINS.....3***Peter Laurens*

Last week, U.S. Secretary of State Colin Powell visited Ankara to try to mend fences with Turkey. Turkey is in dire financial straits, and dependent on multilateral financial aid, chiefly from the IMF and the World Bank. This aid forces Turkey to cut back on very important social expenditures while maintaining heavy military spending. The economic well-being of the Turkish public is likely to decline further. Prime Minister Erdogan's January visit to Azerbaijan, Kazakhstan and Turkmenistan, geared towards increasing Turkish business in these countries, is unlikely to bear fruit for the time being. Currently, neither the public nor the private sector in Turkey has the will (or the cash) to push for further expansion of their economic influence in Central Asia.

THE RUSSIAN AIR FORCE IN KYRGYZSTAN: THE SECURITY DYNAMICS.....5*William D. O'Malley and Roger N. McDermott*

In late 2002, the Russian Air Force deployed Frontal Aviation and Military Transport Aviation aircraft to Kant airbase in Kyrgyzstan. The purpose of the trial deployment was ostensibly not to create a Russian base in Kyrgyzstan, but to develop a joint Russian-Kyrgyz military operational airbase to support the multinational Collective Rapid Deployment Forces (CRDF) that is established under the Collective Security Treaty (CST). One battalion from each member state (Russia, Kazakhstan, Kyrgyzstan and Tajikistan) are committed to the CRDF.

WTO ACCESSION AND SUSTAINABLE DEVELOPMENT STRATEGIES IN CENTRAL ASIA7*Daniel Linotte and Megumi Yoshi*

Cotton growing is exacerbating water problems in Central Asia, which embraces the main producers – Uzbekistan, and Turkmenistan to a lesser extent. Diversification of the economic base of these countries by increasing domestic cotton processing and textile industry may help reduce dependency on cotton as primary product and contribute eventually to the reduction of water use, which has been one of the main factors causing ecological problems. In that context, the acceleration of the step towards WTO accession is necessary to lead the countries in achieving more diverse and stable economies with less ecological problems.

RUSSIA'S COERCIVE MOMENT IN CENTRAL ASIA.....9*Stephen Blank*

While global attention has been focused on Iraq, Moscow has utilized this opportunity to make several increasingly visible coercive moves in Central Asia. It has secured air and land bases in Kyrgyzstan and Tajikistan, mainly by muscling those regimes into accepting this "protection" and it evidently facilitated the attempted coup in Turkmenistan in November 2002. These programs signify Moscow's determination to counter the U.S. presence in Central Asia, but also a broader joint campaign of the military, intelligence organs, and MFA to reduce, if not eliminate, partnership with Washington. There is a continuing nostalgia for an imperial presence in Central Asia that cannot be sustained in the long run.

FIELD REPORTS:**KAZAKHSTAN YEAR IN RUSSIA: A PRELUDE TO UNBREAKABLE UNION?.....4***Aijan Baltabaeva***AZERBAIJANI PRESIDENT'S STAFF CHANGES INDICATE THE START OF ELECTION CAMPAIGN.....6***Fariz Ismailzade***KYRGYZSTAN UNEASY ON THE WAR IN IRAQ8***Aijan Baltabaeva***THE AZERBAIJAN OPPOSITION PREPARES FOR PRESIDENTIAL ELECTIONS.....10***Gulnara Ismailova***NEWS BITES.....11**

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 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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TURKEY'S ECONOMIC PREDICAMENT MEANS LESS HELP FOR ITS CENTRAL ASIAN COUSINS

Peter Laurens

Last week, U.S. Secretary of State Colin Powell visited Ankara to try to mend fences with Turkey. Turkey is in dire financial straits, and dependent on multilateral financial aid, chiefly from the IMF and the World Bank. This aid forces Turkey to cut back on very important social expenditures while maintaining heavy military spending. The economic well-being of the Turkish public is likely to decline further. Prime Minister Erdogan's January visit to Azerbaijan, Kazakhstan and Turkmenistan, geared towards increasing Turkish business in these countries, is unlikely to bear fruit for the time being. Currently, neither the public nor the private sector in Turkey has the will (or the cash) to push for further expansion of their economic influence in Central Asia.

BACKGROUND: The capital markets can be driven as much by rumor as by fundamental economic realities. This was perfectly illustrated by the Turkish stock market over the last month: by end-March, the Istanbul Stock Exchange (IMKB) national-100 index slid towards historic lows, trading around 9000 points, on fears that several billion dollars in official U.S. monetary aid for the Turkish economy would not be forthcoming. By Monday April 7, the index had bounced back, rising to over 10,700 on news that money from the U.S. might be made available after all. Similarly, by Monday the Turkish lira had strengthened to around 1,692,500 to the U.S. dollar, from 1,760,000 two weeks earlier.

Given the degree of popular domestic opposition to war in Iraq, Turkey's new prime minister Recep Tayyip Erdogan has been reluctant to alienate his constituency by challenging the parliament's rejection of basing U.S. troops. On the other hand he and his party are aware of how much the country needs Washington's financial aid. Last week, the U.S. Congress reiterated its intention to make available cash grants and nearly \$9 billion in U.S.-backed loans to Turkey. Ankara has now agreed to provide some logistical support for the U.S. forces fighting in the north of Iraq and has given them the right to make emergency landings at Turkish air bases.

Markets remain skittish about Turkey. Investors no longer feel that the U.S. needs Ankara to facilitate its military operations in the north of Iraq, and the Turkish economy is reeling from the pressures of a \$125 billion external debt burden, amounting to 60% of the country's GDP. Turkey must now draw upon its \$16 billion stand-by loan package, granted by the IMF after the country's 2001 banking crisis. Nevertheless, Ankara continues with an expensive buildup of troops, now reportedly numbering about 40,000, on the border with Iraq. This action reflects the state's fear that the Iraqi Kurds may take possession of the oil fields of Kirkuk and encourage a revival of Kurdish separatism within Turkey.

IMPLICATIONS: The war in Iraq is bound to have steep economic costs for Turkey and few if any short-term benefits. Firstly, Turkey lacks a significant domestic military industry, so increased defense spending will not do much to

stimulate the economy. Secondly, although Turkey has fewer direct economic ties with Iraq than it did during the 1991 Gulf War, the current conflict is stressing the Turkish economy, as foreign exchange earnings decline largely because of falling tourism revenues, while prices rise for needed imports such as oil and military hardware. If the first stages of the coalition's efforts at reconstructing Iraq do not lead to quick resumption of Iraqi oil production, the resulting lack of stability in Iraq's economy will impact negatively on the Turkish Lira, on inflation and on interest rates, making credit even more expensive for the private sector. Indeed, in meetings with American officials over the last few months, members of the Turkish business community have claimed that a new U.S. military action in Iraq could end up costing Turkey over \$20 billion, about 9 percent of its GDP, in the first year.

The war is likely to be bad for public finances as well. Further disbursements of Turkey's IMF facility depend on the government's adhering to a tight budget, even to running a surplus of 6.5% of GDP, not including interest payments. To stay within the guidelines of its IMF program, the Turkish government will be forced to offset an increase in military spending with belt-tightening in other areas of the budget. It is clear however that cuts in social welfare spending will not be easily made by Erdogan's largely populist AK party, which enjoys a rather shaky mandate to begin with. As a 'war-related' measure the government might raise taxes, which would reduce economic activity, but printing or borrowing more money are not very viable alternatives. The overall result of the war is to prolong a Turkish recession that has already lasted several years; to dissuade consumers from spending and entrepreneurs from investing.

CONCLUSIONS: To keep the economy growing and to avoid defaulting on its loans, Turkey needs trade. In this context, Erdogan's January visit to the energy economies of Central Asia points to this urgent need. Pronouncements were made on such topics as importing electricity from Turkmenistan and speeding up the completion of the trademark Azerbaijan pipeline projects to run through Turkey. The benefits to Turkey are relatively secure and

inexpensive future supplies of electric power, oil and gas, and revenues from tariffs on transit of the latter two commodities. However, most projects are still several years away from completion. In the meantime, the recession in Turkey depresses investment abroad through the high cost of borrowing money. Many in Turkey's business community perceive the Central Asian countries as business-unfriendly places, and the potential profits are not high enough to justify the logistical and start-up costs to be incurred by Turkish businesses during a time of recession at home. The Central Asian energy economies themselves attract investment chiefly to their public sectors, as the private sectors are not developed enough to attract significant trade. Turkish investment in Central Asia will take off only when the domestic economy improves enough to justify all the costs to be borne by Turkish business.

By turning down the U.S. money that was offered, Turkey has overplayed its Gulf War hand. This time around, policymakers failed to take into account the notion that perhaps the U.S. military can achieve most of its Iraq objectives without Turkish help. Indeed the perception of several commentators in the U.S. was that Ankara tried to blackmail U.S. into forking over more money—a charge that stung badly in Turkey. Nevertheless, that country's need for financing is urgent enough to overrule the short-term concerns of party politics, and Turkey is likely to be more accommodating to the Bush administration's policy in the region during the next phase of the war involving occupation of Iraq by U.S. ground troops.

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KAZAKHSTAN YEAR IN RUSSIA: A PRELUDE TO UNBREAKABLE UNION?

As a part of a renewed drive for economic integration of the two countries the leaders of Kazakhstan and Russia announced that 2003 would be marked as the year of Kazakhstan in Russia. The event was clamorously trumpeted by official media in both countries. Does it signal the dawn of a new era in Kazakh-Russian relations?

The opening of the Kazakhstan year in Russia was marked by a Kazakh gala show, presented at the prestigious Bolshoy Theatre in Moscow, which was later described as a great success. But, warm words on such occasions are one thing, and the real state of relations between Astana and Moscow another.

The trade volume between Russia and Kazakhstan last year was around 5 billion tenge, which is considerably lower than in 2001. The reasons for rapidly dwindling trade, as officially admitted, are higher railway tariffs in Russia, complicated customs regulations, and different levels of value added tax in the two countries. There have been many fruitless attempts in the past to harmonize trade regulations within the Customs Union created in 1996. In 2000 this body was transformed into the Eurasian Economic Community. But when one considers the amount of time and effort lost, too little progress has been made since then.

In Moscow Kazakh President Nursultan Nazarbayev and his Russian counterpart Vladimir Putin discussed these issues. Of course, it will take years to unravel all the problems. Despite the remaining divergences, both sides have paved a good way for further improvement of relations in past months. They have reached an agreement on the division of the Caspian Sea, set up a joint venture to transport Kazakh gas to Western Europe, and signed a long-term

agreement on the Baikonur launching site. And last but not least, Kazakhstan has secured Russian assistance in modernizing its armed forces. For Kazakhstan, Russia is by virtue of its geographical position a new silk road linking with European markets.

However, in economic terms, Kazakhstan and Russia do not seem to have much to share. Russia, slowly moving along the road of reform, has retained many traits of the socialist economy. They are in no rush to privatize the agricultural land leased to farmers. In Kazakhstan, the process is being whipped up by top government officials, and is fraught with social troubles. Despite slower economic growth, Russia has declared the development of public welfare system its priority, which is not the case in Kazakhstan.

Russia had never underestimated the strategic importance of its closest ally in Central Asia, Kazakhstan, which provides not only a reliable foothold in the region for Russia, but also serves as a buffer against Islamic radicalism from the South. Kazakhstan's foreign policy cannot possibly run counter to Russian interests, at least for the time being. It is not credible that any other country in Central Asia will offer Russia greater support in its bid to regain control of Central Asia.

If Russia's intention is to draw Kazakhstan into its orbit of influence, the present situation is very conducive to achieve that goal. Russia has toned down its criticism of Kazakhstan for allegedly discriminating the Russian minority. Although many Russians have left Kazakhstan over the last ten years, they still make up an estimated 28,6% of the population. In high-level talks, officials of the two countries have long set aside such sensitive issues as the status of the

Russian language in Kazakhstan or excessive demands of the Russian community for territorial autonomy in some northern parts of Kazakhstan. As long as the two neighbors are moving toward closer integration, Russian nationalists seem to lie low. Besides, many Russian, Cossack and other Slavic communities, which have vexed Kazakh authorities so much in the past, are now ridden by petty strife within their own ranks.

The Kazakh population, too, is divided over the issue of integration with Russia. There are people who feel a strong nostalgia for the socialist past. Others fear that any kind of integration will end up with the loss of independence. Some opponents of the rapprochement with Russia have even gone so far as to accuse government officials of putting short-term gains above the interests of the nation. The biggest fears of the nationalists were provoked by the recently declared intention of the leaders of Russia, Kazakhstan, Belarus and Ukraine to introduce a common currency of the Eurasian Economic community by 2011. Most of the opponents of integration reject the very idea of Kazakhstan forging a union with the Slavic nations.

But the process does not hinge on the will of nationalists from both sides. At the last meeting of leaders of the Eurasian Economic Community, the presidents of Kazakhstan and Russia have once again confirmed their commitment to build closer ties. Some skeptics think that they are not as concerned with the problems of integration as they are with the parliamentary elections ahead.

Marat Yermukanov

THE RUSSIAN AIR FORCE IN KYRGYZSTAN: THE SECURITY DYNAMICS

William D. O'Malley and Roger N. McDermott

In late 2002, the Russian Air Force deployed Frontal Aviation and Military Transport Aviation aircraft to Kant airbase in Kyrgyzstan. The purpose of the trial deployment was ostensibly not to create a Russian base in Kyrgyzstan, but to develop a joint Russian-Kyrgyz military operational airbase to support the multinational Collective Rapid Deployment Forces (CRDF) that is established under the Collective Security Treaty (CST). One battalion from each member state (Russia, Kazakhstan, Kyrgyzstan and Tajikistan) are committed to the CRDF.

BACKGROUND: Since 1999, Kyrgyzstan has been struggling to effectively confront a growing terrorist threat. Bishkek early on embraced the idea of forming rapid reaction forces within the CST, created in 2001, which it hoped would boost its neighbors' commitment to provide military assistance in the event of crisis or conflict.

It soon became clear that Moscow placed great emphasis on the potential for the CRDF to enhance regional security, and in the aftermath of the deployment of U.S. forces in Central Asia in the autumn of 2001, the group seemed ready to supply a lifeline to rekindle Russia's security role in the region. Russian sources also openly described the CST as a counterweight to the growing U.S. and NATO presence and influence. The CST is weakened by the absence of Uzbekistan, which is the target of the region's principal terrorist organization, the Islamic Movement of Uzbekistan (IMU). The CST's role as a geopolitical tool has developed with some difficulty in part because of the strain it has come under since the regional deployment of Western military forces.

Although the group is untested in conflict, its military exercises reveal much concerning how it could be used in a crisis. For example, *South Antiterror 2002* was a series of operational-tactical exercises that took place in Kyrgyzstan in April 2002. In addition to the national components of the CRDF, the regional Antiterrorist Center based in Bishkek was also involved in the exercises, as were heavy ground equipment, combat aircraft and air defense systems. Nonetheless, the results of these exercises suggest that the CRDF remains far from being an effective multinational antiterrorist force.

Although Bishkek has traditionally looked to Moscow for security assistance, there have been important points of contention in their bilateral relations, including Russia's use of military facilities in Kyrgyzstan and Bishkek's growing debt to Moscow. After the signing of a 1993 bilateral treaty on military cooperation, Russia did not pay for its use of these facilities in Kyrgyzstan, giving in exchange free education to Kyrgyz servicemen. However, according to Esen Topoyev, Kyrgyz Defense Minister, Bishkek was by the late 1990s considering demanding rent, apparently aspiring to \$5 million per annum. One possible settlement could entail Russia supplying military hardware and equipment in

exchange. The issue of Bishkek's debt of around \$160 million to Moscow also surfaces intermittently, usually at some embarrassment to Bishkek.

In response to Kyrgyzstan's call for military assistance to confront increased terrorist threats, China provided small amounts of direct military assistance, transferring stocks of small arms, ammunition, and other equipment, and participated in a series of unique antiterrorist exercises. With their shared concerns, it was no surprise to Beijing to learn of the deployment of the Russian air force to Kant, which according to senior sources in the Kyrgyz government only took place after extensive consultations with China. On the whole, it appears that Beijing fully agreed with the Kyrgyz decision to open its base in this way.

IMPLICATIONS: Clearly, the security environment has markedly changed following the deployment of U.S. troops in Kyrgyzstan, the defeat of the Taliban, and the occupation of Afghanistan and damage to the infrastructure of several terrorist organizations, including the IMU. But the war itself did not stabilize Bishkek's security environment, nor did it alter many basic long-term trends in the region that will affect the role of the major players, especially the U.S.. The political and security environment will continue to both complicate U.S. activities and color Kyrgyz and broader regional perceptions of U.S. moves and intentions. Key players such as Russia and China, despite common desires for regional stability, undoubtedly will interpret U.S. activity as an effort to gain hegemony in what they consider their backyard.

For Russia, the situation is much different, as it has long been a provider of markets and assistance, including security assistance, to Bishkek. But the nature and level of that support has been far below expectations. During the latter part of the Yeltsin presidency, the Central Asian states virtually fell off Moscow's foreign policy agenda and it was President Putin that scrambled to re-establish fruitful relations with these states, building on their common concern over the spread of fundamentalist-bred terrorism. The development of the CRDF and the deployment of Russian air assets are in part a response to these common concerns.

CONCLUSIONS: Kyrgyzstan is too close to potential disaster to turn down reasonable assistance from any party, as long as the conditions are tolerable and the demands are

reasonable; and it finds itself in a position where two powers see strategic value in fostering expanded relations. Both the U.S. and Russia can effectively provide both military and economic assistance. However, what Russia can provide is tempered by its own economic constraints and the limitations of the Russian military, which remains heavily committed in Chechnya. U.S. military assistance since 9/11 has been significant and increasing, but Washington has not shown a willingness to extend to Kyrgyzstan security guarantees similar to those it has recently extended to Uzbekistan. Kyrgyz regional concerns remain focused on Tashkent's perceived aggressive actions, more than those of any other regional state. By contrast, Russia has committed itself through the CIS and CST agreements to Kyrgyzstan's security, even if Moscow's track record has been less than stellar. Another Kyrgyz concern is that Uzbekistan and Kazakhstan appear to be the focus of U.S. regional policy and the question remains open in Bishkek as to whether Washington's policy toward it is only one-dimensional. What will happen when the situation in Afghanistan stabilizes and America's war on terrorism moves elsewhere? What other interests will tie it to Kyrgyzstan? Meanwhile in Washington,

many argue that the biggest challenge that U.S. policy will confront in the region will be 'the nature of Central Asian regimes and their resistance to modernization.'

For Moscow, Bishkek seems to have broader implications and plays an important role in challenging Washington's mantle as the region's new security manager and help re-establish Russia's position as a critical regional player. Moreover, the government in Moscow will not push for political and economic reform and will be much more willing to support President Akayev against his domestic opponents.

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AZERBAIJANI PRESIDENT'S STAFF CHANGES INDICATE THE START OF ELECTION CAMPAIGN

President Aliyev on April 3 fired the Mayor of Sumgait, Azerbaijan's third largest city. The move may be linked to the upcoming elections, but is also likely related to economic struggle between parts of the ruling elite.

On April 3 Azeri President Aliyev made an unexpected trip to Sumgait, the country's third largest city, located just 40 km north of Baku. In a heated and tense meeting with the local governmental officials and businessmen, President Aliyev harshly criticized the socio-economic situation in the city and has fired the mayor of Sumgait Tavakkul Mammadov from his position. "The mayor is relieved from his duties because of major shortcomings in his work", the President said at the meeting. The deputy Minister of Sport, Youth and Tourism Vagif Aliyev, was appointed the new mayor.

Sumgait, the city of some 300,000 people and one of the largest industrial centers of the country, has been experiencing major economic problems in the past decade. The collapse of the Soviet Union led to broken ties with other industrial centers of the USSR. This, in turn, has left the majority of chemical, petro-chemical and metal-producing plants in the city without demands for goods or supply of raw materials. Unemployment and crime has skyrocketed as a result. Migration out of the city has also been on the rise.

Some local analysts believe that by making changes in the city's governance, President Aliyev is trying to tackle the economic problems of the city and through this, gain support in the upcoming presidential elections. Some local polls show that jobs and social welfare rank among the top issues for the Azerbaijani population. Similar to this, several months ago, President Aliyev traveled to Ganja and has also taken measures to develop the city and improve the performance of the local mayor. The latter, at that time, managed to save his job, but received a serious warning from the President.

At the same time, President Aliyev is eager to check the loyalty of the local governors to the ruling party prior to the crucial presidential elections. These elections will be a major test for the ruling elite, and the President is perhaps checking the loyalty of the local businessmen and the governmental officials.

Yet, a majority of local analysts believe that behind all these actions lies an economic power struggle between various segments of the ruling "clan". At the meeting in Sumgait, the President noted that the city had been ruled by "3-4 clans", composed of local businessmen, members of the executive power and their relatives. This power struggle has led to an open fight between the Parliament deputies representing Sumgait and the now deposed mayor. All of these people

have received a serious warning from the President.

The head of "AzerKimya" (Azeri Chemical), a gigantic chemical complex, Fikret Sadigov also received a certain blame from the President for creating an economic monopoly in the city and appointing his relatives to important positions. He was instructed to help the city by repairing three culture houses.

Whether the President's warning to Sumgait's elite will solve the problem or not depends on time. The new mayor is committed to economic development and has instructed the local businesses to commit to community development. Yet, there are some, who are not happy with changes. The parliamentarians from Sumgait, who received a serious warning from the President, said that "the head of state has been misinformed about the situation in the city."

The power struggle involving the redistribution of economic influence might continue, and would in this case serve as a potential threat to the unity of the ruling party. Meanwhile, the President himself showed that he firmly controlled the situation in the country and that necessary measures will be taken should local elites behave independently.

Fariz Ismailzade

WTO ACCESSION AND SUSTAINABLE DEVELOPMENT STRATEGIES IN CENTRAL ASIA

Daniel Linotte and Megumi Yoshi

Cotton growing is exacerbating water problems in Central Asia, which embraces the main producers – Uzbekistan, and Turkmenistan to a lesser extent. Diversification of the economic base of these countries by increasing domestic cotton processing and textile industry may help reduce dependency on cotton as primary product and contribute eventually to the reduction of water use, which has been one of the main factors causing ecological problems. In that context, the acceleration of the step towards WTO accession is necessary to lead the countries in achieving more diverse and stable economies with less ecological problems.

BACKGROUND: Central Asian States are facing water problems that may still worsen due to climate changes, ineffective and wasteful water use due to poor infrastructure as well as poor maintenance, and inadequate development strategies relying on ambitious hydraulic schemes (e.g. the Lake of the Golden Century in Turkmenistan). Cotton growing, a major source of water use, is one of the key industries of the area. Uzbekistan, for instance, is the world fifth biggest cotton producer after China, the U.S., India and Pakistan. Moreover, increase in cotton output has been planned in the region, particularly in Turkmenistan and Uzbekistan, which will only add to current water problems.

On the other hand, the countries are willing to diversify their economic base, widen the range of export products and reduce dependency on raw materials and primary products. In view of that, development of a domestic textile and clothing industry has been attracting much attention. To this end, WTO accession is not only a very effective, but also necessary first step. First of all, the development of a textile industry and the promotion of related exports without WTO accession is very likely to be confronted with protectionist policies of other WTO member states. Until now only Kyrgyzstan in the region has joined the organisation. WTO membership would allow Central Asian states to benefit from the Most Favoured Nation (MFN) status when trading with other WTO members. At present Uzbekistan, has MFN status with about thirty trading partners, but the status is not guaranteed as a permanent right without WTO accession and, therefore, is subjected to regular re-negotiations. At the same time, Uzbekistan and Turkmenistan will remain unable to benefit from the phasing out of the so-called "Multi Fibre Agreement" (MFA), which is to be completed in 2005. MFA has been regarded as one of the major obstacles to trade for developing countries as it allows developed countries to set quotas on textiles and clothing. In other words, staying out of the WTO means the loss of development opportunities and might possibly make environmental threats more acute.

IMPLICATIONS: Uzbekistan started negotiating its accession to the Geneva-based organisation already in December 1994, but the path has already been prolonged. It was not until September 1998 that Uzbekistan submitted its

"Memorandum on the Foreign Trade Regime" and the first meeting of the Working Party only took place in October 1999. Special commissions have been established by the Uzbek authorities to address WTO matters but Uzbek resistance to the liberalization of the financial and banking sectors remains one a major obstacle in the negotiation process. Soviet-type structures have been well preserved in Uzbekistan, where the state is still exercising a strong control over the economic system, and a small number of the elite runs international trade.

Confronted with difficulties such as governmental interference, an ever-changing legislative environment as well as a judicial system that does not provide sufficient protection for contracts, the private sector is in a relative deadlock. At the same time, autocracy flourishes. Uzbek industries under the control of the State benefit from apparent and less apparent protectionism, which WTO accession will force out to allow for competitive markets. While plans for a more open political system have been envisaged, economic reforms are progressing at a slow pace. For instance, to date, the government has failed to meet any of the major requirements set out in the plan developed in co-operation with the IMF. There is little rationale for such a resistance to liberalization, should Uzbekistan hope to work out the accession, and address environmental challenges convincingly. In the case of Turkmenistan, the situation is even more behind, as the country has not even started negotiating with the WTO. In a market-oriented economy, the role of state is limited. In order to attract foreign investors, which could back up the growth of a sound and competitive textile industry in Uzbekistan and Turkmenistan, there is a need to establish sound economic institutions, including a healthy banking sector, and develop conducive policies.

CONCLUSIONS: It is all the more essential for Uzbekistan and Turkmenistan to speed up the process of WTO accession, which will make their trade policies fully transparent, and therefore, facilitate an environment favourable for business, investment and growth. If they aspire to export textile products, the two countries would substantially benefit from the MFN status. Liberalization within the framework of the General Agreement on Trade in

Services (GATS) would support the establishment of a competitive banking system. All that can help diversify the economy of these countries, which would eventually lead to reducing their dependence on cotton growing, saving scarce water resources and contributing to the alleviation of ecological problems in the region. In other words, WTO membership could be a concrete and valuable step toward sustainable development in Central Asia, at the same time challenging some anti-globalist views on the organization and international trade.

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KYRGYZSTAN UNEASY ON THE WAR IN IRAQ

The war in the Middle East has caused a resolute criticism from the Kyrgyz population. Although there has not been any official statement on the Gulf events, President Askar Akaev is obviously against the use of force to disarm Iraq.

The Kyrgyz government supported diplomacy in the Iraq issue. Officialdom is now silent, neither publicly condemning the American-British invasion of Iraq, nor supporting it. The country has found itself in a contradictory position. Taking a definite position would mean the cooling of relations with one of its two economic sponsors, Russia and the U.S. and may negatively affect the country's economy.

When asked his opinion on the war, Bolot Januzakov, head of defense and security department of President's administration, responded hazily, "I am not quite competent to comment this. My duty is to provide security in the country. The Iraq situation may be used by terrorists and religious extremists, who have not disappeared, but dissolved among the people. Our police and special services do their best to prevent possible incidents in Kyrgyzstan, all important strategic objects are under strict control." Other officials prefer to avoid giving any comments on military actions in the Gulf.

A first pacifist meeting took place in Bishkek, near the Gorky monument, on March 14, gathering about 500 people. The Association of non-governmental and non-commercial organizations (considered as a pro-governmental structure) that was responsible for the protest measure failed to get permission from the city administration for holding it in the central square. Among participants were members of the Soldiers' Mothers Committee, the charity foundation "Victoria", the Social Protection Community, students, human rights defenders, and

politicians. There also were the local unemployed paid by organizers for taking part in the meeting.

"We must protect sons from war. No one woman wishes death of her child, wherever—in the United States, in Iraq or in Kyrgyzstan. It's our civic position. We are for peace, since we have no future without it," said Galina Afonina, Soldiers' Mothers Committee Director. "I know what war is. I saw young men dying. War is always grief, suffering, pain and blood. It was really hard to see people who had lost their families. I don't want it happen again somewhere else," said Lidiya Golubeva, representative of Afghanistan warriors.

The meeting was under strict control of local police. The pacifists did not make themselves guilty of disorder in the streets or of any crimes. However, the protest was considered illegal since it had not been allowed by the city administration.

A pacifist program dominates the Kyrgyzstan media. The most popular newspaper *Vecherny Bishkek*, which is pro-presidential, focused its attention on the war in Iraq. It has started holding an information campaign "Our resolution is 'No war!'" The daily in each issue prints articles reflecting the opinions of readers who are against the military actions in Iraq. *VB* publishes coupons for protestors to sign and send it to the newspaper. Recently, *Vecherny Bishkek* mailed almost 15 thousand signatures and petitions from Kyrgyzstan citizens gathered during two weeks to the UN Security Council Headquarters in New York.

The pacifist campaign was supported by students and some professors of the American University in Central Asia (AUCA), located in Bishkek. They held a march for peace in the city streets under the motto, "Not In My Name". Many students and lecturers alike

expressed their opposition to the war. However, some AUCA people, including Kyrgyz faculty, do justify the war in the Gulf.

On March 28, the Bishkek central square was overcrowded by pacifists, who held an antimilitary meeting allowed by the city administration. The measure gathered mostly students, representatives of NGOs, and politicians. "Today, in such a complicated situation, all progressive forces must unite. We, the people of Kyrgyzstan, did it despite differences in political views and positions. Government, opposition, journalists, and civil society consolidated against violence on the planet", said parliament deputy Omurbek Tekebaev, leader of the socialist party "Ata-Meken".

Another thing about the war in Iraq that worries the Kyrgyzstani citizens is the possible ecological impact on Kyrgyzstan. According to the forecast of Kulubek Bokonbaev, an ecological geochemistry specialist of the Kyrgyz National Academy of Science, the oil fires in Iraq create soot in the atmosphere, which western winds then bring to the Central Asian countries. The soot subsidizes on glaciers and makes them melt. Burning carbon hydrogen is followed by the secretion of chemicals harmful for human health and ground ecology. Kyrgyzstan may allegedly face two problems—loss of glaciers with pure water, and damage to the nation's health.

The economy of Kyrgyzstan, however, is unlikely to be seriously influenced by the military actions in Iraq, local experts say. Kyrgyzstan is not actively involved in world trade, and the state is not going to suffer a significant impact. However, the rate of the U.S. dollar's rate is slowly creeping down, causing worry.

Aijan Baltabaeva

RUSSIA'S COERCIVE MOMENT IN CENTRAL ASIA

Stephen Blank

While global attention has been focused on Iraq, Moscow has utilized this opportunity to make several increasingly visible coercive moves in Central Asia. It has secured air and land bases in Kyrgyzstan and Tajikistan, mainly by muscling those regimes into accepting this "protection" and it evidently facilitated the attempted coup in Turkmenistan in November 2002. These programs signify Moscow's determination to counter the U.S. presence in Central Asia, but also a broader joint campaign of the military, intelligence organs, and MFA to reduce, if not eliminate, partnership with Washington. There is a continuing nostalgia for an imperial presence in Central Asia that cannot be sustained in the long run.

BACKGROUND: In November 2002, Turkmenistan announced that it had uncovered an attempted coup against its government that Russia had facilitated. Notwithstanding the neo-Stalinist grotesqueries of this coup and subsequent repression, there is good reason to believe this charge was not unfounded. It occurred just before a meeting of heads of state of Turkmenistan, Afghanistan, and Pakistan in Ashgabat to initiate a feasibility study on a gas pipeline originating in Turkmenistan that would flow through these two countries to Pakistan's port of Gwadar in the Arabian Sea. Building this pipeline would provide Turkmenistan's with more freedom in natural gas exports, reducing its dependence on Russia's pipelines, and allow it to avoid participating in President Vladimir Putin's call for a Russian led gas cartel on exploitative terms. The coup attempt has reminded Turkmenistan's President of Russia's ability and willingness to undermine his regime.

The involvement of Russian energy firms with members of the special services is well known throughout Central and Eastern Europe, and is apparently now a key component of Russian policy in Central Asia. Since then, Moscow has also pushed hard to compel local governments to accept air bases, ostensibly to defend against terrorists and to create the material foundation for the permanent deployment of these forces as part of a CIS-wide defense organization. This organization is clearly likened to the Warsaw pact where Russia effectively limited the sovereignty of its so-called allies. Undoubtedly the strategic purpose is to achieve a similar result in Central Asia.

IMPLICATIONS: These bases also are unlikely to be used for true military purposes for there is presently no active terrorist threat from without. Moreover, it is also highly unlikely that Russian forces will actually be deployed in the event of a threat as all earlier promises of military aid or threats to attack Afghanistan proved to be either too little or too late or mere braggadocio without sustainable or credible forces to back them up. This failure to deploy credible resources did not earn friends for Russia in Central Asia. This explains why Russia refused to adhere to the allied operation to liberate Afghanistan in 2001. Third, many of the Russian forces hitherto deployed in Tajikistan have been

found to be corrupted by the drug trade, and given the unreformed nature of the Russian army and its officer corps, it is not improbable that we could find a replication of this previous experience.

Apart from the flimsiness of the military rationale for these bases, there are numerous signs of the anger of the Russian political and military establishment at Central Asian states' support for the U.S. bases there and its overall Central Asian presence. Russian anger seems to particularly harsh regarding Tajikistan. Russian observers consciously see these bases and the American presence in general as trends that could lead to the ousting of Russian influence from the area. At the broader, macropolitical level these same elites have always opposed partnership with America and argue that Russia has received nothing from it. They cite what they call the U.S. disregard for the UN in the current war with Iraq, withdrawal from the ABM treaty, and NATO's continuing enlargement as evidence that America seeks to be unconstrained and will not give Russia its rightful place at the "presidium table" of world affairs. Therefore, they are determined to contest American Presence in Central Asia. The fact that many of these selfsame elites are still consumed by the belief that Central Asian governments are artificial entities that cannot govern themselves or develop economically or culturally without Russian tutelage also abets this policy of seeking to coerce these governments back into Moscow's fold.

CONCLUSIONS: All the defects in Russian security policy coalesce here and unless they are countered they will continue to disfigure Russian foreign and defense policies and lead it into adventures that cannot be sustained. Worse, they could drag Central Asia into these adventures as well. The imperial and zero-sum mentalities that see the world in bipolar terms and retain the mystique of imperialism and naked use of pressure upon weak governments are in abundant evidence in Central Asia. The failure to reform either the security or military institutions, and the new found alliances between the security structures and the energy barons also do not presage an expansion of a new oil and gas regime led by Russia but clearly the resort to old-fashioned techniques of subversion and long-range coup planning. Likewise, the efforts to project military power into Central

Asia for nakedly imperial purposes are unlikely to be affordable or sustainable, or to create reliable allies or security systems in Central Asia. But what they could do is create more opportunities for corrupt deals among various elements, drug dealers, energy barons, intelligence organizations that account to nobody, and a demoralized and corrupt military establishment. Most assuredly, neither

Central Asia nor Russia can benefit from any of those implications.

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THE AZERBAIJAN OPPOSITION PREPARES FOR PRESIDENTIAL ELECTIONS

Azerbaijan's political elite is becoming more and more active as the time of the presidential elections approaches. Though the official pre-election campaign has not begun yet, the growing activity of political parties and other public organizations indicates that political forces have already begun the race.

Presidential elections will most likely take place on October 15 or October 17, 2003, according to the chairman of the Central Election Commission, Mazahir Panahov. A final decision will be taken after Parliament finally passes the revised electoral code. Meanwhile, the opposition camp is gradually accelerating the discussion of a candidates. Potential candidates have not only begun an informal pre-election campaign, but are also actively trying to achieve maximal support among opposition parties. The often voiced assumptions that the next wave of activity of opposition forces will also lead to the aggravation of relations among leading opposition parties are beginning to be realized. Opposition leaders have started positioning to achieve the first place in the anti-governmental camp, and this struggle is now moving into the open.

On April 5, the Director of the Institute of the Peace and Democracy, Leyla Yunus, sent an open letter to Party leaders in which she called on them to push forward a single candidate for the forthcoming presidential elections. The letter argues that "this common candidate should not be the leader of any party. For this role it is reasonable to put forward somebody from among prominent representatives of the intelligentsia as the main leaders of opposition at the present stage are not ready to concede each other. The promotion of the common candidate

should be supported by an obligation to create a coalition government of national unity. This government should made changes in the Constitution within 3 years, limiting presidential authority, carry out elections of judges, heads of regions and only after that carry out new presidential and parliamentary elections".

Commenting on the proposal, the secretary general of the Democratic Party, Sardar Jalaloglu, stated that Azerbaijani society is capable of achieving democratic elections regardless, whether there will be one or several opposition candidates. The leader of the "reformers" wing of the Popular Front Party Ali Kerimli refrained from commenting. At the same time, he said that he is for the idea of a common candidate. "If a common candidate is put forward, the probability of an opposition victory increases considerably". The secretary general of the Civic Solidarity Party, Sabir Hajiyev, considers it premature to discuss the idea of a common candidate. According to him, the main issue is the struggle for democratic conditions for the elections. "Adalat" party leader Ilyas Ismayilov noted that he supports the idea of a common candidate. Chairman of AMIP, Etibar Mamedov, stated that the concerns voiced in the proposal is normal, but that in his opinion, it is not right to consider the promotion of a common candidate the only possibility for a victory of democratic forces. According to the leader of "Musavat" party Isa Gambar, the proposal first of all takes into account the interests of the democratic forces, as well as all of society.

Summing up the reaction of leaders of the main opposition parties to this offer, one can come to the conclusion, that nobody wants to provide a clear "yes" or "no".

Such reaction is quite predictable.

Maintaining the unity of opposition is very popular. Therefore nobody can openly speak against the highest level of association, i.e. promoting a consolidated candidate in the forthcoming presidential elections. Besides, none of the leaders is against the idea per se; the problem is that each of them sees himself in this role. For many objective and subjective reasons, the majority of leaders of the opposition cannot consider anyone else as the common candidate. Therefore, today, they are more engaged in the formation of more or less capable pre-election blocks around themselves.

"Musavat" leader Isa Gambar has formed the election block «Our Azerbaijan» on the base of the Democratic Congress. AMIP leader Etibar Mamedov will in the near future create a similar block. According to experts, it is possible that the PNFA, "Tereggi" and some other political forces will enter this block. It is also supposed that ex-president Ayaz Mutallibov can create a block on the basis of the alliance between the Union of the pro-Azerbaijan forces (UPF) and the Civic Solidarity Party. But recently the UPF leaders declared that Mutallibov cannot be a common candidate for this alliance.

Thus negotiations about any variants of closer cooperation will begin only after the formation of pre-election blocks between the main opposition leaders. In this case, any combinations are possible. But in this case, leading opposition forces will be unlikely to propose a common candidate. At best, the oppositional camp will form two to three strong competing pre-election blocks with their separate candidates.

Gulnara Ismailova

NEWS BITES

ARMENIAN OPPOSITION RALLY PARTICIPANTS CLASH WITH LAW-ENFORCERS

9 April

The participants in a procession organized by the Armenian opposition in Yerevan today clashed with the police. Despite the law-enforcers' efforts to block the central streets of the city, the opposition managed to hold a meeting and a procession aimed to wreck the inauguration of Armenia's President. After the meeting in front of the Institute of Ancient Manuscripts two or three thousand of the action participants made for Republic Square, where the inauguration ceremony was being held at the Government building. The policemen blocked the demonstrators' way. Chairman of the "Republic" party Albert Bazeyan, who topped the ranks, was clubbed by the policemen, which aroused the crowd's indignation, and several women attacked the policemen, hitting them with their umbrellas. The procession ended in a scuffle, and the most "active" of the women were, according to unverified information, taken to the police station. Vice-Chief of Armenia's Police, Major-General Hovhannes Varian persuaded the procession participants to go down Abovian street, promising the Parliament member Arshak Sadoyan that the police would not use force if the demonstrators did not create tension. But the policemen blocked the way near the "Moscow" cinema. After talking to the policemen, who refused to let even parliamentarians go further, the procession participants broke up. The next meeting of the opposition is scheduled for April 15. (Arminfo)

US EMBASSY ISSUES SECURITY ALERT TO US CITIZENS IN UZBEKISTAN

8 April

US Embassy in Tashkent issued a public announcement to alert US citizens in Uzbekistan to the potential for terrorist actions against Americans in Uzbekistan. US citizens should evaluate carefully the implications for their security and safety before deciding to travel to Uzbekistan, the announcement says. The US Government has received information that terrorists may be planning attacks against hotels in Uzbekistan frequented by Westerners. Supporters of extremist groups such as the Islamic Movement of Uzbekistan, Al-Qaeda, and the Eastern Turkistan Islamic Movement remain active in the region, the report adds. The announcement says: These groups have expressed anti-US sentiments and may attempt to target US Government or private interests in Uzbekistan. Terrorist groups do not distinguish between official and civilian targets. As security is increased at official US facilities, terrorists and their sympathizers seek softer targets. These may include facilities where Americans and other foreigners congregate or visit, such as residential areas, clubs, restaurants, places of worship, schools, hotels, outdoor recreation events or resorts. US citizens should increase their security awareness and avoid, if possible, locations where Americans and Westerners generally congregate in large numbers. The US Embassy in Tashkent continues to employ heightened security precautions. The Uzbek Government maintains travel restrictions on large parts of the Surkhandarya

region bordering Afghanistan, including the border city of Termez. Foreign citizens intending to travel to this region must obtain a special permission card from the Ministry of Foreign Affairs, the Ministry of Internal Affairs or Uzbek embassies and consulates abroad. (Uzreport.com)

ABKHAZ GOVT FILES FOR RESIGNATION

8 April

The government of the self-proclaimed Republic of Abkhazia has written a letter to Vladislav Ardzinba, the republic's president, asking him to accept the cabinet's resignation. This decision came in response to demands made by certain political forces to replace Prime Minister Gennady Gagulia and his First Deputy Ruslan Ardzinba, sources in the government of Abkhazia told Interfax. An anti-government rally is scheduled to take place in Sukhumi on April 10. At the same time, it is difficult to predict Ardzinba's decision, and he may not accept the resignation, sources told Interfax. (Interfax)

U.S. SECURITY ADVISER ATTEMPTS TO MEND FENCES IN MOSCOW

8 April

U.S. national security adviser Condoleezza Rice met briefly in the Kremlin on 7 April with President Vladimir Putin. Rice reportedly conveyed to Putin a message from U.S. President George W. Bush in which Bush expressed his desire for the further development of bilateral relations. The purpose of Rice's visit was to coordinate the U.S. and Russian positions as the U.S.-led military operation against the regime of Iraqi President Saddam Hussein enters its final phase. Although there was no official statement concerning the topics discussed during Rice's meetings with Defense Minister Sergei Ivanov, Foreign Minister Igor Ivanov, and other senior officials, NTV reported that her most important meeting was with presidential administration head Aleksandr Voloshin. Washington believes that Voloshin, who shuns publicity, was the main force behind Putin's efforts to develop closer relations with the United States following the 11 September 2001 terrorist attacks there, NTV reported. Voloshin traveled to Washington shortly before the beginning of the military operation in Iraq, where he was received at the White House and reportedly presented with some tempting economic proposals. The channel further commented that Rice's visit could be a response to Putin's comments that Russia does not want to see U.S. setbacks in Iraq and that Rice intended to confirm the offers made to Voloshin in Washington and to attempt to restore the amicable personal relations established by Bush and Putin before the Iraq crisis. (RFE/RL)

WOMEN DEMONSTRATE IN SUPPORT OF DEFEATED ARMENIAN PRESIDENTIAL CANDIDATE

8 April

More than 2,000 women congregated on 7 April outside the Constitutional Court building in Yerevan to express their support for defeated presidential candidate Stepan Demirchian

and to demand that the results of the February-March ballot be annulled, RFE/RL's Yerevan bureau reported. In a written statement, they also demanded that women be granted greater representation in government and parliament. (RFE/RL)

TURKMEN STUDENTS STUDYING ABROAD HAVE TO RETURN HOME

8 April

Many Turkmen students studying abroad are having to return home because their parents have been forbidden to buy convertible currency at reasonable rates in order to finance their studies, centrasia.ru reported on 8 April. This outcome was expected when President Saparmurat Niyazov signed a decree in February prohibiting the purchase of foreign currency at subsidized rates to finance private study abroad. The report quotes observers inside Turkmenistan who said the move was motivated less by economic considerations than by Niyazov's desire to further isolate the country from the outside world. An unnamed source was quoted as saying that Niyazov told the Council of Ministers meeting at which he announced the measure that there is no reason to help students studying abroad privately, because they had lost their national spirit and there was no telling what they would be like when they returned. (RFE/RL)

KYRGYZ PRESIDENT SAYS POLITICAL AND SOCIAL TENSIONS HAVE DECREASED

7 April

Askar Akaev told journalists on 5 April that the constitutional reforms approved by a 2 February referendum have caused a reduction in political and social tensions. Akaev laid most of the blame for those tensions on the political elite, which he said is greedy for power. Akaev specifically mentioned that parliamentary deputies want more influence over the government and the judicial system. Asserting that political stability has been achieved in Kyrgyzstan, Akaev was quoted as saying now it is time to concentrate on rapid economic development. Traditional industries such as machine building are no longer profitable, and the country needs to develop new ones, such as telecommunications, he said. (Interfax)

RELIEF RALLY FOR TURKISH MARKETS

7 April

The Turkey's stock market bounced back on Monday on the news, and comments from Turkish Economy Minister Ali Babacan that the International Monetary Fund (IMF) would discuss considering releasing fresh funds for Turkey on 18 April added a further boost. Turkey's main stock index jumped 3.2% to 10,743 points while the lira moved to 1,649,000 against the US dollar, from Friday's close of 1,652,000.

A protracted war on the southern border with Iraq could seriously hamper recovery, as Turkey battles with its worst economic recession since 1945. The IMF is expected to release a \$700m loan tranche of a \$16bn economic loan pact for Turkey's sluggish economy. In addition, Turkey will also receive a \$1bn grant, or up to \$8.5bn in loan guarantees, from Washington. The US Congress approved the funds last week after Ankara decided to open its airspace for the US-led war on Iraq. US-Turkish relations had taken a nosedive following a decision by the Turkish parliament not to allow the deployment

of US troops. Turkey had been in line for up to \$30bn from Washington, in return for allowing 62,000 US troops to be stationed on its soil. But US-Turkish relations seemed to warm a bit after last week's visit by US Secretary of State Colin Powell to Ankara. Turkey's newly-elected Prime Minister Erdogan extended the US rights to supply its troops with fuel and food by land route through Turkey as well as allowing over flights. (BBC)

RUSSIAN AMBASSADOR'S MOTORCADE CAUGHT IN CROSSFIRE

7 April

A Russian motorcade consisting of eight vehicles and carrying 23 diplomats and journalists, including Russian Ambassador to Iraq Vladimir Titarenko, came under fire on 6 April about 20 kilometers outside of Baghdad. The convoy was caught in crossfire between coalition forces and Iraqi troops as it was attempting to evacuate the Russian citizens to Syria. RTR correspondent Aleksandr Minakov, who was riding in the motorcade, reported that three diplomats were wounded, one of them seriously. Minakov said the motorcade came under U.S. fire as it pulled alongside Iraqi defensive positions. He admitted that there were two Iraqi cars in the convoy and said that U.S. fire seemed to be directed at them. At U.S. Central Command in Qatar, U.S. Brigadier General Vincent Brooks told journalists that he has been informed of the incident and an investigation is under way. (Interfax)

AZERBAIJANI OPPOSITION PARTY DEMANDS EXILED CHAIRMAN'S RETURN

5 April

Thousands of people attended a rally in Baku on 5 April convened by the opposition Democratic Party of Azerbaijan (DPA). Participants demanded that the party's chairman, former parliament speaker Rasul Guliev, be allowed to return from Azerbaijan from the United States, where he has lived since the fall of 1996 when he left the country following a major disagreement with President Heidar Aliev. Demonstrators also demanded that the Azerbaijani authorities stop harassing Guliev's relatives, and that Aliev resign because, they claimed, he is no longer able to discharge his duties. (Turan)

RUSSIA'S MUSLIMS SAID TO BE SPLIT OVER JIHAD ON USA

4 April

Head of Russia's Council of Muftis Ravil Gaynutdin has stated that his organization will not declare jihad (holy war) against the USA. This statement came in the wake of the announcement by the Central Islamic Board of Muslims of Holy Russia (the former Central Muslim Board of Russia and the CIS's European Countries) that it is declaring jihad against the United States. "Russia's Muslims are not declaring jihad against the US even though the situation in Iraq is deteriorating. We must be realists. Jihad against the US has been declared by Saddam Husayn. This is enough," Gaynutdin told Interfax on Thursday. He said "religious leaders must not engage in populism or politicking. Instead, they should pray Allah that the Iraqi people's suffering end." Interfax learned about the Central Islamic Department's decision from Russia's Supreme Mufti Talgat Tadzhuiddin on Thursday. He said that the latest jihad resolution was the second one in Russian history over the past hundred years. Russian

Moslems announced a jihad for the first time against Germany in 1941, Tadzhuiddin said. Antiwar protesters in Ufa supported the jihad on Thursday. About 2,000 people, most of them school and college students, were among the demonstrators.

Tadzhuiddin took part in the action, as well, to denounce the military campaign of the United States and Great Britain in Iraq and declare the unanimous decision of Russia's 29 muftis to start the jihad on Thursday. He said they voted for the decision by fax in the early hours of Thursday. The protesters greeted the announcement with loud shouts. "Any country on earth is God's grace to its people, and none has the right to neglect this holy right," Tadzhuiddin said. The cause of the US and British war on Iraq is not oil, but certain strategic plans, he said. "They want to enter into Iran, Azerbaijan and Armenia from Iraq, to come to their ally Georgian President Eduard Shevardnadze, and approach the border of Russia," the cleric said. Independent experts believe that Tadzhuiddin and Gaynutdin enjoy about the same popularity with Russia's Muslims. However, formally, Tadzhuiddin controls more regional Muslim departments than Gaynutdin (29 against 19.) There is an independent Muslim Coordinating Centre in the North Caucasus. (Interfax)

LUKOIL INCREASES STAKE IN AZERBAIJANI OIL PROJECT

4 April

The presidents of LUKoil and Azerbaijan's state oil company SOCAR, Vagit Alekperov and Natick Aliev, signed an agreement in Baku on 4 April under which LUKoil will acquire from SOCAR a further 20 percent stake in the consortium created in 1997 to explore and develop the offshore D-222 (Yalama) Caspian block. Initially LUKoil had a 60 percent stake and SOCAR a 40 percent stake in that project. (ITAR-TASS)

EIGHT KILLED IN CHECHEN BUS BOMBING

4 April

Six people died immediately and two more of injuries received when a radio-controlled bomb exploded on the evening of 3 April on a bus in Grozny. At least nine more people have been hospitalized with serious injuries. Most of the bus passengers were female construction workers. Chechen administration head Akhmed-hadji Kadyrov blamed the blast on unnamed forces who are "opposed to peace" in Chechnya and who he said realize that their influence is being undercut by the political processes set in motion by the successful 23 March referendum on a new constitution. (Interfax)

KAZAKH PRESIDENT CALLS FOR LIBERALIZATION

4 April

Nursultan Nazarbaev delivered his annual state of the nation address to a joint session of the Kazakh parliament on 4 April. The speech was broadcast live by Khabar Television. Nazarbaev said there are indications the economy is improving: The state budget is projected to reach 1 trillion tenges (\$6.5 billion) in 2003, and 38 billion tenges will be spent on investment projects. However, much of the speech was devoted to areas that need improvement. The president called for the criminal laws to be made more humane and said that strong and responsible political parties should be encouraged. Parties should have the exclusive right to nominate candidates and should be able to

monitor elections, he said. In addition, the election process needs to be more transparent. Nazarbaev also insisted that the political, economic, and legal conditions have been created to support a thriving independent media. Censorship is nonexistent, he said, noting that 50 new media outlets were registered in 2002. The president called for doubling the number of ethnic Kazakhs moving to Kazakhstan and for pro-family policies in order to increase the population to 20 million by 2015. Otherwise, it will be impossible to carry out the government's economic-development program. In recent years, Kazakhstan has been losing population. (RFE/RL)

PUTIN STRESSES NEED TO AVOID CONFLICT WITH U.S.

3 April

President Vladimir Putin on 3 April told journalists that Russia is deliberately avoiding direct involvement in recent international crises and that he will make every effort to avoid Russia's involvement "in any form" in the current crisis in Iraq. Putin emphasized that the United States is Russia's largest trading partner, with bilateral trade reaching \$9.2 billion last year. He noted that Russia's economy is heavily dependent on the state of the U.S. economy and the value of the U.S. dollar. About three-quarters of Russia's \$55.5 billion hard-currency reserves are held in U.S. dollars, Putin said. Any drop in the value of the dollar would lead to direct losses for Russia. The same is true for private citizens, who also prefer to hold their savings in dollars, Putin noted. Moreover, bilateral political cooperation is also extremely important for Russia. As the world's two leading nuclear powers, the United States and Russia share a special responsibility for maintaining peace and stability around the world, Putin remarked. Both countries must work together to end the proliferation of weapons of mass destruction and international terrorism. Putin also repeated Russia's commitment to creating a global international-security system centered on the United Nations, a goal that he said can only be achieved in cooperation with the United States. (RIA-Novosti)

AZERBAIJANI PRESIDENT TARGETS CORRUPTION IN INDUSTRIAL CENTER

3 April

Heidar Aliev traveled to Sumgait, an industrial center northeast of Baku, on 3 April to address a session of the municipal council. Aliev harshly criticized prominent local figures, including Sumgait Mayor Tavakkul Mamedov, who has held that post since at least 1985; Fikret Sadykhov, head of the state-owned concern Azkhimiya, which is responsible for many of the city's industrial enterprises; and Hidir Alovlu, who heads the Sumgait branch of the ruling Yeni Azerbaijan Party. Aliev said that corrupt decisions taken during the privatization process enabled Sadykhov and businessman Tofiq Huseinov to appropriate many of the city's businesses. Aliev fired Mamedov, whom he publicly accused of appointing relatives to prominent positions, and named to succeed him First Deputy Minister of Youth Affairs, Sports, and Tourism Vagif Aliev, who, observers say, is close to President Aliev's son, Ilham Aliev. President Aliev called for measures to improve the "moral climate" in Sumgait. A roundtable discussion convened in Sumgait in December by the opposition Azerbaijan National Independence Party (AMIP) noted that the population was ready to launch mass protests

against electricity shortages and similar infrastructure problems, the seriousness of which Mamedov downplayed. (Turan)

TURKEY-IRAQ SUPPLY LINE OPEN

3 April

More details have been emerging about convoys of military equipment which have been crossing from Turkey into Iraq in the past days, destined for US forces in the region. During talks in Ankara on Wednesday, the US Secretary of State, Colin Powell, won Turkish agreement for the supply of food, fuel and medicine across Turkish soil to its troops in Kurdish-controlled northern Iraq - but not for weapons. They may not look like a significant contribution to the war effort, but the lines of Turkish-registered trucks driving through dusty border towns contain badly-needed vehicles for the 173rd Airborne Division of the US Army. According to a statement issued by the Turkish general staff, 204 unarmed Humvee military jeeps are being redeployed to northern Iraq from US bases in Turkey. According to the statement, the jeeps are unrelated to Colin Powell's visit. But what did emerge from his talks is that fuel, food and medicine for US troops, as well as humanitarian supplies for the civilian population of northern Iraq, will now be allowed to cross through Turkey. Taken together, the supplies will make the opening of a northern front against Iraqi Government forces much more likely. The convoys also play a symbolic role - showing Turkish readiness to support the coalition war effort, albeit as a non-combatant. Anti-war sentiment in Turkey is still strong and there's now little talk of trying to open a land corridor for troops and weapons. But Turkey, with its big ports, developed infrastructure and fleet of idle trucks, now looks set to help supply both the northern front and the post-war reconstruction of Iraq. (BBC)

U.S. EXECUTIVE INDICTED OVER KAZAKH OIL-SECTOR MEGA-BRIBES

3 April

U.S. lawyer and former oil executive James Giffen, who served as an adviser to Kazakhstan's President Nursultan Nazarbaev, was arrested in New York on 30 March and charged with two counts of violating the Foreign Corrupt Practices Act. Giffen is accused of evading taxes on a \$2 million payment he received for brokering an oil deal with the government of Kazakhstan and of channeling more than \$78 million into foreign bank accounts belonging to two top Kazakh officials -- who are widely believed to be Nazarbaev and former Prime Minister Nurlan Balghymbaev. Nazarbaev has consistently denied accusations that he has such bank accounts. Eurasia.org.ru on 3 April posted what it said is the testimony of an FBI agent to a New York court, on the basis of which the arrest warrant for Giffen was issued. (RFE/RL)

PACE PROPOSES CHECHEN WAR-CRIMES TRIBUNAL

2 April

The Parliamentary Assembly of the Council of Europe at its spring session in Strasbourg adopted on 2 April a resolution and a recommendation on human rights in Chechnya, both of which are posted on its website (<http://www.assembly.coe.int>). The resolution notes that the main reason why human rights abuses both by Russian servicemen and Chechen fighters continue

that they are seldom, if ever, punished. It calls on Chechen fighters to stop terrorist activities immediately and renounce all forms of crime; for better control of Russian armed forces and compliance with human rights conventions, including during search operations; and for greater cooperation from the Russian authorities in apprehending and bringing to justice persons suspected of committing human rights abuses in Chechnya. The recommendation acknowledges the Council of Europe's "dismal" failure to effect an improvement in the human rights situation in Chechnya, and proposes that if the Russian government fails to intensify its efforts to preclude further human rights abuses in Chechnya, the Council of Europe's Council of Ministers should propose that the international community consider setting up an international tribunal to investigate alleged war crimes in Chechnya and bring to trial those suspected of committing them. (RFE/RL)

KAZAKH PRESIDENT DISCUSSES KAZAKHSTAN-CHINA OIL PIPELINE WITH CHINESE PETROLEUM OFFICIAL

2 April

Nursultan Nazarbaev met on 2 April with Wu Yaowen, first vice president of the China National Petroleum Corporation to discuss, among other things, the construction of an oil pipeline from western Kazakhstan to China. Kazakhstan and China signed an agreement in 1997 to build that pipeline, of which a 500-kilometer segment has already been built in western Kazakhstan. A press release issued after the meeting quoted Wu as saying the capacity of the pipeline would be between 30 million-50 million tons per year. He was also quoted as saying that the Chinese government would like for the project to be accelerated. (Interfax-Kazakhstan)

RUSSIA RESPONDS SHARPLY TO U.S. HUMAN RIGHTS CRITICISM

2 April

The Media Ministry on 1 April denounced an annual report by the U.S. State Department that criticizes Russia for its human rights record and, particularly, "The Media Ministry sarcastically receives efforts by the U.S. foreign-policy agency to present Russia as a country without a free press," the ministry's press release said. "The statements of American officials claiming that there are limitations of the rights and freedom of [Russian] citizens to access information have a particular piquantness against the background of the ongoing military operation of American forces in Iraq. Concerning the behavior of U.S. spokespeople in explaining the military conflict, we have all been witnesses to the biased distribution of information and to violations of the rights of journalists leading to the delusion of the American people." (RIA-Novosti)

HIZB UT-TAHRIR SEEKS TO STRENGTHEN POSITION IN NORTHERN KYRGYZSTAN

2 April

Quoting Kyrgyzstan's National Security Service, the pro-government daily "Vechernii Bishkek" has reported that leaflets produced by the banned Muslim extremist organization Hizb ut-Tahrir were recently distributed in the major towns of Issyk-Kul Oblast in northern Kyrgyzstan. More than 100 leaflets were handed in to the security service in Cholpon-Ata, the major

resort on Lake Issyk-Kul, alone. Five young people were reportedly detained on suspicion of having been involved in distribution of the leaflets, but were released when nothing was found during searches of their homes. Despite the efforts of the authorities, Hizb ut-Tahrir has apparently gained many adherents, and its literature appears regularly in southern Kyrgyzstan, traditionally the most pious part of the country. In August 2002, the National Security Service said Hizb ut-Tahrir had extended its activities to northern Kyrgyzstan, launching a recruitment drive in Chu, Issyk-Kul, and Naryn oblasts. (RFE/RL)

PRESIDENT: UZBEKS SPEND TOO MUCH ON CELEBRATIONS

2 April

Islam Karimov has appealed to the government and public and religious organizations to launch a campaign against excessive expenditures on weddings, wakes, and celebrations of births and circumcisions, "Moskovskie novosti," No. 12, reported. He had criticized such expenditures last December as discrediting national traditions. According to the report, Mufti of Uzbekistan Abdurashid kori Bakhromov has issued a fatwa on the topic, condemning the practice of turning family events into lavish celebrations and calling on the faithful to spend more on orphanages, homes for the elderly, education, and charity. A campaign against excessive expenditures on family events launched in Uzbekistan in the late Soviet era had little lasting effect because of the tradition that as many people as possible be invited to such celebrations, and the greater the expenditure, the greater the prestige. The article notes that in appealing for the well-to-do to spend more money on social projects and less on showing off in the community, Uzbekistan's secular government is promoting Muslim virtues. (RFE/RL)

RUSSIA TO HOLD NAVAL EXERCISES IN INDIAN OCEAN

1 April

The Russian General Staff announced on 1 April that the navy will hold military exercises in the Indian Ocean next month, Interfax reported. On 8-10 April, two naval groups of the Pacific and Black Sea fleets will depart for the region. Defense Minister Sergei Ivanov repeated in a 31 March interview denials that the exercises are connected to the U.S.-led military operation against the regime of Iraqi President Hussein. The purpose of the exercise is to improve coordination between the Russian Navy and those of Russia's allies, especially India, Ivanov said. (Interfax)

COUNCIL OF EUROPE OFFICIAL HAILS PLANNED CHECHEN AMNESTY

1 April

Council of Europe Secretary-General Walter Schwimmer told Interfax on 1 April that the planned amnesty for Chechen fighters could expedite a political solution to the Chechen conflict by encouraging fighters to return to civilian life. He proposed that the amnesty be extended to as many people as possible, both Chechens and Russian servicemen, with the exception of those from both sides who have committed crimes against humanity. Schwimmer also spoke in favor of negotiations between Russian representatives and Chechen

President Aslan Maskhadov. He said such talks could likewise contribute to resolving the conflict. (Interfax)

AZERBAIJANI VILLAGERS SENTENCED

1 April

Azerbaijan's Court for Serious Crimes passed sentence on 1 April on 15 people in connection with the June 2002 clashes between police and residents of the village of Nardaran on the outskirts of Baku. Islamic Party of Azerbaijan Chairman Alikram Aliev was sentenced to nine years in a strict-regime prison, Djabrail Alizade to eight years, Khikmet Veliev and Etibar Zakiev to seven years, and Mirza-aga Movlanov and Ilgar Abdullaev to five years' imprisonment. Nine other men were given suspended sentences. Islamic Party Deputy Chairman Hiadji-aga Nuriev criticized the sentences as unfair, as did Azerbaijani human rights activists. Nuriev said the villagers will appeal the sentences first with the Supreme Court and then if necessary with the European Court for Human Rights. (Turan)

PUTIN SAYS IRAQ CRISIS MOST SERIOUS CONFLICT SINCE END OF COLD WAR

31 March

Speaking at a gathering of Duma-faction heads in the Kremlin on 28 March, President Vladimir Putin said the crisis in Iraq has developed into the most serious global conflict since the end of the Cold War and that it has shaken the foundations of global stability and international law, the presidential website (<http://www.president.kremlin.ru>) reported. The crisis has already developed beyond being merely a local conflict and has taken on a protracted and intractable nature, Putin added. He said that although Russia has economic interests in the conflict, its political position is not determined by those interests or by potential economic benefits. He repeated Moscow's insistence that military operations be halted immediately and the responsibility for seeking a solution to the crisis returned to the UN Security Council. He emphasized that Russia is ready for "constructive cooperation with all parties involved in the conflict, including, of course, the United States." He stressed that relations between Russia and the United States have reached a level that would permit a "frank dialogue" on Iraq. (RFE/RL)

AZERBAIJANI OPPOSITION BODY SELECTS PRESIDENTIAL CANDIDATE

29 March

At a session in Baku on 29 March, representatives of the nine opposition parties aligned in the Democratic Congress nominated Musavat Party Chairman Isa Gambar as their joint candidate for the presidential elections due in mid-October 2003. Gambar, who served as parliament speaker under the opposition Azerbaijan Popular Front government in 1992-93, was one of five leading opposition figures who boycotted the 1998 presidential ballot. (Turan)

KYRGYZSTAN SEEKS OUTSIDE HELP IN SOLVING BUS FIRE CASE

28 March

Pressured by Chinese officials to resolve quickly the case of a bus fire in which 21 people, most of them Chinese citizens, died, Kyrgyzstan has requested help from Chinese and Central Asian law enforcement agencies. An official from the Kyrgyz

Prosecutor-General's Office said that the Kyrgyz authorities do not see a political motive for the crime. The dead passengers, at least some of whom were reported to have been shot, were earlier identified as Uighur traders from Xinjiang who were possibly returning home with large sums of cash. Akipress.org noted that due to the bus-fire case, an agreement on military cooperation between Kyrgyzstan and China was not signed as planned on 28 March. A commission set up in Kyrgyzstan to investigate the crime has noted that highway travel in parts of the country is dangerous because of criminal gangs that prey on passing vehicles. (akipress.org)

TURKMENISTAN, IRAN TO START BORDER DEMARCATON IN CASPIAN

28 March

Iran and Turkmenistan have agreed to start work on charting

their common border in the resource-rich Caspian Sea, Turkmenistan's leading state-run newspaper reported on Friday. The border demarcation "will allow both states to start active realisation of oil and gas exploration projects in the sea border area", the Neutralny Turkmenistan daily said. Since the break-up of the Soviet Union, efforts to exploit potentially vast oil and gas reserves beneath the Caspian have been hampered by disputes over the sea borders between Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. Iran has opposed dividing the sea in proportion to the length of each country's coast -- giving it a 13-percent share -- and objected strongly to bilateral accords signed last year to that effect by Azerbaijan, Kazakhstan and Russia. Instead Tehran has argued that the Caspian should be divided equally between the five, which would give it control of some prospective oilfields claimed by Azerbaijan. (AFP)

