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ANALYST

BIWEEKLY BRIEFING

Wednesday, July 2, 2003

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BIWEEKLY BRIEFING

Wednesday/July 24, 2003

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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 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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BAKU-TBILISI-CEYHAN: GREAT GAME FOR NGOS?

Elin Suleymanov

Speaking at a Washington event, the former U.S. Ambassador to Azerbaijan Ross Wilson underlined the Host Government Agreements (HGA) concluded between energy companies and governments of the transit countries for the Baku-Tbilisi-Ceyhan oil pipeline (BTC) as an outstanding example of regional cooperation and the most positive development during his recently concluded tenure in Baku. However, the BTC pipeline has come under increasing fire on specious grounds advocated by human rights and environmental groups, endangering an infrastructural project that is widely supported by the population in the region, and is set to benefit the economy of the Caucasus positively.

BACKGROUND: In an area where a tradition of regional cooperation has yet to be established, the very fact of reaching multilateral agreements of such complexity and significance as the BTC project implies has produced the basis not only of this one pipeline, but also set a precedent of mutually beneficial cooperation and laid the basis for further development of the East-West transportation corridor. A unique, harmonized legal regime for the construction of the pipeline emerged from meticulous multi-year negotiations among specialists from the three transit countries, industry executives, and western government representatives. However, it is the very symbol of promising potential of regional cooperation, the HGAs, that are the center of the controversy.

The major energy infrastructure project in the region, BTC has often been described as the centerpiece of a re-emergent Great Game, and inflamed passions, emotions and political responses long before the construction of the pipe itself had commenced. Due to its own significance in shaping the region's future, the BTC pipeline project has invited strong supportive rhetoric from those supporting the independent course pursued by Baku and Tbilisi aimed at integration with the West, and an immediate knee-jerk condemnation from those more comfortable with the regional status quo. Initially, opponents of the pipeline claimed, and some still do, that there is not enough oil to fill the pipe. Remarkably, the same very voices called for re-routing this "commercially non-viable" pipeline through their own territory.

That certain groups in Moscow and Teheran are concerned with the prospect of decreasing possibilities of exerting pressure on their weaker neighbors should not be surprising. Nor should Yerevan's opposition on the pipeline, in which Armenia cannot participate as a result of its continued occupation of neighboring Azerbaijan's territories. The surprising part is when forces with clear strategic and political motivations to oppose the project suddenly find *de facto* bedfellows in unexpected places. Some time ago, the World Bank urged Georgia to renege on the understandings reached as a part of the BTC package; this prompted Azerbaijan to give up its transit fees in favor of Georgia, thus overcoming

the obstacle, but the event raised eyebrows about the Bank's policies.

Most recently, a coalition of NGOs led by a group of European environmentalists suddenly emerged in opposition to the pipeline, and to the agreements enabling its construction. Among many energy projects around the globe, environmentalists surprisingly chose to campaign against a project that enjoys strong public support in the three countries it transits. Also telling is the timing of this sudden strong distaste for this decade-old project. The anti-BTC campaign on environmental and human rights grounds coincided with the opponents of the project exhausting all other arguments to undermine the pipeline's construction. In addition to Friends of the Earth and the Kurdish Human Rights Project, Amnesty International lately added its voice to opposing BTC.

IMPLICATIONS: Environmental and social concerns cannot and must not be ignored in any major construction project, especially in case of an oil pipeline. These concerns have been a part of the negotiations. Still, the discussion on the project's social impact is not complete, nor have all environmental questions been fully addressed. What is remarkable is not the discussion of these issues, but that external groups, disregarding the overwhelming and genuine public support for BTC in the region, are knowingly or unknowingly feeding into politically motivated attempts to undermine the project.

Therein lies the major problem with the anti-BTC coalition's logic. Supposedly campaigning for the rights of the local population and the environment, European NGOs failed to ask for the views of the local residents. This implied imposing their own, rather abstract, views. While accusing British Petroleum and other energy companies of pressuring the regional governments, the NGO coalition is itself engaged in a campaign of pressure that some in the region see as amounting to a form of "environmentalist imperialism." The inclusion of token, though vocal, local groups opposed to the pipeline does not change the basic fact that the major support for the anti-BTC campaign comes from outside the region.

The anti-BTC NGOs fail to appreciate the challenges facing the region, extrapolating their residual intrinsic dislike of the energy industry and experience of anti-globalization public protests onto the Caucasus. Concerns about possible negative effect on the pipeline on Azerbaijan's numerous displaced population, which have been living in the camps for the last decade and whose plight has been largely ignored by the outside world, is seen a bitter irony by the IDPs as the BTC is the main hope for their country's economic future and, subsequently, improving their social conditions. Hypothetical talk about future labor disputes as a reason for suspending construction of the pipeline in countries with rampant unemployment and virtually no major alternatives for income at the moment is another example.

Building on the momentum of its own campaign, the anti-BTC coalition stands in stark contrast to about 200 Azerbaijani and Georgian NGOs and civic groups, who signed a petition in support of the Baku-Tbilisi-Ceyhan pipeline. While concerned with some aspects of the project, civil society groups supporting the project at the same time underscore its overwhelming benefits for the future of their nations. While counterintuitive for some, the support for an

oil project coming from a diverse spectrum of local NGOs and political parties reflects both the local public support for BTC and the complexity of issues in the region.

CONCLUSIONS: By lending their names to the anti-BTC campaign and unwillingly participating in someone else's agenda in the Caucasus, major NGOs such as Friends of the Earth and Amnesty International have caused a challenge to the BTC pipeline. The campaign has nevertheless had another consequence, namely to damage the standing of human rights and environmental groups in the eyes of the local population. Falling into the trap of using environment and human rights rhetoric for undermining a major infrastructure development, they risk causing serious harm to the region's future. Meanwhile, damage has also been caused to the credibility of valid and important environmental and social concerns surrounding the pipeline's construction.

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KAZAKHSTAN RENEWS ITS ANTI-DRUG POLICY

Speaking before journalists on June 25, the deputy chairman of the anti-drug committee of the Justice Ministry Yerlan Saparov admitted that efforts in fighting drug abuse among young people fell far short of expectations. "The situation is very complicated" he said laconically answering awkward questions from the media. Available statistics have more to say.

According to official figures, three percent of Kazakhstan's population is addicted to drugs of all varieties, smuggled into the country from neighboring areas, especially Afghanistan. Since the beginning of the year, more than 47,950 residents of Kazakhstan, including 5,000 women, have been registered as regular drug users. Some start smoking hashish at the age of 13. The report of the Justice Ministry says that the cities most affected by drug addiction are Almaty and Karagandy. In the first quarter of this year, 680 residents of the capital city Astana were given treatment for drug addiction.

Kazakhstan's public, long used to rampant drug-related crimes, cannot be easily put out by these depressing figures. Everybody knows that any government information on drug abuse reflects only the visible tip of the iceberg, and hence people are deeply distrustful of official data. One thing that everybody does not doubt is that drug addiction is assuming menacing proportions, which endanger the future of the entire nation.

Until quite recently, it was widely believed that the evil came from outside. The spread of heroin, hashish and marijuana were blamed almost unanimously on Afghans and Tajiks, who used Kazakhstan as transit route on their way to Russian markets. But after the war in Afghanistan, which

supposedly destroyed the whole infrastructure of underground drug industry there, and a massive eviction of illegal migrants from Tajikistan, drug trafficking was not ebbing away in any visible manner. Last year 56 tons of drugs and intoxicating substances were seized by police. Again, that information comes from official sources, which tend to be overcautious not to stir up undesirable public emotions.

Meanwhile, police reports show that a large amount of drugs distributed in Kazakhstan comes from poppy and cannabis plantations in Chu valley in the south. These areas of wild hemp cover 850,000 hectares and provide more than 40 tons of hashish annually. Drug proceeds are important means of existence for the population of the industrially underdeveloped region, where unemployment rate is much higher than in the north. Drug trafficking is not easy to handle. The vast area of adjacent Chu and Merke districts with a total population of 150,000 are controlled by a small 40-strong anti-drug unit. Rare crackdowns on local drug dealers fail to intimidate the intricately organized criminal ring.

The valley sprawls along the busiest Trans-Siberian railway line which links the southernmost cities of Kazakhstan with Russia's interior. Policemen regularly raid trains to check the passports of passengers and occasionally take suspected drug traffickers off the train. But often a small sum, inconspicuously slipped into the pocket of a policeman, settle the matter. The root cause of the ineffectiveness of widely publicized government efforts seems to be corruption. The helplessness of law enforcement bodies in the face of unbridled

drug-trafficking undermines public confidence in the integrity of the legal system.

Nevertheless, the government launched a new anti-drug crusade, allocating 1.1 billion tenge of budgetary funds to fight narcotics. Last year anti-drug spending amounted to merely 905 million tenge. The government plans to spend 1,140 billion tenge next year. But more and more government members seem to realize that money alone cannot bring the solution of the problem any nearer. As a part of the anti-drug efforts, officials have initiated a nationwide "Future Without Drugs" propaganda campaign, intended to raise public awareness of the threat.

For many years, there has been a wall of mistrust between government bodies and non-government organizations. Recent developments show clear signs of a changing official attitude towards NGOs. Regional activists of NGOs have been invited to local government offices to discuss plans for stemming drug abuse.

Government officials, parliament members and experts are holding debates over whether or not to legalize some types of "soft drugs". Opponents of the idea claim that legalizing less harmful drugs will inevitably lead to the rise of criminality, while others hope to find a way out of the wood by legalizing some drugs. Unfortunately, polemics are not the best solution of the problem of drug dependency.

Marat Yermukanov

THE RUSSIA-TURKMENISTAN GAS DEAL GONE AWRY

Stephen Blank

Many observers have commented on the implications of the recent Russia-Turkmenistan gas deal for Russian energy and gas policy or on Russian policy in Central Asia. But with the passage of time since the deal was announced, it has become clear that other aspects of this deal that at the time received less attention are now becoming much more important. Two of them in particular merit close scrutiny, the importance of the agitation in Russia against the deal's implications for Russians in Turkmenistan and the importance of the Trans-Ural firm to this deal.

BACKGROUND: In the April, 2003 energy accord between Russia and Turkmenistan, Russia secured for itself a strong position throughout Central Asia in regard to gas while perpetuating its rent-seeking and colonialist exploitation of Turkmenistan. Although this deal clearly shortchanged Turkmenistan's future so that President Niyazov could further consolidate his position at home; most attention focused on the energy aspects of this deal and the tremendous leverage it gave Russia and which Moscow has subsequently exploited throughout Central Asia.

However, the side payment that Russia made to Niyazov, namely that he could essentially force Russians in Turkmenistan to give up their Russian citizenship and passports and compel them to choose either Russian or Turkmen residence, has subsequently triggered an explosion in Russia. First raised in the media by critics of the deal, the charges of a sellout of Russian compatriots in the 'near abroad' soon convulsed the Duma and official media as well. This fact could mark an important tendency in Russian politics especially as Duma and presidential elections draw nearer. Since 1991, despite much talk of support for the Russian Diaspora, in fact the government has done little to advance their causes and immigrants from former Soviet republics have encountered considerable difficulties inside Russia. Undoubtedly the belief that it only had to talk a good game but that what really mattered was concrete economic and geopolitical advantages drove Russian policy here.

Niyazov sought to force the Russians in Turkmenistan either to leave or to stay inside the country with no hope of appealing to Moscow against him so that he could consolidate his regime further in the wake of an abortive coup against him in November, 2002. In return he was willing to mortgage Turkmenistan's future economic well-being to Russia.

Now this mutual miscalculation has led to a situation where the Duma and more covertly the government are regularly denouncing him and the deal while threatening to bring pressure on Turkmenistan for allegedly sheltering drug dealers and terrorists. While we cannot be certain how the future course of this uproar may affect the deal and its key provisions; it does tell us something about the likely trends in Russian politics at least through the presidential elections in

2004. The Kremlin will probably now raise the question of the condition of Russians abroad in much tougher form both rhetorically and in actual policy, since it will not allow itself to be outflanked by aroused domestic opinion. If Moscow intends to play the Diaspora card, this will put its relations with key states in Central Asia, Kazakhstan, Uzbekistan, and Turkmenistan, in a whole new light and signify new efforts at pressuring these states over their domestic policies. In other words, we can expect increased near-term strains in Russia's relations with Central Asian states.

IMPLICATIONS: Other factors in the deal with Ashgabat also make for disturbing future trends. The firm chosen to move gas from Turkmenistan to Russia and Ukraine is Trans-Ural, a firm chartered in a Hungarian village named Csadba and headed by one of the most notorious crime lords in Russian organized crime, Semyon Mogilevich. Mogilevich' firm stands to make from \$320 million to \$1 billion on this deal, and this raises the most disturbing implications. First, it attests to the commingling of government, major energy corporations, and criminal enterprises in Russia and to the mutual enrichment of each of these actors at the expense of the citizens of the CIS, not just Russia. As these firms are already contributing significant sums to President Putin's reelection it is impossible to pretend that he and his colleagues are unaware of Trans-Ural's background. And given the long-standing ties between Gazprom and Russia's special services, the widely reported collaboration of these institutions with organized crime and Russian energy and other firms that has been widely reported throughout Central and Eastern Europe, and the involvement of those services in the earlier attempted coup in Turkmenistan in 2002, not to mention earlier ones in Georgia and Azerbaijan, the implications of this deal become much more stark for all concerned.

Obviously we are seeing in Central Asia the expansion of the relationships described by numerous Central and East European observers and officials. We also see graphic evidence of the criminalization of Russian energy policy, the state, and the special services and their mutual collaboration in efforts to impose a neo-colonialist economic and political relationship towards Russia upon Central Asian and presumably other CIS governments as well. Given other

forms of economic pressure possessed by Moscow, Russian efforts to coerce these states through the instigation of popular unrest – as Jane's recently reported about demonstrations in Georgia, pressure to join Russian dominated defense arrangements, and the numerous other pressure points throughout these weak states that Russia can access, it is clear that Moscow is playing a very hard version of the great game using time-tested instruments of Russian policy.

CONCLUSIONS: These two aspects of the deal with Turkmenistan were not prominently featured originally or were not well known abroad. But they can only fill observers with heightened apprehension concerning the instruments and objectives of Russian policy in Central Asia and more broadly in the CIS. Not surprisingly, the fate of those policies is intimately linked to the fate of democracy in Russia, and under Putin the latter has not fared well. In

particular, the advance of the intelligence and police agencies has been a clearly marked if not loudly advertised element in state policy. Indeed, given the relationships exposed by the deal with Turkmenistan, we can speak more confidently about police capitalism in Russia. But also we may have to start speaking about another feature of policy that resembles late Tsarism, namely the effort to play the Russian nationalist and Diaspora card for domestic purposes.

Both of these instruments of policy threaten not just Russian democracy, they also endanger the other states of the CIS at a time when Russia does not have the means to control the potential avalanche that is agents are playing at starting. Can further destabilization of the Central Asian and CIS regimes really be in Moscow's interests?

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COUNCIL OF EUROPE GIVES AZERBAIJAN A LAST CHANCE

Azerbaijan's relations with the Council of Europe experienced another test last week. The summer session of the Parliamentary Assembly of the Council of Europe (PACE) included the situation of the political prisoners in Azerbaijan into its agenda. This created the possibility of sanctions for official Baku.

The report prepared on this issue by Belgian PACE member Georges Clerfayt did not praise the work of the Azerbaijani government. The report stated that Azerbaijani government continues to hold "political prisoners" and does not show enough political will to solve this problem.

Azerbaijan has accepted the obligation in front of the Council of Europe to release or re-consider the cases of political prisoners in the country. Yet almost three years have passed since Azerbaijan became a member of the organization, and many of the persons listed by the Council of Europe and local human rights organizations as "political prisoners" are still not free. Two of the top people in the list are former Defense Minister Rahim Gaziyeu and leader of Talysh-Mugan separatist movement in the south Aliakram Humbatov.

The Azerbaijani delegation, headed by Ilham Aliyev, the President's son and deputy chairman of the ruling Yeni Azerbaijan Party, immediately attacked the report, describing it as incomplete. Ilham Aliyev specifically referred to the amnesty act signed by President Aliyev a week before the summer session of PACE started, which granted freedom to dozens of prisoners. In addition to this, Ilham Aliyev claimed that many of the

persons in Cleyfart's list are not political prisoners, but rather terrorists and criminals, who "if freed, would commit acts of crime against civilians in the country." In total, the Azerbaijani delegation gave 40 recommendations to the report. Considering these remarks, Aliyev proposed to put off the discussion of the issue till January 2004, the winter session of PACE.

The subcommittee of PACE rejected this suggestion, and the bill was included into the general session's agenda. Aliyev accused the Council of Europe of double standards, because last year when Armenia was ahead of elections, the Council of Europe put off the discussion of the death penalty issue in Armenia for the post-election period. The Azerbaijani delegation argued that discussion of the political prisoners case prior to the upcoming presidential elections would alter the political balance in the country.

After heated debates, the author of the report, Cleyfart, decided to take it back and submit it back for consideration in September. "We have information that the head of Azerbaijani delegation to PACE has made a gentlemen's agreement with the leadership of PACE that all political prisoners will be released by September" said Gulamhusseyn Alibeyli, an opposition Popular Front Party member of the Azerbaijani delegation. He also added that he was not sure if the Azerbaijani delegation would keep this promise, because it did not fulfill the official obligation it has taken in front of this organization. "But I hope that this issue will be solved somehow", he

concluded. Another member from the Popular Front, Asim Mollazade, said that he did not agree that some terrorists were included into the list, because it hurts the image of the Council of Europe.

Thus Azerbaijan received a last chance from the Council of Europe to fix the problem. Although the Azerbaijani government claims that many of the people in the list are not political prisoners, talks on the criteria for determining who is a real political prisoner and who is not have run out of time. Should the Azerbaijani government not release these prisoners, it might face serious sanctions from the Council of Europe, including the loss of the Azerbaijani delegation's voting rights in PACE.

Meanwhile, on July 2, an Azerbaijani court completed finished the reconsideration of former Interior Minister Iskender Hamidov's case, and has re-sentenced him to 11 years in prison. Hamidov has already served 8 years and is considered to be on the top of the so called "political prisoners" list. Speaking at the trial, Ali Kerimli, the chairman of the opposition Popular Front party, said that this court decision once again showed that the Azerbaijani government violated its obligations in front of international organizations.

Many local observers believe that the Council of Europe will be hesitant to discuss this issue in September, just one month prior to the elections. Some of the prisoners may have to wait for a long time.

Fariz Ismailzade

GEORGIA'S MISSING SECURITY COMPASS

Robert L. Larsson

Security is at the top of the Georgian political agenda, but Georgia still lacks a clear and coherent security concept. This bears importance for reform of the military and security structures in addition to showing political priorities for domestic and international actors. The general election of 2 November and the Presidential election in 2005, along with NATO aspirations, Russian unwillingness to let go of the South Caucasus as a sphere of influence and the many frozen conflicts in the region, illustrate the urgency of adopting a national security concept. The passing of such a concept will provide predictability and legitimacy for Georgia's future undertakings and be the compass for reform and policymaking.

BACKGROUND: Georgia's current reform of the security establishment encompasses the restructuring of institutions, separations of areas of responsibilities for the various ministries and departments, and increased civil control over the armed branches of the state. To this day, the impact has been less than modest. As far as the armed forces are concerned, training of staff and procurement of material and weapons have been undertaken within the U.S.-funded Train-and-Equip Program, whose importance for Georgia is illustrated by the fact that it has a budget twice the size of Georgian military spending. Despite the majors improvements made, it is yet unclear what kind of defense forces Georgia is opting for. This is partly due to the fact that the current national security concept incorporates as disparate issues as military affairs, education and culture. Since it is vague, incoherent and unclear, it is of little use as a guiding star in reform or policymaking. Likewise, the military doctrine of Georgia, dating from 1997, merely states political intentions - at best. It elucidates the tasks of the armed forces among others including protection of territorial integrity, assistance to civil society, and international peacekeeping. Currently this is an overwhelming task for the limited capabilities and scarce resources of the armed forces. Moreover, actions related to the upcoming Parliamentary election have recently rocked the boat and speculations are made concerning what impact the inauguration of a new President in 2005 will have. The need for a security concept is more important for Georgia than for many states. Yet it nonetheless requires a stable and coherent security policy, found at all levels of civil and military policymaking that together fulfills the functions of a security concept. Unfortunately, Georgia's past history points to the opposite. In sum, the need for stability on the domestic and international security venue is greatly needed.

While an International Security Advisory Board is now overseeing the drafting process of a new security concept, it can be said that Georgia is currently missing a security concept in the traditional notion. This has paramount

impact on the development of Georgia albeit the general recommendations given so far are self-evident issues, as the need to tackle corruption. At least four arguments support this thesis, and relate to predictability, doctrine, reform and NATO accession.

IMPLICATIONS: First and foremost, a security concept is the most fundamental document for handling security. It is the compass that shows how the map of security should be turned. Before a concept is formulated, action plans for implementation cannot be made. Georgia's political prioritization and assessment of risks and threats are thus not formulated in the context of a long-term strategy. This has the result of invoking short-term opportunism and reduces factors of predictability and accountability in Georgian security policy.

Secondly, a security concept must be formulated before a military doctrine can be adopted. Otherwise, the result is the blurring of tasks for the armed forces. Without knowing what they are expected to do, and against what kind of enemy they must prepare, any specific type of training is doomed to fail. What is more, reform of the drafting system, development of rapid reactions forces or renewing the aged and outdated Soviet military equipment cannot be properly made - even if external actors provide financial resources. Reform in Georgia may already be under way, but the expected outcome is unclear.

Thirdly, Georgia's intention is to move towards greater civil control of the armed forces, which is in line with most democratic states. However, it stands to reason that the missing security concept invokes doubts regarding the intensity of these commitments. A security concept approved by the Parliament would become statute law and would thus serve as incentive for continuing this process. This is the case as it constitutes a first real step towards the separations of responsibilities and mandates of the various 'power ministries', which along with corruption is the essence of the problems in the Georgian security system.

Finally, it can be said that Georgia's position within international security structures such as the CIS raises doubts on its strategic priorities, especially considering

aspirations for NATO membership. Currently, this 'Janus-like' position is interpreted as pragmatism by search for support short of NATO. A comprehensive and coherent security concept would firstly facilitate reform towards meeting NATO-standards and secondly make it clear to the international community where Georgia wishes to go.

CONCLUSIONS: Drawing on what has been outlined above, at least three conclusions can be made. First, adherence to an agenda of reform prior to a clarification of political priorities may prove to be counter-productive. Considering the mixture of forces utilizing both asymmetric warfare and traditional Russian military divisions in the region, it is clear that such prioritization is urgent if security is to be enhanced. Second, lacking a security concept is not by definition a problem if the security policy previously has been coherent enough for all

actors to have a sense of the course of action. In the case of Georgia, such a history is missing and thus a codified concept is pivotal. Finally, the International Security Advisory Board has a difficult task ahead and the implications mentioned in previous segments of this article calls for attention. In addition, if the concept is adopted by the Parliament by majority, future changes requires qualified majority. This is essential, and preferably it should be adopted before the election, as it would serve the purpose of bringing long-term stability.

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AZERBAIJAN: ONE PARTY, TWO CANDIDATES

As the presidential elections in Azerbaijan heat up, the political scene becomes more and more interesting. Last week, the ruling Yeni Azerbaijan Party created a controversy, which many domestic observers characterized as a "pathetic situation". On June 28, an "initiative group" gathered in Nakhichevan, the home of President Aliyev, and nominated his son Ilham Aliyev for the presidency. The current election code allows candidates to be nominated not only from political parties and blocks of political parties, but also from initiative groups numbering one hundred or more people.

At the nomination meeting, the vice-presidents of Nakhichevan state university, the minister of youth, sports and tourism of Nakhichevan and the head of the women's organization "Sevil" (which has close ties to Ilham's sister) spoke about the personal and professional achievements of Ilham Aliyev. Turan information agency reported that the chairman of the local supreme council Vasif Talybov was also present at the meeting, which, if true, gives more credibility to the event.

This nomination creates a puzzle in the pre-election situation. Ilham Aliyev is not only the son of the current President, but also the deputy chairman of the ruling New Azerbaijan Party (YAP). The ruling party on June 23 held its party congress and nominated President Aliyev for re-election. The Central Election Commission has already approved the candidacy of President Aliyev and issued YAP the signature collection sheets. At this point, the possible nomination of Ilham Aliyev would put son against the father.

The chairman of the Central Election Commission Mazahir Panahov stated that no documents had been submitted to the CEC yet, but the head of CEC's legal department İlgar Alizadeh did not see any violation of the law in this situation. Ilham Aliyev, himself, has not commented on this developments of events, but knowing the centralized decision making in the country, it is not hard to guess that the authorities were well aware of the Nakhichevan meeting in advance.

Speaking about this nomination, the deputy executive secretary of YAP Bahar Muradova said that "Ilham Aliyev is not only the deputy chairman of the party, but also a famous public figure. The initiative group nominated him, so there is no violation of the law and one cannot say that there is a competition within the party. This nomination merely shows the growing popularity of Ilham Aliyev".

Meanwhile, the opposition parties pretended to ignore the situation. "This does not concern Etibar Mamedov", said the head of Azerbaijan National Independence Party's election headquarters Fuad Agayev, referring to the party chairman. "It is a personal issue of Ilham and Heydar Aliyev", commented another opposition member, Gulamhusseyn Alibeyli of the Popular Front.

The opposition press bashed the initiative by claiming that the ruling party is confused and does not know what to do with the deadlocked situation in which the party found itself after the collapse of President Aliyev in April and his subsequent health problems. "They face the same problem that they have

been accusing us for many years", exclaimed the opposition daily *Yeni Musavat*, referring to the absence of unity within the party on who should run. By and large, the opposition seems to be indifferent to the issue, apparently believing they will win the elections no matter who runs from the ruling party.

Whether the nomination of Ilham Aliyev is a serious political act or just a decision of local governmental officials will become clear sooner or later. Yet it is already obvious that the ruling party does indeed have doubts on who should run for the presidency, and considering the health problems of President Aliyev, the ruling elite might want to secure a second candidate for itself.

Ilham Aliyev has been groomed for Presidency for the past 10 years. He is the head of Azerbaijan's Olympic Committee and Parliamentary delegation to the Council of Europe and serves as the first vice-president of the State Oil Company. He has wide international links and financial support. At the same time, he lacks support among the public and the ruling elite. This implies a risk of deep fragmentation should Aliyev senior die in office or become incapacitated.

In the final analysis, it is impossible to imagine that son and father would run against each other. If Ilham Aliyev officially becomes the candidate, one can expect that Aliyev senior will pull out of the race at some point, and vice versa.

Narmina Mamedova

CASPIAN ENERGY PROJECTS COMING TO GRIPS WITH IRAQ WAR

Ariel Cohen

In the aftermath of the Iraqi war, leaders and countries in the Caspian littoral are competing to obtain maximum geopolitical and economic advantage by attracting investors through lower bureaucratic barriers and reduced political risk. The Iraq war has generated rethinking on the part of regional governments, who now have to adapt to a more competitive situation. Iran's stance is still ambiguous with contradicting hard and soft lines, while some Balkan operators are beginning to involve in the pipeline discussion.

BACKGROUND: The Iraq war has raised concerns regarding the political environment and profitability of Caspian oil, with some arguing that it fundamentally changes the situation there. Fear are that large multinational companies will shift resources for Iraqi exploration, thus slowing down Caspian development and transit projects, and delaying the flow of the Caspian oil to the international markets. Question that arise are what role the U.S. is planning to play in the region in view of continuing instability in Iraq, while the Iranian regime is pursuing development of weapons of mass destruction and may be coming under increasing U.S. pressure to stop its nuclear program? These concerns, among other, reverberated through a number of conferences which took place in Turkey recently.

On the one hand, Iran's stance is, at least outwardly, moderating. Mehdi Safari, Iranian Deputy Minister of Foreign Affairs, expressed a relatively moderate position on the Caspian boundary delineation issue, putting his country's claims in the context of international law. While Iranians have in the past demanded an equal share of all Caspian oil, today their claims are being scaled down. Iranian representatives also made a pitch to become a transit country for abundant Kazakhstani oil through a proposed North-South oil pipeline – a suggestion supported by a number of participants, from the French TotalFinaElf, to a small Georgian company which currently specializes in rail transport of Kazakh oil to Iran. However, in less official settings Iranian contradict their message with accusations and claims against the U.S. The Iranian rhetoric, articulated among other by senior officials of the Energy Ministry, stick out as a sore thumb in a generally cooperative atmosphere, justifying suicide bombers and claiming that U.S. policy is ruled by a two percent minority of the population, which includes the international Zionist conspiracy and arms manufacturers. Iranian officials' statements that Bin Laden is a tool of American intelligence agencies have not helped, either. French and Russian sympathy for the Iranian views are also a problematic element.

Meanwhile, Kazakhstan is stepping up efforts to work with TotalFinaElf, Phillips and ENI to develop a pipeline which will allow the export of oil from the giant Kashagan field to the CPC pipeline, as noted by Uzakbay Karabalin, president

of the government-owned KazMunaiGaz. A trunk to Baku-Tbilisi-Ceyhan (BTC) is also under consideration. Kazakhs representatives have, however, warned that a decline in Western investments could force Kazakhstan to "turn to the East", giving a priority to a pipeline to China. It may also increase oil swaps with Iran, already underway.

While BP is moving aggressively to finalize the construction plans for BTC pipeline, the Balkan countries and Ukraine are only beginning to lay down the framework for transit pipelines which will bypass the congested Bosphorus straits. Presentations of the Burgas-Vlore (Albania) pipeline by Albanian-Macedonian-Bulgarian (AMBO) corporation, which claimed to offer at some future point a considerably cheaper transit price due to the ability of the deep water port in Vlore to accommodate large tankers, have caused some interest. So has a Romanian scheme called Constanta-Pancevo-Omisalj-Trieste to build a pipeline via Romania, Yugoslavia and Croatia, presented by Andrei Razvan Grigorescu, Romanian Secretary of State.

Dr. Mejid Kerimov, Minister of energy of Azerbaijan, in the concluding keynote speech focused on expanding natural gas exports to already gas-inundated Turkey, which currently receives gas from Russia and Iran. The Shah-Deniz giant field, one of the largest in Eurasia, is planned to supply 6.6 billion cubic meters. A Shah Deniz-Erzurum pipeline with its 14 wells will be constructed with financing of \$3.2 billion, good part of it coming from the European Bank for Reconstruction and Development.

IMPLICATIONS: Policy makers and oil companies in the region are concerned that the opening of Iraq to new oil and gas development will make the investment climate and geopolitical reality for pipeline transit more competitive, possibly taking a bite at profitability and available financing.

U.S. policy is grounded on the goal of helping the Caspian countries use their oil resources to develop their economies and societies; that is a long-term strategy that will not change because of Iraq. A senior U.S. diplomat, however, has recently called on Caspian countries to liberalize their economies and fight corruption, warning that unless that takes place, the flow of Western investment may diminish.

Private investors and financing institutions face political risks, such as a potential flare-up of Nagorno-Karabakh or other

local conflicts, but they clearly have sufficient comfort that projects such as the Baku-Ceyhan pipeline will not be disturbed. On the other hand, there is no question that Iraq will compete with the Caspian for western financial resources. The U.S. policy is likely to increasingly focus on encouraging Caspian governments to develop a more favorable investment climate. But oil companies view projects such as AIOC and BTC as designed with a long time horizon, which includes price scenarios far below the current levels.

Financing for the BTC pipeline has been delayed by about three months. According to some observers, this is time well spent as it has been used by the developers to ensure that the project meets the most stringent environmental and social standards. International Financial Institutions now seem more than comfortable with these aspects of the project.

CONCLUSIONS: The Iraq war and its aftermath is changing the geopolitical and geo-economic outlook in Iran,

Turkey, Russia and the Caspian states. Interviews with officials and experts from the region indicated that policy adjustments are taking place across the region to integrate into the new reality. The new post-war environment is characterized by the need for greater competitiveness for oil and gas projects in terms of both profitability and available financing. Another elements is the need to make both green field extraction projects and pipelines more attractive for foreign investors through deregulation and lower tariff and taxation regimes. Most importantly, however, there has been a change in the regional thinking on U.S. policy. In fact, an understanding that American power is here to stay in the region for the foreseeable future has developed into a consensus in recent months.

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THE CLOSURE OF "MOYA STOLITSA" AND FREEDOM OF PRESS IN KYRGYZSTAN

The situation with independent media outlets and freedom of press in Kyrgyzstan has recently been evoking much concern. One of the leading opposition newspapers "Moya stolitsa" was forced to close and another independent publication "Obshestveni Reiting" was ordered to pay a considerable fine to Foreign Ministry officials. These recent events undermine not only the freedom of speech and press, but also the very democratization process that Kyrgyzstan claims to be promoting.

On June 13, the Editor-in-Chief of "Moya stolitsa" Aleksandr Kim publicly announced the closure of the newspaper due to bankruptcy. Earlier on May 22, the Pervomay Rayon Court in Bishkek had ordered an arrest of all copies of one of the editions, including the newspaper's bank deposits and property. "Moya stolitsa" was explained that it lost a court case filed by Prime Minister of Kyrgyzstan Nikolay Tanaev, who claimed that one of the articles of the newspaper had defamed him. As a result "Moya stolitsa" was obliged to pay a big amount of fine. Moreover, the newspaper lost many court cases to other state authorities and governmental institutions.

In Kyrgyzstan, the tendency appears to be that whenever there is criticism of the government or high-ranking officials, newspaper gets sued under pretense of "defamation of one's honor and dignity", which eventually results in court battles, fines and even bankruptcy. On June 16 the Lenin Rayon Court in Bishkek ordered the independent newspaper "Obshestveni reiting" to pay Foreign Minister Askar Aitmatov 50,000 soms (\$1250) and two foreign ministry

employees Tentishev and Saliev 25,000 soms (\$625) each in damages because of an article posted on the Internet by the newspaper in February. The anonymously written article asserted that the foreign ministry is riddled with corruption and embezzlement, which the ministry viewed as a damage to its reputation and sued the publication. Thus in Kyrgyzstan suing for "moral damages" appears to have become an effective and the most frequently used tool or tactic to battle, silence or shut down independent and opposition newspapers.

As Aleksandr Kim notes in his interview to EurasiaNet, the amount of money "Moya stolitsa" owes for moral damages constitutes \$95,000 whereas the monthly revenue of the publication is \$15,000. During its two year existence the newspaper had to face 32 libel court cases and had to close several times due to lost court battles. Despite the fact that during two years of its existence "Moya stolitsa" existed for just 14 months and published only 14 issues, it became one of the most popular opposition newspapers. The newspaper published many articles on such serious issues sensitive for the government as corruption, money laundering and other economic crimes. As Aleksandr Kim claims, and as other observers point out, most of the lawsuits are the result of such sharp articles and critical publications towards the authorities.

The closure of "Moya stolitsa" has sparked an outcry in the international community. A number of international organizations such as Freedom House, Internews Network, the International Helsinki Federation of Human Rights, World Editors Forum, World

Association of Newspapers, the OSCE, and the EU have expressed concern over the closing of "Moya stolitsa". For instance, Freedom House Executive Director Jennifer Windsor, who recently visited Kyrgyzstan, said that the situation with the independent media is worrying, and that "the government must impose a moratorium on civil lawsuits against journalists and media outlets and move immediately to initiate new legislation to guarantee a free and independent press". In its press release, the Internews Network states that in Kyrgyzstan, the number of independent newspapers is steadily declining and many professionals cannot work effectively, which is "unacceptable in a society where the values of democracy, human rights and freedom of expression are promoted openly."

The situation with the freedom of press in Kyrgyzstan has been ranked higher than in other Central Asian states, where independent and opposition media has been subject to open intimidation. However, the recent events, in particular the forced shutdown of "Moya stolitsa", suggest that there is also pressure on freedom of press and speech in Kyrgyzstan. But this pressure is of an implicit character made through lawsuits, huge fines and forced bankruptcy. The declining pattern of freedom of press in Kyrgyzstan, which has always openly and widely praised democratic values and human rights principles, does not only harm the country's image but it also appears as a troubling sign on the road to democratization.

Aisha Aslanbekova

NEWS BITES

KAZAKH PARLIAMENT RATIFIES BORDER AGREEMENT WITH TURKMENISTAN

19 June

Kazakhstan's Senate ratified an agreement on the demarcation of the country's border with Turkmenistan on 19 June. The border agreement was signed by the presidents of both countries in July 2001, and the Senate's ratification has been passed on for President Nazarbaev's signature. Delimitation of the Kazakh-Turkmen border was based on Soviet-era administrative boundaries and mutually agreed-upon maps. The Caspian Sea boundary between the two countries will be set by a separate treaty, as will the point where the borders of Kazakhstan, Uzbekistan, and Turkmenistan meet. The same session of the Senate also ratified an agreement with Azerbaijan on the delimitation of the boundary between the two countries on the Caspian seabed. (Interfax-Kazakhstan)

RUSSIAN STATE DUMA ADOPTS RESOLUTION ON TURKMENISTAN

20 June

The Russian State Duma on 20 June adopted a resolution on the human rights situation of Russian citizens in Turkmenistan. The resolution was adopted by a vote of 411 in favor, far more than the 226 required for passage. The resolution attacks the unilateral actions of the Turkmen authorities to require that holders of Turkmen-Russian dual citizenship who wish to retain their Russian passports leave Turkmenistan by 22 June and calls on the Turkmen leadership to retract the deadline, stop harassing holders of dual citizenship, and drop the requirement that Russian citizens obtain exit visas to leave the country. It also calls upon

Turkmenistan to lift restrictions on teaching the Russian language, on rebroadcasting Russian television signals, on importing foreign publications, and on access to foreign media and the Internet. It also calls for removal of restrictions on freedom of movement within Turkmenistan and urges President Vladimir Putin to ensure that the resolution's demands are carried out in full and in a timely manner. (RIA-Novosti)

TAJIKISTAN'S RAKHMONOV STRENGTHENS LONG-TERM GRIP ON POWER

23 June

Tajikistan's Emomali Rakhmonov took out a 17-year lease on his country's presidency after Tajiks voted massively for constitutional changes that allow him to stand for two more seven-year terms of office after his current mandate expires in 2006. Announcing figures reminiscent of Soviet era elections, a spokesman for the central electoral commission said that according to provisional results, 93.13 percent of voters had approved the amendments in a poll in which 96.40 percent of

eligible voters took part. Just 6.13 percent of voters rejected the referendum package with 0.7 percent of the ballots spoiled, commission spokesman Mirzoali Boltuyev said. Western observers stayed away from Sunday's referendum in a refusal to endorse the process, with the United States expressing concern and the pan-European security body the Organisation of Security and Cooperation in Europe declining to send its representatives to monitor the poll. First elected in November 1994, Rakhmonov was re-elected in 1999 with a seven-year mandate under a constitution that barred him from standing again. The proposal to allow him to stand twice more after his current term expires in November 2006 was included in a package of some 50 constitutional amendments that Tajikistan's 3.1 million voters were asked to adopt or reject on a take-it-or-leave-it basis. The other amendments were mostly of a technical nature or concerned social issues. The result was seen as a foregone conclusion in the run-up to the hastily-arranged poll that was announced last March and allowed for little national debate. But the small opposition here denounced the results as a fix. "Our party observed how one person would vote in the name for six others, along with his own family members," Shokir Khakimov, deputy head of the Social Democratic party, told AFP. "This was a political farce," agreed Asliddin Sokhibazarov, deputy head of the Democratic Party. "These election results are falsified, this is another government lie," he told AFP. (AFP)

U.S. OBJECTS TO TAJIK CONSTITUTION CHANGE

23 June

The United States expressed dissatisfaction Monday with a weekend referendum in Tajikistan on a constitutional change that could allow President Emomali Rakhmonov to stay in power until 2020. "We have repeatedly stated that a constitutional referendum in that country should meet international standards for transparency," State Department spokesman Philip T. Reeker said. "And unfortunately, this exercise that was held over the weekend did not meet those standards." He said the United States is urging the Tajik government "to test its leadership and its policies through regularly scheduled, free and fair elections." More than 93 percent of the voters approved the changes in the former Soviet republic located in central Asia. It provides bases for the U.S.-led anti-terrorism coalition operations in Afghanistan. Now presidents will be able to serve two seven-year terms instead of one. Rakhmonov's current term ending in 2006 won't count under the revised constitution, meaning he could run again twice, and if re-elected, stay in power 17 more years. Rakhmonov, who at 50 is the youngest president in central Asia, said Sunday he had not decided whether he'd run again. (AP)

KAZAKHSTAN OKS BORDER AGREEMENTS WITH CENTRAL ASIAN NEIGHBORS

24 June

The upper house of the Kazakh parliament ratified a series of border agreements with its Central Asian neighbors Thursday, putting to rest one of the contentious issues left unresolved by the Soviet collapse. Also Thursday, lawmakers ratified an agreement with Azerbaijan over division of the Caspian Sea, debates over which have prevented tapping the vast oil resources lying beneath its waters. Kazakhstan's agreements with southern neighbors Kyrgyzstan, Turkmenistan and Uzbekistan were first signed between the governments over the last decade. With Turkmenistan, Kazakhstan has agreed to the borders laid out in 1932 under Soviet leader Josef Stalin's regime. The agreement with Kyrgyzstan resolves frontiers running atop the Tien Shan mountain range, including at the Khan Tengri peak that reaches 6,995 meters and also intersects with China. The agreement with Uzbekistan clarifies a range of border crossings and settlements. The borders of the countries of Central Asia, snaking across mountains, seas and deserts, were loosely defined and rarely marked in Soviet times when residents could travel freely between the republics. With independence in 1991, the countries have increasingly sought to establish their sovereignty and strictly define and mark their borders. Stalin ordered the creation of the republics of Central Asia - once a region known as Turkestan - in the 1920s along rough ethnic divisions. But the borders have caused increasing difficulty for residents today as they now must cross international frontiers to do business, or visit family or friends. Uzbekistan mined its borders to stop incursions of Islamic militants, leading to more than 40 civilian deaths. Kazakhstan's borders total some 14,000 kilometers, the longest frontier of which is with its northern neighbor Russia - more than half the country's perimeter. Agreements between Kazakhstan and Russia on their shared border are set to be discussed next year. Another contentious issue between former Soviet republics has been the division of the Caspian Sea. The Kazakh upper house also Thursday ratified an agreement with Azerbaijan over their claims to the Caspian. Kazakhstan has also agreed with Russia on division of the sea, but an agreement between all littoral states - which also include Iran and Turkmenistan - has so far eluded negotiators. (AP)

GEORGIA ADOPTS 15-YEAR PROGRAM FOR ERADICATING POVERTY

25 June

The Georgian government on Wednesday adopted a 15-year program aimed against poverty. Georgian President Eduard Shevardnadze noted that "the program is so realistic and well-planned that its successful implementation is beyond doubt." The program was worked out together with international organizations and donor countries, Shevardnadze pointed out. The program is aimed at reinforcing " democratic society, ensuring territorial integrity, raising defense capabilities and integrating Georgia into European and Euro-

Atlantic structures," he said. Development of industry, the energy sector and agriculture were prioritized in the program, he said. Shevardnadze expressed dissatisfaction with some international organizations' intention to break off ties with Georgia. "Such threats are perplexing because cooperation has been maintained for ten years, in particular, with the International Monetary Fund," he said. The government reported that 52% of Georgians live below the poverty level. The program's target is to halve this amount. (Interfax)

HEYDAR ALIYEV NOMINATED FOR THIRD PRESIDENTIAL TERM

25 June

Heydar Aliyev, Yeni Azerbaijan party's chairman, has been nominated yesterday for the third presidential term at the session of the party's Political Council. Ali Akhmedov, party's executive secretary, said in his speech that "Azerbaijani people support Heydar Aliyev's policy and he is regarded as a leader by an absolute majority." Milli Mejlis speaker Murtuz Aleskerov, party's deputy chairman, has presented Heydar Aliyev's program. According to Turan news agency, he said Heydar Aliyev is a "symbol of independence" of Azerbaijan and Aliyev's return to Baku on June 15 must be celebrated as Independence Day. Aleskerov said democracy was developed and free elections conducted during the period of Aliyev as a president. He said "Azerbaijani population hopes Heydar Aliyev will settle the Karabakh conflict." The army able to settle the conflict has been built, said Aleskerov. Owing to Aliyev's wise policy, Azerbaijan has gained respect in the world arena and joined many international organizations. Aleskerov has especially emphasized the republic's cooperation with NATO. Vice-Premier Ali Hasanov, head of State Committee for Refugees, said in his speech that all refugees would vote for Aliyev, who has signed 23 decrees and 13 laws on refugees. A total of 272 billion manat has been allocated for refugees' needs and 7,000 houses have been built, he added. Speakers also emphasized role that "Ilham Aliyev played for development of the republic and his services in the world arena and oil business." Ali Akhmedov, party's executive secretary said that documents on nomination of Aliyev's candidature will be submitted to CEC this week. (Baku Today)

FEDERATION COUNCIL PROLONGS RUSSIAN PEACEKEEPERS' MANDATE IN ABKHAZIA

25 June

The Federation Council on Wednesday prolonged the mandate of the Russian peacekeepers deployed to the Georgian-Abkhaz conflict zone. Russian President Vladimir Putin on June 19 asked the upper parliamentary chamber to prolong the mandate. In keeping with Putin's proposal, the mandate was extended to June 30, 2003. Although the conflict has recently subsided, withdrawal of the Russian peacekeepers could "derail the political settlement and fuel tension," the Federation Council's Security and Defense Committee head Viktor Ozerov said in parliament. A withdrawal may trigger a new armed clash between the

conflicting sides, Ozerov said. Some 135 members of parliament voted in favor of prolonging the mandate and one deputy abstained. (Interfax)

TWO JOURNALISTS RELEASED IN AFGHANISTAN

25 June

Two journalists accused of publishing articles that defamed Islam were released Wednesday after a week in prison but will still face trial, President Hamid Karzai said. The weekly newspaper Aftab printed an article June 11 saying the Muslim world had not seen progress in 1,400 years and accused leaders in Afghanistan's north of building palaces with "bloody hands." Chief editor Sayed Mahdawi and his Iranian deputy, Ali Riza Payam, were arrested June 17. Karzai said he ordered them released but they will still go to trial. "We don't consider what they have written to be the freedom of the press," Karzai said before leaving for Poland. "Freedom of the press does not mean that you can go and attack the beliefs of millions of people." The case has exposed fault lines between Islamic conservatives and liberals within Karzai's U.S.-backed administration. Defamation of Islam is an extremely sensitive topic in Afghanistan, a pious Muslim country that has been led by fundamentalist religious conservatives since the 1990s. Many of them are back in power following the ouster of the Taliban in 2001. Karzai said he did not mind when the press was critical of him or his government, but religion was another matter. "The press has been critical of the government, the press has been critical of me personally for all these times, they've even abused us, but I have not taken action against them," Karzai said. "But when it comes to the Afghan people's religious beliefs ... it is also our job to protect that." Deputy Justice Fazel Ahmed Manawi said the trial could begin next week. The New York-based Committee to Protect Journalists welcomed the releases, but expressed concern about threats of prosecution against journalists who are critical of Islam. "Until the charges against them are dropped and new laws protecting the rights of journalists to do their jobs without fear of reprisal are established, Afghanistan will continue to be a hazardous place for the media," the committee's executive director, Ann Cooper, said in a statement. (AP)

KYRGYZ PRESIDENT, FORMER COMMUNIST FIRST SECRETARIES GET IMMUNITY FOR LIFE

26 June

Kyrgyzstan's Legislative Assembly (the lower house of parliament) on 26 June adopted laws giving the country's first president – Askar Akaev -- and the two former first secretaries of the Communist Party of Kirghizia who are now parliamentarians -- Absamat Masaliev and Turdakun Usubaliev -- lifelong immunity from prosecution for actions taken during their periods in office. Akaev will also remain a member of the national Security Council for life. In addition, when he leaves office, he will continue to receive 80 percent of his presidential salary, will be allowed to keep his houses in Bishkek and on Lake Issyk-Kul, and an official car and driver.

Moreover, every member of his family who lives with him will receive a monthly allowance from the state. Masaliev and Usubaliev will receive 75 percent of their final salaries, official apartments, dachas on Issyk-Kul, and cars and drivers. They will be freed from court costs if they sue to protect their honor and dignity. According to parliamentarian Kubatbek Baibolov, who proposed the legislation, the new law is intended to show respect for the former leaders of Soviet Kirghizia as well as for independent Kyrgyzstan's first president. (Interfax)

TAJK PRESIDENTIAL AIDE SUBMITS RESIGNATION.

26 June

Social Democratic Party chairman Rahmatullo Zoirov said on 26 June that he has submitted his resignation as an aide to President Imomali Rakhmonov to protest the conduct of the 22 June referendum in which an overwhelming majority of voters reportedly endorsed sweeping constitutional amendments. The Tajik leadership ignored the Social Democratic Party's public criticism of those amendments. Zoirov said it would be politically unethical for him to continue to hold both positions. He said he will now concentrate his efforts on preparing for the parliamentary elections in 2005. (Interfax)

AFGHANS LAUNCH NEW MOBILE NETWORK

26 June

The Telecom Development Company of Afghanistan (TDCA) officially launched Roshan - which means "light" in Pashto - on Thursday. The new GSM network will now undergo tests for the next four to six weeks before its commercial launch. The firm says it will roll out its service in Kabul and the main cities of Herat, Kandahar, Mazar-i-Sharif, Jalalabad and Kunduz by the end of the year, at a cost of about \$55m (£33m). It will compete with customers of Afghanistan's first GSM provider, Afghan Wireless Communication Co, which is still offering a patchy service. Many officials and aid workers are still using expensive satellite phones due to the unreliability of the existing GSM network. TDCA is owned by an international consortium which includes France's Alcatel, US-based MCT and Monaco Telecom International. Its majority shareholder is the Aga Khan Fund for Economic Development, which commands a 51% stake. (BBC)

US OFFICIAL MEETS WITH GUUAM GROUP AMBASSADORS IN WASHINGTON

26 June

Deputy Secretary of State Richard Armitage met with the ambassadors of Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova (the GUUAM group) at the State Department June 24 to discuss multilateral projects on regional security and economic development, and the 3-4 July GUUAM Summit of Heads of State in Yalta, Ukraine. The Deputy Secretary underscored US interest in and enthusiastically endorsed the progress made on joint US-GUUAM projects in

trade and transport facilitation and law enforcement cooperation. Deputy Secretary Armitage emphasised that the United States has high expectations that agreements on these programmes will be approved at the GUUAM Summit of Heads of State in Yalta, Ukraine on 3-4 July 2003. The Deputy Secretary and the visiting Ambassadors attached great importance to the strengthened cooperative relationship between the United States and GUUAM and agreed that the organisation has the potential to foster beneficial development for the entire region. (UzReport)

AZERBAIJANI OPPOSITION PRESIDENTIAL CANDIDATE'S COUSIN ARRESTED

27 June

Inglab Kerimov, a cousin of Ali Kerimli, chairman of the reformist wing of the Azerbaijan Popular Front Party (AHCP), was arrested at his home in Baku on 26 June. Kerimov, who is an AHCP activist, is the fourth member of that party to be arrested in the past month. AHCP Deputy Chairman Djamil Hasanli told journalists on 27 June that he considers all those arrests politically motivated and intended to weaken the party in the run-up to the presidential ballot, in which Kerimli is a candidate. (Turan)

AZERBAIJANI OPPOSITION DENOUNCES 'CULT OF PERSONALITY'

27 June

Meeting in Baku on 25 June, the leaders of six opposition parties and several other prominent opposition politicians endorsed a "Charter on the Cult of Personality" drafted by AMAL, the movement that represents Azerbaijan's intelligentsia, zerkalo.az reported on 26 June. The charter condemns the antidemocratic methods of propaganda resorted to by authoritarian regimes; the selection of government personnel on the basis of their family or regional origin; attempts to establish a hereditary leadership, meaning President Aliiev's alleged plan to ensure that his son, Ilham, succeeds him as president; and efforts to undermine democratization, political pluralism, and the transition to a market economy. (RFE/RL)

ABKHAZIA AGAIN REJECTS PROPOSED INTERNATIONAL ADMINISTRATION

27 June

Abkhaz Foreign Minister Sergei Shamba has told Apsnipress that the Georgian leadership's proposal to establish a joint Georgian-Abkhaz administration under the UN aegis in Abkhazia's southernmost Gali Raion concurrently with the repatriation to Gali of Georgian displaced persons is unacceptable. Shamba again insisted that repatriation is a purely humanitarian issue and accused the Georgian leadership of using the displaced persons as pawns in their "political games." (Caucasus Press)

ARMENIAN PRESIDENT VISITS GEORGIA

28 June

Robert Kocharian, accompanied by five government ministers, arrived in Tbilisi on 27 June for a two-day official visit. In meetings with his Georgian counterpart Eduard Shevardnadze and with parliament speaker Nino Burdjanadze, Kocharian discussed regional security, bilateral political and economic cooperation, and regional cooperation within the TRACECA (Asia-Caucasus-Europe transport corridor) and Silk Road projects and the Black Sea Economic Cooperation Organization. The official communiqué issued after Kocharian's talks with Shevardnadze did not specify whether the two presidents also discussed the situation of the Armenian minority in the southern Georgian region of Djavakheti, but Kocharian was said to have met behind closed doors with some members of Georgia's Armenian minority. (Caucasus Press)

UN WORK PLAN INCLUDES RESOLVING KAZAKH-KYRGYZ WATER DISPUTE

28 June

The UN Development Program's Work Plan for 2004-05 includes sending a group of advisers to Central Asia to help resolve a dispute between Kazakhstan and Kyrgyzstan over water resources. The dispute between the two countries involves the water of the Chu and Talas rivers in northern Kyrgyzstan, which Kazakhstan needs for agriculture. Kyrgyzstan is demanding that the Kazakh side pay for the water, while Kazakhstan says the demand for payment is illegal. Such arguments are not unusual between Central Asian states, where agricultural development in the Soviet era was based on the principle that water for irrigation would go to the areas that needed it most in Moscow's judgment, without regard to republican borders. The governments of Sweden, Estonia, and Great Britain have promised to finance the group of UN advisers. Great Britain has been interested for several years now in helping the Central Asians solve their regional water-management problems. (centralasia.ru)

MOSCOW REAFFIRMS ITS PARTICIPATION IN IRAN'S NUCLEAR PROGRAM

30 June

Foreign Minister Igor Ivanov met in Moscow on 30 June with visiting Iranian Vice President Qolam Reza Aqazadeh-Khoi, who oversees Tehran's nuclear program. During the talks, Ivanov confirmed Russia's intention of meeting all its obligations relating to the construction of the nuclear-power plant at Bushehr. Ivanov also reiterated Moscow's assurances that the Bushehr plant will be "in strict compliance with the Nuclear Non-Proliferation Treaty." He also again called on Tehran to sign the International Atomic Energy Agency's (IAEA) Additional Protocol, which would open the way for international inspections of all Iranian nuclear sites. By signing the protocol, Ivanov said, Tehran would prove "the peaceful nature of the Iranian nuclear program." (RIA-Novosti)

KYRGYZ OPPOSITION PROTESTS POST-PRESIDENTIAL PRIVILEGES FOR AKAEV

30 June

A Kyrgyz opposition movement comprising parliamentarians, human rights activists and opposition political figures that is seeking the resignation of President Askar Akaev issued a statement on 30 June protesting a law adopted by the lower house of parliament last week that would grant special privileges to Akaev after he leaves office. The statement asserted that the life-long privileges for Akaev and his family, including retention of government-owned housing and the use of a car and driver, would require significant expenditures of public funds. Opposition parliamentarian Azimbek Beknazarov, who heads the movement for the president's resignation, was quoted as calling the law "anticonstitutional and antidemocratic." He also objected to granting Akaev and his family life-long immunity from prosecution. The benefits are not intended to apply to future presidents, but only to Akaev as the first head of state of independent Kyrgyzstan in recognition of his "historic mission," and to two former first secretaries of the Soviet-era Communist Party of Kirghizia who are now members of parliament. (RIA-Novosti)

RUSSIAN SECURITY SERVICE ARRESTS FORMER TAJIK INTERIOR MINISTER

30 June

The Russian Federal Security Service (FSB) has arrested former Tajik Interior Minister Yakub Salimov in Moscow at the request of Tajik law enforcement agencies, Interfax and other Russian media reported on 30 June. A Tajik delegation is reported to be in Moscow seeking to arrange Salimov's extradition. Salimov has been accused of treason, murder, and planning an armed coup in 1996-97. Tajik opposition journalist Dodojon Atovulloev, who lives in exile in Moscow, told a correspondent for "Kommersant-Daily" that if Russia extradites Salimov, it "risks losing Tajikistan in the future." Atovulloev's assessment of Salimov as one of the most influential political figures in Tajikistan and the man who brought President Rakhmonov to power was posted on the tajikistantimes.ru website. According to Atovulloev, Rakhmonov's former close associates, including Salimov, are now turning into his main enemies. After fleeing Tajikistan in 1997 following an attempted coup to overthrow Rakhmonov, Salimov joined the opposition in exile. Atovulloev added that Salimov's arrest is part of an effort by the Tajik authorities to induce Russian law enforcement agencies to round up the Tajik opposition in Moscow. (RIA-Novosti)

KYRGYZ PARTY DECLARES ITSELF IN OPPOSITION

30 June

The Kyrgyz Ar-Namys Party formally declared itself in opposition to the government at its third congress on 28 June. The congress, which was attended by 98 elected delegates from all oblasts, re-elected former Vice President Feliks Kulov as head of the party. Kulov, presently serving a jail

sentence for crimes alleged to have been committed during his period as the country's top security official, reportedly runs the party from his jail cell. The congress criticized the government for failing to carry out democratic reforms and criticized some international organizations for using the government as their main partner in implementing projects. Party leaders complained that the authorities prevented them from holding their congress in Bishkek, forcing them to find a private venue in nearby Alamedin Raion. (akipress.org)

KYRGYZSTAN CALLS FOR URGENT AID TO AVERT NUCLEAR RISK IN CENTRAL ASIAN VALLEY

30 June

A senior Kyrgyz official appealed for urgent help to avert the danger posed by a Soviet-era uranium mine threatening Central Asia's densely populated and seismically unstable Ferghana Valley. "Ecological catastrophe could hit the whole Ferghana Valley" as a result of the mine on the banks of the Maily-Su river, which flows into Andzhan in neighbouring Uzbekistan, Amarkul Aitaliyev, a senior official at Kyrgyzstan's ecology and emergency situations ministry, told journalists. Aitaliyev's comments followed a Franco-Belgian investigation sponsored by the European Union into the disused mine. Observers have said the mine and its environmental fallout have the potential to aggravate already tense relations in Ferghana – Central Asia's main population centre shared by Uzbekistan, Kyrgyzstan and Tajikistan. Uranium from the mine was enriched locally until its closure in 1960, and the resultant leftovers were buried in hillside pits, which are prone to flooding and could leak into the river due to frequent avalanches. Social stigma has become attached to residents of the impoverished Maily-Su district due to their alleged health problems resulting from the mine. "In the event of natural disaster radiation levels in the Ferghana Valley could seriously worsen," Hildegard Vandenhove of Belgium's Centre for Nuclear Research, said. The World Bank has allocated five million dollars (4.3 million euros) to a variety of preventive measures to be carried out in 2004 but much more money and expertise will be needed to fully stabilise the situation, Aitaliyev said. (AFP)

BOMB IN MOSQUE WOUNDS 10 IN SOUTHERN AFGHANISTAN

01 July

A bomb exploded in a mosque in southern Afghanistan during evening prayers, wounding 10 people, three of them seriously, the main preacher and officials said on Tuesday. The preacher at the mosque, in Kandahar city, supports Afghanistan's U.S.-backed government. The blast ripped through the mosque during evening prayers on Monday, said Khalid Pashtun, spokesman for Kandahar's governor. Pashtun accused remnants of the ousted Taliban regime for planting the bomb and said the mosque's preacher, Mawlavi Abdullah Fayaz, had recently rejected a Taliban call for a jihad, or Muslim holy war, against the government. "Fayaz was the target because he also heads the council of

Kandahar's Ulema," Pashtun said, referring to the city's council of clerics. "They had said that jihad is not applicable against the government," he said. Kandahar is a former bastion of the Taliban, who were driven from power by a U.S.-led offensive in late 2001, in the wake of the September 11 attacks on the United States. Fayaz also accused the Taliban of carrying out the attack. "I had opposed the wrong decisions of the Taliban and that's why they carried out this blast," he told Reuters by telephone. There has been a string of attacks on international and government troops and aid agencies in Kandahar and other parts of southern Afghanistan in recent months. Pashtun said the Taliban have begun a campaign of targeting people who back the government of President Hamid Karzai. (Reuters)

AZERBAIJANI OIL FUND ASSETS AT \$810 MILLION JULY 1

01 July

The Azerbaijani state oil fund said Tuesday that it has accumulated \$809.9 million in receipts from oil sales. "We had \$760.2 million as of June 1," the fund's executive director, Samir Sharifov, told representatives of Azerbaijan's non-governmental organizations. "If you take into account the \$48.6 million bonus we recently received from OAO Lukoil Holding, we now have \$809.9 million worth of assets in reserve." Of this sum, \$131.4 million have been allocated as expenses, and the other \$ 678.5 million are invested. The fund's assets are allocated as follows: 33.6% are invested in money markets, 27.5% is in bonds, 1.8% is on deposit, 22.4% is to go to foreign money managers and 4.7% is in U.S. Treasuries. The fund held \$270.9 million as of Jan. 4, 2001. Its revenue comes from profits from the sale of oil, oil transit,

rents, bonuses and returns on equity. Its expenditure is allocated as follows: \$50.5 million for refugee support, \$ 127.8 for construction of BP PLC-led Baku-Tbilisi-Ceyhan pipeline, \$1 million for management and \$600,000 for profit tax. Sharifov said 69% of the fund's assets were in dollars and the rest in euros. About \$50 million is managed by France's Societe Generale, \$60.7 million is with Deutsche Bank AG and \$41.5 is with Swiss bank Clarident. (Dow Jones Newswires)

TURKEY HINTS AT SOFTENED STANCE ON ARMENIA

01 July

Speaking on 27 June in the east Anatolian city of Kars, Turkish Prime Minister Recep Tayyip Erdogan said Ankara will not open its border with Armenia until that country formally abandons its international campaign for recognition that the killings of Armenians in Ottoman Turkey in 1915 constituted genocide, RFE/RL's Yerevan bureau reported. But Erdogan did not insist, as Turkish politicians have hitherto done, that establishing diplomatic relations with Armenia is contingent on a solution to the Karabakh conflict that leaves the enclave a part of Azerbaijan. A senior Armenian official told RFE/RL that Turkey is under pressure from the United States to open its border with Armenia and might do so prior to establishing diplomatic relations. The Armenian Foreign Ministry on 30 June reaffirmed Yerevan's readiness "to continue the ongoing dialogue" with Turkey in the hope that it will eventually lead to specific steps. The Armenian and Turkish foreign ministers met in early June on the sidelines of the Euro-Atlantic Partnership Council meeting in Madrid. (RFE/RL)

