

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

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EDITORIAL PRINCIPLES

The Central Asia-Caucasus Analyst is an English language global Web journal devoted to analysis of the current issues facing the Central Asia-Caucasus region. It serves to link the business, governmental, journalistic and scholarly communities and is the global voice of the Central Asia-Caucasus Institute, 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.

The Analyst aims to provide our industrious and engaged audience with a singular and reliable assessment of events and trends in the region written in an analytical tone rather than a polemical one. *Analyst* articles reflect the fact that we have a diverse international audience. While this should not affect what author's write about or their conclusions, this does affect the tone of articles. Analyst articles focus on a newsworthy topic, engage central issues of the latest breaking news from the region and are backed by solid evidence. Articles should normally be based on local language news sources. Each 1000-1200 word analytical article must offer a concise and authoritative statement of the event or issue in question. An article must provide relevant, precise and authoritative background information. It also must offer a sober and analytical judgment of the issue as well as a clinical evaluation of the importance of the event. Authors must cite facts of controversial nature to the Editor who may contact other experts to confirm claims. Since *Analyst* articles are based on solid evidence, rather than rumors or conjecture, they prove to be reliable sources of information on the region. By offering balanced and objective analysis while keeping clear of inflammatory rhetoric, The Analyst does more to inform our international readership on all sides of the issues.

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Analytical Articles:

Analytical articles require a three to four sentence introduction to the article based on a news hook. Rather than a general, overarching analysis, the article must offer considered and careful judgment supported with concrete examples.

Analytical article structure: Ideal length between 1000 and 1200 words.

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

BACKGROUND: 300-400 words of analysis about what has led up to the event or issue and why this issue is critical to the region. Include background information about the views and experiences of the local population.

IMPLICATIONS: 300-400 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. 700-800 words.

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

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KREMLIN CALLS FOR “CIVILIZED” RULES OF THE GAME IN EURASIA

Mark Simakovsky

Statements made prior to the CIS Summit in Kazan on August 26th by two Kremlin insiders indicate that Russia may be establishing a more pragmatic approach towards its “near abroad.” Finding itself ill-equipped to deal with impending challenges alone, the Kremlin may be seeking to lay out a framework for “civilized rules of the game” to counter unfavorable geopolitical competition in Eurasia. Combine this with Russia’s tacit acceptance of the relative failure of the CIS, and one may begin to envision a double dose of Russian pragmatism reverberating in the post-Soviet space. What lies behind Moscow’s possible decision to engage the West on Eurasian security issues? And what does this mean for the future of the region?

BACKGROUND: In December 1991, the CIS was created to help manage the collapse of the Soviet Union and resulting economic and political instability. The Kremlin hoped to maintain Russian leadership and supremacy in Eurasia by turning the CIS into a tightly knit economic union and collective security arrangement. After 14 years, a collection of ineffectual summits, unimplemented treaties and unfulfilled promises has highlighted the slow death of the CIS. President Putin recently asserted that “It has become obvious that its mission today and its current objectives have started to rely on obsolete forms and methods of work.” Putin also failed to list any concrete proposals at the August 26th Summit in Kazan, Tatarstan (save in cultural and educational realms). All that was mustered was a reference to a possible “High-level group” of wise men tasked with developing new models of integration.

The impending dissolution of the CIS as a stable organizational mechanism comes at a trying time for Eurasian security and stability, as corruption, rapid political change and increased geopolitical competition has placed the international spotlight on the region. “Colored revolutions” in Ukraine, Georgia and Kyrgyzstan create an environment of distrust and antipathy between Russia and the West. These events undermined Russia’s influence and control, instilling a traditional sense of siege mentality in the country’s

political elites. As a result, Russia’s political elite lays claim to the belief that these revolutions were orchestrated by outside forces, and have called for an end to the “forcible democratization” of the post-Soviet space.

The United States has felt the sting of Russian pressure in Central Asia. To counter the unwelcome trend of revolutions in its backyard, Russia no doubt believed that it could balance its recent misfortunes by pressing to remove the United States’ military footprint in Central Asia. In July, the Shanghai Cooperation Organization (SCO) – led by Russia and China – openly called for the withdrawal of U.S. bases from Central Asia. Due to U.S. pressure for democratic change and investigations of the Andijan violence, President Karimov of Uzbekistan followed up the SCO declaration by calling for the withdrawal of the U.S. military base at Karshi-Khanabad within 180 days.

This environment of tactical competition and instability, however, may have finally instilled a change in the minds of Russia’s geopolitical strategists. As Russia grudgingly accepts the demise of the CIS, leaks from the Kremlin are being released to gauge reactions in Russia and the West to a new course in Russian thinking. Recent statements by Deputy Foreign Minister Grigory Karasin and a so far unnamed high-level source in the Presidential

Administration indicate that a new sense of pragmatism may be creeping inside the walls of the Kremlin. The unnamed advisor stated that Moscow would like to set up “civilized” rules for managing the ongoing geopolitical competition in Eurasia between Russia, the United States and the EU. Karasin went on to state that Russia was interested in creating a more effective and predictable relationship in Eurasia between Russia and the West. “We should find a balance, which would renew the atmosphere and our relations here with our western partners.”

IMPLICATIONS: The Borjomi Declaration signed on August 12 by the Presidents of Ukraine and Georgia – to create a Community of Democratic Choice which will span the entire “Baltic-Black Sea-Caspian” area – is a step which formalizes the increasing Western tilt of a contingent of CIS states. This declaration was no doubt on the minds of those who made statements on the demise of the CIS and the need for “civilized rules of the game” in Eurasia. Whether or not by intent, the declaration is a challenge to Russia’s ambitions of leveraging a united CIS as an integrated ideological, economic and political force in Eurasia.

Russia’s leaders have begun to more coherently take into account the geopolitical realities of the Eurasian space. Instead of placing itself in opposition to Western influence in the region, there are those in the Kremlin arguing for a new and more “realistic” approach. This approach sees it in the interest of Russia to channel and accommodate U.S. influence in a more pragmatic fashion.

Overall, however, Russian calls for open and frank discussion with the West on political order and stability in Eurasia will likely be seen as a veiled attempt at admitting past Russian mistakes. Aside from seeking to uphold democratic values and free market principles, the United States and the West will not find it in their interests, nor value systems, to reach any sort of mutual agreement with Russia which seeks to carve out new spheres of influence in the region. Entering into so-called “civilized” rules of the game over the heads of the political leaders, institutions and populations of the countries in the former Soviet space would ultimately diminish respect for Western power and influence, providing Russia an opportunity to

continue to hold an exclusive sphere of influence in the region.

If Russia actually does wish to help transform Eurasia into “an arena of mutually respectful and predictable partnership”, it will have to come to grips with a lingering zero-sum mentality among its political elite. It will also have to decide on which civilized rules it wants to play by, as behavior surrounding the “colored revolutions” has shown that the West and Russia continue to uphold contrasting ideological visions. Specifically, Russia’s double standard in the South Caucasus – clamping down on separatism in the North Caucasus while deepening patronage in Abkhazia and South Ossetia – questions whether Moscow will adhere to the same type rules the West will be interested in promoting.

CONCLUSIONS: Irrespective of a possible warming and pragmatic tilt in Russian policy, the Kremlin’s commitment to seek cooperation and a more even-handed approach to CIS states is anything but certain. When Russia calls for “civilized rules of the game,” Western policymakers will be greatly interested in seeing what these rules entail. Russia’s strategy may be to try and constrict U.S. and Western interests by shifting Eurasian initiatives through a U.S.-Russian dialogue which would flow through the Kremlin.

Clinging to isolated statements of Russian officials will not obscure the fact that Russia is no longer the unifying force in the Eurasian space. Tactically trying to subvert Western influence in its former sphere of influence has been an exercise in futility for Russia. It has become clear that the most important force for change in the region will continue to be the dissatisfaction of populations and political elites with the static post-Soviet political regimes. How the West and Russia seek to deal with this reality will determine whether confrontation or cooperation is the dominating geopolitical trend in Eurasia.

In the past, Russia had great difficulty managing its day-day relationship with its “near abroad” and formulating a strategic vision for the region. The death-knell of the CIS provides the West with a chance to get in on the ground floor of a new strategic framework for Eurasia. As the U.S.-Russian

relationship has suffered as of late, cooperation on Eurasia may set the stage for a more mature and pragmatic relationship. It might just be the time to focus and develop what Russian Deputy Foreign Minister Grigory Karasin calls “a fair competition of ideas and concepts, not power” between all countries and great powers interested in Eurasia.

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THE CENTRAL ASIAN DIMENSION OF RUSSO-CHINESE EXERCISES

Stephen Blank

From August 18-25, 2005 almost 10,000 Russian and Chinese troops conducted joint and combined exercises in Russia's Maritime province and China's Shandong province. These exercises were unprecedented in their scale and scope, but they also represent the first time that exclusively Russo-Chinese military exercises occurred under the formal auspices of the Shanghai Cooperative Organization (SCO). Consequently no observers from outside the SCO were permitted to view these supposedly anti-terrorist exercises which allegedly aimed at "settling" a terrorist conflict. While the significance of these exercises transcends Central Asian issues, their regional significance is substantial.

BACKGROUND: Although these were ostensibly anti-terrorist exercises, Chinese Chief of Staff Liang Guanglie stated that they were directed against terrorism, separatism, and extremism. While the operations conducted here clearly represent the kinds of operations China might conduct against Taiwan which it regards as a separatist province, China also regards the threat posed by Muslim insurgents in Xinjiang as separatism and extremism based on religion and quite clearly regards those who conduct these "separatist" operations as terrorists. Nevertheless these exercises' scale and scope suggest a large-scale conventional operation rather than an anti-terrorist mission. The participating land, sea, and air forces conducted live-fire exercises, tactical and long-range air strikes using nuclear capable TU-22M heavy bombers, airborne landings, naval blockades, amphibious landings, and ground assaults.

These exercises also clearly possessed considerable political significance for both parties. Chinese Defense Minister Cao Gangchuan stated that they

represented Russia and China's "key, strategic decision" to strengthen bilateral defense partnership amid changing international conditions and to meet new threats. One might regard these new threats and changing conditions as representing terrorism and separatism as in Chechnya or Xinjiang, but these code words also clearly point to what both governments regard as American hegemonism and unilateralism to the point of trying, or so they believe, to promote democracy in their own countries and spheres of influence. Russian Defense Minister Sergei Ivanov also stated that he looked forward to more such exercises in the future.

In other words, these exercises represented a military extension of the alliance that took shape at the foreign ministers' meetings and at the SCO's July summit in Astana, and that is frankly directed against America and its policies in Central Asia. Foreign and Russo-Chinese observers quickly discerned this political dimension, ascribing the following motives to these exercises: first, an attempt to consolidate if not extend Sino-Russian

partnership, if not alliance, against American power and policy in Central and possibly East Asia, to the military dimension. Second, both states' shared desire to assert their military prowess particularly against American policy and defense capability. They also probably intended to show Central Asian governments how they could stand up to terrorist and separatist threats in Central Asia. Third, Moscow's interest in showcasing its top of the line and most recent defense technologies and weapons systems for possible future sale to China. Fourth, Russia's interest in the context of its program of concurrent exercises comprising virtually every branch of Russia's armed forces, to revive those forces and demonstrate their capabilities to domestic and foreign audiences. Fifth, China's continuing rehearsals of possible options against Taiwan, e.g. amphibious landings, airborne descents, long-range strikes, naval blockades, etc.

IMPLICATIONS: Certainly Ivanov's and Cao's words suggest the shared desire for continued and deeper partnership to confront changes in world affairs, i.e. the various "colored" revolutions in CIS countries, and American hegemonism and unilateralism. In Central Asia, the increasing clarification of a coherent multi-dimensional strategy to constrain U.S. options in Central Asia and beyond can be discerned. Essentially the combined challenge of U.S. economic assistance, military bases and assistance, and now support for democracy has galvanized both Moscow and Beijing while Washington's support for democracy has equally galvanized Central Asian governments, notably Uzbekistan, but even Kazakhstan and Kyrgyzstan, either to evict U.S. forces from local bases or to warn in not so veiled terms against efforts to "impose" democracy in Central Asia.

Russia and China have employed intense pressure, large-scale financial and even energy assistance and probably deals regarding succession to support or establish favorable and anti-democratic policies and governments in Central Asia and to increase their military presence there. In the latter instance, we see the expansion of Russia's base in Kyrgyzstan, a new one in Tajikistan, and numerous rumors of its

interest in acquiring new bases in Uzbekistan. China has not only stepped up its defense diplomacy with other SCO members but is also wielding economic power increasingly overtly. It loaned or gave Uzbekistan \$1.5 billion in assistance right after the Andizhan violence and signed a \$600 million energy deal with it as well. Both governments also relentlessly support Karimov's anti-democratic measures and the diminution of America's regional presence there.

As such, just as China does in Southeast Asia and both China and Russia do in Northeast Asia, they seek to use formal multilateralism as a cover by which to pursue a strategy of leveraging regional associations and states against American policy and power. Multilateralism, real or feigned, is the weapon of choice here and this conforms to both China's and Russia's long-standing demands for multipolarity in global politics. Through this strategy of leveraging regional blocs against Washington, they hope not only to solidify spheres of influence in vital areas but also to force Washington to come to terms with them both regionally and globally and act only with their consent or prior consultation. They thereby hope to effectuate a steady constriction of America's geographical and political space or scope for action and secure greater influence, if not control, over ever larger parts of Asia.

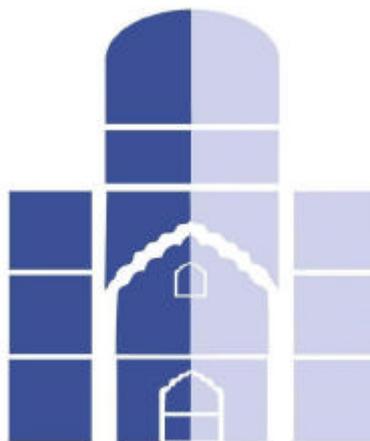
These exercises aim to show that the two powers can and will wield substantive and effective military power in critical zones of Asia and that, at least in the SCO multilateralism, also has a military dimension. China has steadily pushed since 2002 for an invigoration of the SCO as an all purpose or full-service security organization comprising anti-terrorism, trade, investment, and now defense cooperation. It will not stop here especially as China has long touted the SCO as the model for other such associations in Asia. Thus this regional strategy is merely the latest round of a broader continental strategy that China hopes to implement phase by phase or step by step and as regionally appropriate in Southeast and Northeast Asia.

What is particularly intriguing here is that Moscow now accedes to this. It must realize that it cannot compete economically with China and maybe not even militarily though Beijing has made no effort to supplant it. But the reality of China's capabilities as seen in its offers to Karimov has caught Moscow's eye as noted by Russian analyst Vilya Gelbras. Thus the SCO may also become Russia's eye on China as much as it is what Russian scholars believe to be a purely Chinese initiative that Russia must join to prevent being excluded from the area. Certainly, Russia opposes any Chinese military presence there. In other words, membership in the SCO compels Moscow to keep up with China and thus adopt stances it might not otherwise take, even as it allows it to leverage Chinese power temporarily for its own behalf in Central Asia even if the price is being swept along on the current of grander and broader Chinese agendas on world politics.

CONCLUSIONS: What we now see in Central Asia is hardly the final act of the drama, merely one more scene in an evolving multidimensional spectacle. But its consequences far transcend Central Asia to encompass Southeast, South and Northeast Asia. We can also expect that within the SCO, either Russia and China will display considerable if muted friction and/or that Central

Asian states' suspicions of their power will inhibit its effectiveness, especially if Chinese power keeps growing. That will give Washington future avenues for again returning more strongly to the area. But this time it must show greater sensitivity to regional needs and interests for added to the structural pathologies making for insecurity in this region there is now a clear strategic and ideological bipolarity that it must now surmount. While the eviction of U.S. forces from Karshi Khanabad represents an unmitigated setback for Washington, it is unlikely that Beijing and Moscow can keep a lid on Central Asia sufficient to exclude America from any meaningful presence there. While these exercises show a consolidated strategic and ideological bloc for now, Washington may still find the intelligence and capability to restore its influence and exploit what will be the inevitable next act of the drama now taking place in Central Asia.

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THE KYRGYZ REVOLUTION: ONE STEP AHEAD OR TWO STEPS BACK?

Kunduz Jenkins

The “tulip revolution” which occurred on March 24th in Kyrgyzstan and brought Kurmanbek Bakiev to the presidency, was the seminal event that resulted in momentous regime change and replaced the previously unpopular powers in the country. As the euphoria of revolution has passed, it is time for the new administration to keep their promises to the people by implementing radical measures to deal with the economic crisis left by the old regime. The two fundamental question that seems to permeate with the populace is whether the revolution was a step ahead or perhaps two steps back in the country’s democratic and economic development?

BACKGROUND: Recently, ex-president Askar Akaev and his supporters have given a number of interviews and statements in the mass media and in public appearances, arguing that the March Revolution regressed the country with an accompanying huge rollback in its development. They also claim that the country achieved impressive results in implementing democratic and economic reforms under the rule of the former president. Yet actual facts demonstrate the opposite. In the early years of his presidency, Askar Akaev made efforts in turning Kyrgyzstan toward a democratic and independent country with a market economy by developing a new constitution and parliament, introducing liberal investment and monetary legislation, launching privatization as well as promoting Kyrgyzstan’s membership into the WTO. But those good intentions were negated by Akaev’s misperception of democracy and the rule of law, by replacing state interests with his own personal interests and those of his family, and by allowing corruption to become pervasive in many areas and sectors of the country’s economy. Surrounded by associates and demagogues and fenced off from the people, Akaev lost the sense of reality by ignoring the country’s and people’s needs.

According to data from the National Statistics Committee, the average monthly wage in Kyrgyzstan as of January 2005 was 54.9 USD, which

was next to last place among all of the NIS countries. Since 1993, Kyrgyzstan received almost US\$3 billion in foreign investments as loans, long-term credits and grants from international and financial institutions such as the IMF, The World Bank and other sources. Despite this significant financial aid, the average Kyrgyz citizens’ well-being did not really improve. Two thirds of the population sunk beneath the poverty line. As a result, an enormous disparity between the rich and poor caused a significant growth in social inequity as well as a high rate of unemployment. The collapse of Akaev’s regime through the “tulip revolution” was a natural process and potentially a window of opportunity in Kyrgyzstan’s democratic development.

Since the new government came to power after the March 24 revolution, there has been hope that the newly elected President would be able to form a fresh dynamic government based solely on the country’s strategic interests and needs, which could gain the trust and support of the nation, unlike the previous regime. Indeed, some positive results have been achieved. The first, and probably most important, result attained was the creation of a political tandem of two leaders from the opposition, President Kurmanbek Bakiev and Prime Minister Felix Kulov. The two political rivals decided to work together as a team which most definitely

helped to relax the country's internal tension and avoided possible violent conflicts. This key alliance has been formed based upon a realistic evaluation of the current situation in Kyrgyzstan and was undoubtedly a momentous step in reaching stability and security in the country.

IMPLICATIONS: Unquestionably, the spring reformation resulted in additional economic issues due to a long period of instability which occurred right before the revolution. Currently, the country's external debt has reached a critical point of \$1.92 billion dollars which exceeds almost five times the Republic's annual income from taxation. According IMF experts, almost 50% of the GDP consists of the shadow economy. IMF experts say Kyrgyzstan's economy is currently in a deep economic crisis and requires immediate revival measures, otherwise the only source of survival for the population may be illegal activities such as narcotics production and smuggling. It is very crucial for the country to adopt urgent economic programs in order to revive the economy and to avoid an economic disaster which could lead to new civil conflicts in the region.

After the revolution, the new government did immediately begin work on major issues. President Bakiev and Prime Minister Kulov determined the most essential problems which needed to be solved in the near future, such as stabilizing the country's economy and battling poverty. In early September, when Kulov was officially appointed as a Prime Minister, he created an anti-crisis program to be implemented by the Cabinet of Ministers during the next few years. This program consists of several gradual steps such as unemployment reduction, taxes, budget and customs reforms, reduction of the shadow economy as well as small business and enterprise development. Moreover, according to acting Vice-Premier Daniyar Usenov, the new government intends to create favorable conditions for Kyrgyzstan's future stability. "For the last 15 years we became smarter and based on the country's previous experience we will be building a new Kyrgyzstan". He also emphasized that there should be an agreement between the government and citizens: the new government must identify its

commitments before the nation, develop deadlines and set priorities and if the government doesn't keep its promises to the people, it should resign. Apparently, these improved economic policies set by the new administration will be shaping the country's perspectives and direction for the next several years.

Nevertheless, there have been some setbacks as well. The new president and his administration have been criticized for not taking more radical and extreme steps in implementing new democratic and economic reforms. Almost seven months have passed since the March 24 revolution and nothing seems to have changed in terms of critical pressing concerns in the country – corruption still permeates all spheres of society along with widespread poverty and social inequality. Many ordinary people are unsatisfied with the situation and do not feel they are getting what they were hoping for from the revolution and the new government. It is obvious that the main missing element in the new government's policies is its delay in implementing urgent social and economic reforms. The President and his team do not seem cognizant of the depth of the economic crisis which the country is experiencing, and seem unable or unwilling to identify vital priorities that are to be addressed by the government immediately. Clearly, a major concern for the new government would have to be corruption, which literally undermines the entire economic structure and society. Unless the new administration undertakes most aggressive efforts in battling corruption, the President's promises will remain empty.

CONCLUSIONS: Once called the "island of democracy" and the most liberal republic in Central Asia, due to the ousted government, Kyrgyzstan faced increasing criticism for human rights violations, an authoritarian regime and widespread corruption. Kyrgyzstan has received another chance to try to build the island of democracy that it was formerly known as, a chance which was forfeited by the former government. Indeed, the change of power itself does not automatically indicate that the country's problems will be solved immediately or at

all. That said, there now seems to be greater hope and a stronger sense of optimism for an increased level of prosperity for a larger number of the population which should result in greater stability for the country. There is no doubt that the Kyrgyz revolution liberated the nation by overthrowing the family-clan regime of Askar Akaev and his supporters. Now the country's test is to prove that the new administration will not repeat the mistakes made by the former regime, and it may already be running out of time.

AUTHOR'S BIO: Kunduz Jenkins is an MIPP graduate of The School for Advanced International Studies (SAIS) at Johns Hopkins University, and was a visiting research fellow with the Central Asia-Caucasus Institute. Mrs. Jenkins formally worked with the UN in New York and the U.S.-Russia Business Council in Washington, DC. Currently she is researching Central Asian countries' economic and political challenges during transition.

THE GEORGIAN ECONOMY AFTER THE ROSE REVOLUTION

Lasha Tchantouridze

Despite some positive development in Georgia following the Rose Revolution of November 2003, the economic situation of the country remains bleak. The economy does not seem to be the new government's priority. President Mikheil Saakashvili has a number of times voiced the sentiment that the government could not do much about the economy, and instead the economy was society's responsibility to improve. Indeed, compared to reforms in the military and law enforcement agencies, economic reforms in Georgia have fallen far behind. In fact, the government of Georgia has no published master plan for economic development and rehabilitation.

BACKGROUND: Georgia's foreign debt has increased to more than US\$1,700 million. At the same time, Georgia's trade deficit in the first six months of 2005 was more than US\$500 million. The country is not making hard currency while its debt to foreign creditors is growing. In September 2005, the World Bank approved another cache of loans for Georgia in the amount of US\$143 million for the 2006-2009 period. The loan is earmarked for economic growth, job creation, and strengthening of public sector. While the fulfillment of these projects is a theoretical possibility, Georgia faces a real danger of falling into a debt spiral, which would further undermine the country's economic base. The current debt, accumulated over the 14-year period since 1991, is at the rate of more than \$120 million a year. Less than 10 percent of this amount

would have been sufficient to improve job creation and eradicate poverty.

In June 2005, the International Monetary Fund cited "real GDP growth of 6.2 per cent in 2004." However, with a growing foreign debt and a disproportionately large trade deficit for a small country, this economic growth is mostly fuelled through loans and aid coming from foreign sources. According to the publisher of the *Resonance* daily, there is almost no internal investment and business development in the country. Georgia experienced growth in domestic business enterprises in 1997-1999, but since then there has been a steady decline, and the revolutionary regime of Mr. Saakashvili has not been able to reverse it.

The Government's reconstruction projects mostly include non-productive infrastructure: rebuilding roads, repainting buildings, and repairing schools. Although all these help to improve the basic infrastructure of the country and the image it presents to visitors, they are not nearly enough to address the real issues of economic devastation, deep poverty and hardship. Georgian regions outside Tbilisi have suffered a tremendous economic decline since the beginning of the 1990s. The economic situation has gotten even worse with the Saakashvili administration, with unemployment rising and residents of rural areas getting further impoverished. According to residents of the Guria region in western Georgia, they mostly survive through subsistence farming, and whatever little cash they make comes from the hard work they perform for a very little pay during summer months. Guria was one of the wealthiest regions in Georgia and the former Soviet Union; now the vast majority of its residents make less than one dollar a day.

According to Georgian press, the agricultural sector in the country faces a serious crisis. There is a danger that farmers and peasants in eastern Georgia will abandon the tradition of grape harvesting. In 2004, a lot of grape harvest went to waste, and this year the farmers are facing the same prospect. In western Georgia, similar problems exist for growers of citrus cultures, especially in the Ajara Autonomous Republic, which until last spring was under the authoritarian rule of Mr. Aslan Abashidze. Mr. Abashidze, who is in self-imposed exile in Moscow, was deposed through the efforts of local population and pressure from Tbilisi. The people of Ajara invested a lot of hope and trust into the new government of the region, appointed by Mr. Saakashvili. However, so far this government delivered very little to rural residents of the autonomous region.

IMPLICATIONS: To escape hardship and poverty, the rural population pursues illegal and extralegal logging operations. Georgia, as a mountainous country, is wealthy with forests and rivers. However, clear-cut logging operations are often

conducted without any planning and nearby densely populated villages. This contributes to the rise of flooding and landslides in the country. This year witnessed the highest number of major floods and landslides in Georgia's recent memory. In spring, the second largest city, Kutaisi, was flooded by rising waters. In spring and summer, flooding and landslides were experienced in almost all parts of Georgia. In Svaneti, the regional centre Lentekhi was almost completely destroyed, and some villages were fully erased from the map. In August, major floods and landslides were registered in Guria and Ajara. Ironically, in one case in Guria floods and landslides damaged and destroyed property of local small logging companies. Illegal logging is fueled by demand in neighboring Turkey, very cheap Georgian labor, and rising local demand for firewood. Increasing numbers of city residents, and the vast majority of rural residents, use firewood for winter heating. Eighty percent of residents in Georgia's regions do not have access to natural gas – which is either unavailable or unaffordable. Natural gas will become even more expensive before this winter: as retaliation for the aborted privatization of the Georgian gas pipeline system, the Russian gas giant *Gazprom* is planning to double the price of natural gas it is supplying to Georgia.

Hardship and economic devastation is accompanied by the spread of illiteracy and crime. Many families in rural areas cannot afford to send children to school – they don't have winter shoes and/or clothing, do not have access to school supplies, or children have to work to support their families. Georgia had close to 100 per cent literacy in the beginning of the 1990s. According to research published by Prime-news agency in August 2005, currently about 20 per cent of young people cannot read and write. Crime is on the rise as well. A significant number of crimes committed are basically thefts of food and minor property – anything that could be sold at local markets for few laris. Violence among family members is also rising significantly, and the major cause of this is quarrels over money or material resources. According to the Ministry of Interior, in 2004 there were 302 murders

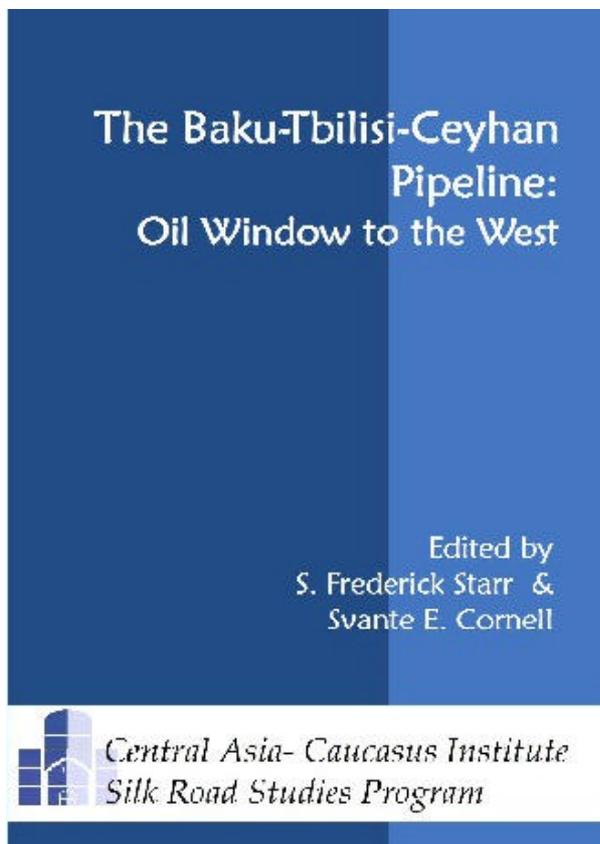
registered in Georgia, and in the first three months of 2005 there were 65. The Ministry of Interior does not offer separate statistics for domestic violence, but Georgian news media estimates that a large number of these murders are committed among family members vying for limited resources.

CONCLUSIONS: Despite all these facts, there are developments that give reasons for optimism. The signing of a compact between the governments of the United States and Georgia under the U.S.-sponsored Millennium Challenge Corporation (MCC) on September 12, 2005, during the visit of the President of Georgia to the United States for the UN summit, will no doubt help to alleviate certain problems that mainly stem from bad administrative and managerial decisions by the Georgian government. For instance, the compact, which allocates more than \$295 million over a five-year period, prohibits selling of the main Georgian gas pipeline, and earmarks about US\$49 million for its

rehabilitation. Earlier in 2005, the Georgian government had been getting ready to sell this strategic pipeline to *Gazprom*.

The compact, which also addresses problems of economic development of Georgia's regions as well as private enterprise, is the most important economic aid project offered to Georgia since its gaining independence from the Soviet Union in 1991. In its scope and magnitude, the Millennium Challenge Corporation is the most important global economic initiative by the U.S. government since the creation of the Bretton Woods system in 1945. The success of the program will depend on the effective management of the projects not only in Georgia but in other beneficiaries of the MCC: these nations are not only very poor, they are also very corrupt.

AUTHOR'S BIO: Dr. Lasha Chantouridze is a Research Associate with the Center of Defence and Security Studies, University of Manitoba.



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FIELD REPORTS

TAX REVENUES ON THE RISE IN GEORGIA

Kakha Jibladze

Tax revenues are on the rise for Georgia, which is good news for the president and his reforms plans. However, the country's new tax code might be boosting the budget at the expense of the government's fight against corruption.

Raising taxes has been a high priority for Georgian president Mikheil Saakashvili since his first days in office. In February of 2004, the Georgian government announced they collected \$22 million in taxes in the first two months of the year – a 30% jump over the previous year. In June, President Saakashvili announced his plans for a tax code overhaul, and accentuated the role taxes would pay to improve social conditions. But while his new tax code might be bringing in revenue, it is alienating small businesses and fostering an environment of tax evasion.

When President Saakashvili announced his plan, last summer, he was quick to point out that without tax revenue, the government was hopeless to make changes. "We can't get rid of taxes completely," he said in a televised speech. "We have to raise salaries and pensions. If we don't raise taxes, where will we get the money?" But he also promised a graduated tax, so small businesses paid less. In later speeches, he pledged to protect small and medium business owners, offering them a grace period of a few years before expecting them to pay full tax on their income.

In January, the Georgian government passed a flat tax law, which reduces the number of taxes businesses had to pay and the VAT, good news for large businesses. However, it was an unexpected

blow to small and medium businesses, especially when it became apparent they would, in fact, be expected to pay, regardless of when they started their business or whether or not they are currently making a profit.

The new tax code has been generally well received by business organizations in Georgia, however small businesses rarely participate in organizations where annual dues can cost hundreds of dollars. And according to many economists, Georgia desperately needs to develop and support its small businesses, in order to create a middle class and anchor the economy.

According to the new tax code, businesses are obliged to pay 32%, which is a combination of VAT and income tax. Therefore a small enterprise that is making a mere 10,000 GEL (\$5,555.00) is expected to pay 3200 GEL. All of this is adding up to small business owners not paying. According to reports, tax collectors themselves are educating businesspeople how to beat the system, by maintain two sets of books and pay the government considerably less than it should, by law, receive.

Even an income of even 6800 GEL a year is substantially more than the average salary, which clocks in at roughly 150 GEL a month or 1800 GEL a year. However, according to information provided to this author from tax collectors, small businesses are willing to risk the wrath of the law and declare less than pay the government – and the tax collectors are teaching them how.

The willingness to cheat the government is two-fold: not only do small businesses feel cheated and

deserted by the government after promises of support, but also Georgians are universally skeptical that the money paid for taxes will be used to help them, largely since for over a decade they received nothing from the government in return.

While the Georgian government had a tax code during Eduard Shevardnadze's 11 years in office, it was full of holes and not enforced. What little money businesses did pay was never seen again in any form. There were no tax-funded projects such as pensions (\$7.00 a month when paid at all), roads, free ambulances or any of the multitudes of services associated with the civic duty of paying tax.

In order to survive and prosper, a country must collect taxes. But in pursuit of tax revenue, the Georgian government is hurting the very

entrepreneurs it needs to create a stronger country: small businesses. If the current tax code is not amended in favor of small businesses, President Saakashvili risks not only losing revenue through tax evasion but also further fostering the atmosphere of distrust and disrespect toward the rule of law – an attitude that is as fatal for Georgia's future as empty coffers. In addition, Georgian society is still cynical about what their taxes are being used for. An educational program, or even public announcements informing people that projects were funding through tax collections, could improve tax collection in the long run, even if the level of taxes required remains high.

NAZARBAYEV DRUMS UP SUPPORT FOR HIS REELECTION

Marat Yermukanov

Who will be the next president of Kazakhstan? Millions of voters in Kazakhstan will go to the polls on December 4 this year to answer the question. It is hard to name a contender among opposition candidates to seriously rival Nursultan Nazarbayev who seeks another presidential term. He skillfully eliminated all hurdles and disarmed his opponents to ensure his victory in the elections.

The lower house of parliament of Kazakhstan set the election date for December 4 and defused the tense atmosphere created by the ambiguous position of the Central Election Committee and Constitutional court on the issue. The official announcement came only on September 7. It can be expected that this election will be different in many respects from similar political campaigns held in the past. President Nazarbayev did everything to boost

his personal image at home and abroad presenting himself as a true reformer and advocate of democratic changes. In 2003, addressing the delegates of Civic forum he for the first time called for close cooperation between the state and non-governmental organizations, thus neutralizing potential opponents from the influential section of the society. He made further important moves, promising the protection of property owners from lawlessness and plunder perpetrated by government officials. His clearly articulated social and economic policy outlined during his numerous trips to the country's regions over the past few months went down very well with the public.

Nevertheless, in his talks with former U.S. President Bill Clinton who came to Almaty on September 6, Nazarbayev used the occasion to warn

western organizations, foreign institutions and embassies against interference with the election process in Kazakhstan. This reveals his worries about the outcome of the elections if it is influenced from the outside. In fact, the majority of political analysts and election experts believe that the incumbent president will easily win the election. The director of the Kazakh Institute for Strategic Researches, Bolat Sultanov, says that his institute forecasts that up to 70% of the electorate will cast their votes for Nazarbayev.

That estimate comes close to the results of the public opinion poll conducted by the Association of Sociologists and Political Scientists, which puts Nazarbayev's rating at 70%, while his main political opponent, the candidate nominated by the bloc 'For Fair Kazakhstan' Zarmakhan Tuyakbay's rating is as low as 3%. Other candidates for presidency, the self-nominees Amantay Haji, an unknown businessman from Almaty Salim Oten, the chairman of the Tabigat environmental movement Mels Yeleusizov, the deputy of the Senate Ualikhan Kaisar and Alikhan Baimenov, nominated by Ak Zhol party, Yerasyl Abilkasymov from the Communist People's Party of Kazakhstan, do not enjoy any popular support.

It was an open secret that Nazarbayev will run for another term of presidency, but he publicly voiced his intention only on September 9, at the congress of his Otan party. He has already laid a solid foundation for his future election victory, touring the regions of the country on 'working visits' which however looked like a well-organized election campaign, and everywhere he reaped praises and public support for his political and economic course. The pro-presidential Otan party and the Asar political party headed by Dariga Nazarbayeva, the eldest daughter of the incumbent president, announced on September 9 that they set up an election bloc, The People's Coalition of Kazakhstan, in support of Nursultan Nazarbayev. But even pro-presidential forces cannot display full unanimity. For example, the Civic Party, Rukhaniyat and Aul

parties remained outside the coalition. Azat Peruashev, the leader of the Civic Party, expressed his doubts about the necessity to form such an ambiguous coalition which would produce adverse propaganda effect during the election campaign in a society fed up with all sorts of parties, factions and blocs.

On the other side of the barricade, human rights activists established their own independent For Fair Election monitoring body joined by the Kazakh International Bureau for Human Rights, the Sociological Research and Information Institute and independent journalists. However, the chances of the opposition to win in fair and honest elections are very slim. Opposition parties are seriously weakened by internal splits and rivalry for political leadership within the organization. The single candidate put forward by opposition bloc For Fair Kazakhstan, former speaker of the Senate Zharmakhan Tuyakbay is not unanimously recognized by opposition forces. Alikhan Baimenov, another candidate and the popular leader of the Ak Zhol party, sees him as a rival rather than an opposition figure. The Marxist-Leninist faction of the Communist Party of Kazakhstan questions the political integrity of Zharmakhan Tuyakbay.

For the majority of the population it is almost certain that the incumbent president will be elected for another term. On the plus side of President Nazarbayev is his image of a leader well versed in political and economic matters and equally popular at home and abroad. Many sincerely believe that there is no one in the opposition or in the government to replace him. A relatively strong economy and peace and stability in Kazakhstan's multi-ethnic society are the main trump cards for Nursultan Nazarbayev in the upcoming elections. It is likely that before October 3, the dateline for the registration of candidates by the Central Election Committee, more contenders for presidency will appear. But it is hard to expect that anyone of them will have a better chance than Nazarbayev to succeed.

HISTORIC AFGHAN ELECTION TAKES PLACE

Muhammad Tahir

Another Afghan candidate has been killed on 16 September as Afghanistan concludes the final day of campaigning ahead of Sunday's parliamentary polls. Authorities in the southern Helmand province say suspected Taliban gunmen dragged candidate Abdul Hadi from his home and shot him dead late on Thursday. Hadi was the seventh candidate to be killed in attacks blamed on the Taliban.

At the same day, the U.S. military said a roadside bomb killed an Afghan interpreter and injured two U.S. soldiers in the central Ghazni Province during a security patrol for this weekend's elections.

Meanwhile, female candidate Hawa Alam Nuristani is in critical condition in a U.S. military hospital near Kabul after being shot on Wednesday while campaigning in the eastern province of Nuristan. Before she was injured by unknown attackers, she spoke about threats she had been receiving for a long time. So far, many of the 328 women candidates in Afghanistan's parliamentary elections have faced death threats from gunmen who do not want females to have any role in the country's political system.

68 seats in the 249-seat Wolesi Jirga, for which some 5,800 candidates are competing, are reserved for women. But observers still express concerns about issues like security, not only for Afghans but also for hundreds of monitors sent to observe the election. As Turkish observer Kamil Kotlu, part of the OSCE team, stated, "We are supposed to go to Kandahar but are simply afraid of doing so, I am personally hesitating to join the team which is heading there. It's dangerous, no one can guarantee a safe return".

The hard-line Taliban have claimed responsibility for recent killings. A spokesman for the Taliban, Abdul Latif Hakimi, warned 12.5 million eligible voters of further violence, despite pledging last

month not to target polling stations. However, some experts including U.S.-based political analyst Dr. Saeed Abdullah Kazim, are optimistic about the outcome of the election: "Currently the conditions for elections in Afghanistan are not favorable, but it does not mean we should not make a start. This beginning is like a school where pupils study and graduate after some time. We can't expect that the elections will bring a parliament that will really serve the people or that democracy will be achieved. We can't plant a tree in winter and expect to have apples the next day."

In a speech to the Afghan people, President Hamid Karzai called the people "the best judges", and urged them to use the power to vote to elect the best people who can serve the nation. But according to Human rights groups, many warlords who have been involved in massive human rights abuses in the past are also allowed to run in the elections. Following strong criticism, the Joint Election Management Body (JEMB) disqualified more than 50 candidates, which nevertheless failed to satisfy many critics. Aleem Siddique, spokesman for the JEMB Secretariat in Kabul, explained that "the Electoral Complaints Commission relies on expert advice from a body called the Joint Secretariat for Disarmament and Reintegration. They are the expert body best placed to advise the Election Complaints Commission (ECC) on those candidates who have retained links to armed groups. That vetting process continues. And the ECC has a mandate to disqualify any candidates who have been found to have links to armed groups, right up to the certification of results." Still, many famous faces of the past are on the list of qualified candidates, like Uzbek Commander Abdul Rashid Dostum, Mujahid leader Abdul Rabb Rasul Sayaf, and some Taliban officials like former Foreign Minister Maulvi Wakil Ahmad Mutawakil and famous Taliban fighter Mullah Abdul Salam Rakiti.

But some sources say even if these are disqualified, it will not change much in the interest of the country. More than 40 million ballot papers have been already distributed. It will be very difficult for people, of whom as much as 85% are illiterate, to take this into account. Any votes cast for disqualified candidates will be discounted, that large numbers of votes could just be wasted. What this means is that candidates who have received very few votes, or a very small percentage of the popular

vote, may be headed for parliament rather than the popular choice.

The last arrangements have been made, as security forces and some 200,000 staff try to make this election possible. The International Community already provided some US\$149 millions in assistance for the Afghan Government and the election body. The final result of the Parliamentary Elections is expected to be announced a month later, on October 22.

POLICE SALARIES IN AZERBAIJAN RAISED IN AN EFFORT TO COMBAT CORRUPTION

Alman Mir Ismail

Last week, President Ilham Aliyev ordered a significant raise in the salaries of employees of the Ministry of Internal Affairs. While the decree is an ordinary measure since he took over the presidency in 2003, the major increase in police salaries has attracted the attention of the media and the public. According to the decree, policemen would start receiving \$300-\$400 salaries, while the police officers would receive \$400-\$750 per month.

The opposition quickly labeled the decision of the government to raise the salaries of the police cadre as an attempt of the ruling party to maintain the loyalty of the police forces on the eve of the November 6 parliamentary elections. Indeed, the fear of the revolutions that have taken place in Georgia, Ukraine and Kyrgyzstan has made Azerbaijani authorities somewhat insecure prior to these crucial elections. The opposition well remembers that it was the police forces that managed to put down the violent protests of opposition activists back in October 2003, following the presidential elections. Thus, ensuring the loyalty of the police forces to the ruling party would minimize risks of a velvet revolution in the country.

At the same time, local analysts believe that the amount of corruption in the police forces has reached such a high level that it has started

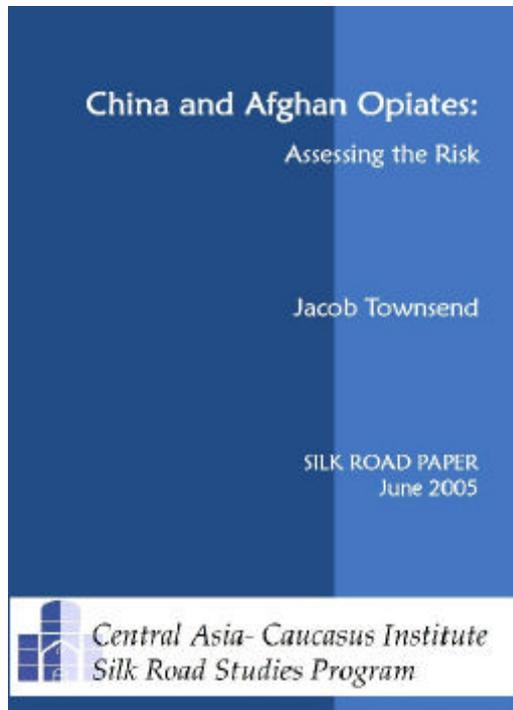
backfiring at the image of President Aliyev. Police officials, especially the traffic police, have become notorious for taking bribes from citizens, harassing them as well as violating human rights in general terms. Recent surveys conducted by the local NGOs have shown that police forces have the lowest trust among the citizens. This is also partly driven by the March 2005 scandal that erupted in the Ministry of Internal Affairs, when a group of high ranking police officers were arrested because of heading a criminal group. This group has killed and kidnapped many famous celebrities and businessmen in the country. The Deputy Minister of Internal Affairs and many other high ranking officials were fired and arrested due to this scandal and the public image of the Minister Ramil Usubov, once a very powerful figure in domestic politics, was shattered. Many speculated that the President would fire him, but he did not risk to do it prior to the elections.

Considering these problems, the government may have decided to neutralize this negative image of the ruling party prior to elections by trying to eliminate corruption in police ranks. After all, people will go to polling stations on November 6 to vote for what is best for their daily lives, and reducing corruption would help the ruling party to tilt the votes in its favor.

On the other hand, pragmatic experts tend to believe that it is the intention of the authorities to reduce corruption in the long term that drives the policy of increasing the salaries of the state-funded employees. Indeed, Azerbaijan adopted a new anti-corruption law in 2004, which entered the force starting from January 2005. A number of measures need to be taken according to this law, including publication of income and property declarations by high officials and creating a hotline for complaints.

As the Azerbaijani government continues to receive large revenues due to high oil prices in world markets, it will have the needed cash to increase the salaries and benefits of citizens. While doing so, it will need to be careful not to create inflation in the country and ruin the country's macroeconomic stability.

Right after the salaries of the police officials were raised, rumors were spread in Baku that they had stopped taking bribes. In fact, last week four police officers were fired from their jobs for taking bribes, a very rare incident in Azerbaijan. Meanwhile, ordinary drivers are complaining now. Since the salary raise, violations of traffic rules started costing much higher for them. "Before I would pay 10,000-20,000 manats (\$2-\$4) to the police officer and get my license back. Now I have to either give him five times more or most often they would not even take that and would rather prefer to fill in the fine form. And then I have to pay much higher fines to the government," said Vugar Gasimov, a taxi driver in downtown Baku.



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NEWS DIGEST

RECORD AMOUNT OF MARIJUANA SEIZED IN INGUSHETIA

8 September

The Federal Drug Control Service has seized 1,126 kilograms of marijuana, some 563 million doses, in an operation in Ingushetia, the local drug control department told Interfax on Thursday. "This amount of drugs is worth more than \$1 million on the black market and is the largest consignment of drugs to have been seized in Russia in 2005," it said. "The owner of the consignment has been identified and criminal charges have been brought against him," it said. (Interfax)

RUSSIA TO INSIST ON EXTRADITION OF CHECHEN MILITANT EMISSARIES

8 September

Russia will use every opportunity to achieve the extradition of Chechen emissaries Akhmed Zakayev and Ilyas Akhmadov, Special Representative for International Cooperation in the Fight against Terrorism and Organized Crime Anatoly Safonov told a Thursday press conference at the Interfax main office. "Naturally, we will use every political and judicial chance. We are already using them," he said. (Interfax)

RUSSIA WANTS CHECHEN EXTREMISTS ON UN LIST

9 September

Russia views the UN Security Council's anti-terrorist list as incomplete and wants Chechen extremists who have committed crimes against Russian citizens to be added to it, Foreign Ministry spokesman Mikhail Kamynin told Interfax on Friday. "Unfortunately, the 'anti-terrorist' list does not yet include the names of certain people who have committed crimes against Russians," Kamynin said. "To our surprise, they feel quite comfortable in individual Western countries and continue to take steps to destabilize the situation in Chechnya and the entire North Caucasus, collect funds and recruit mercenaries for a 'dirty' war against the Chechen people and Russia as a whole," he said. (Interfax)

NAZARBAYEV NOMINATED FOR KAZAKHSTAN PRESIDENCY

9 September

Kazakhstan's pro-presidential party Otan (Fatherland) voted unanimously at its special congress in Almaty on Friday to nominate incumbent President Nursultan Nazarbayev to run for re-election, an Interfax correspondent reported. "The half-a-million 'army' of Otan and - I can say confidently - all Kazakh citizens support your decision to run in the presidential elections," party acting chairman Bakhytzhan Zhumagulov told the congress, which was attended by Nazarbayev himself. Zhumagulov said he is confident that there is no alternative to the country's incumbent president. "The state will be able to continue to prosper only under the leadership of Nursultan Nazarbayev," he said. (Interfax)

NAZARBAYEV APPROVES NOMINATION BY OTAN

9 September

Incumbent Kazakh President Nursultan Nazarbayev has supported steps by the pro-presidential Otan party to nominate him as a candidate for the December 4 presidential elections. Nazarbayev's nomination won unanimous approval at the party's special congress in Almaty on Friday. (Interfax)

AZERI OPPOSITION RALLY FOR POLL

11 September

Thousands of opposition supporters in Azerbaijan took to the streets to demand free and fair parliamentary elections in November. Two thousand candidates have already registered for 125 seats in the country's parliament. Observers believe this will be a crucial vote for the future of this oil-rich state. "Down with poverty," they shouted in the streets of Baku, with slogans reading "we want free elections". Many demonstrators wore orange T-shirts and waved orange flags. This is the colour Azerbaijan's opposition has borrowed from the Orange Revolution in Ukraine - the peaceful protests which brought the opposition to power there earlier this year. Peaceful revolution is what Azeri opposition leaders say they will push for if the November poll is not free and fair. President Ilham Aliyev promises that it will be. But at the rally

on Saturday many said they had heard this promise before. Azerbaijan's last election, international monitors say, was marred by fraud and violence and the country's poor democratic record has not improved since. Corruption, observers say, is rampant, political arrests commonplace and the media is regularly censored. But the leaders did not get a chance to speak on Saturday. Just as they were about to address the crowd the loudspeakers stopped working due to a sudden power cut. Many demonstrators were angry and blamed the authorities. Still many said they would be back on the streets before polls open on 6 November. (BBC)

EX-MILITANTS WILL HAVE RIGHT TO RUN IN CHECHEN ELECTIONS - ALKHANOV

11 September

Chechen President Alu Alkhanov said the upcoming Chechen parliamentary elections will be the largest and most democratic in the history of Chechnya and that former militants who did not stain themselves with blood will have the right to run. "I'm sure the Chechen parliamentary elections, set for November 27, 2005, will be recognized by the whole of Chechen society," Alkhanov told Interfax from Chechnya on Sunday. The Chechen leadership "has clearly defined its objectives and will give every law-abiding citizen who recognizes the Constitution of Russia and Chechnya and who is ready to work for the benefit of the Homeland, the right to take part in the elections," Alkhanov said. "If a candidate is not a prisoner, and if he musters a sufficient number of votes, he will become a parliamentary deputy. This policy is understood and supported by all residents of Chechnya," he said. "According to our sources, former members of the old Chechen (Ichkerian) parliament and people who held various posts in the Maskhadov and Dudayev separatist governments will run. Our people know who deserves support and with whom they can entrust their future," Alkhanov said. "We will not intervene, we want the elections to proceed in strict accordance with the law. We are open and prepared to receive observers from any international organization," he said. "Those who were influenced by false ideas and joined illegal armed groups, but returned to peaceful life having not committed crimes, those whose loyalty is not doubted by law enforcement agencies, will have the right to run for parliament," the Chechen president said. (Interfax)

CHECHEN INTERIOR MINISTRY ATTACKED, TEN WOUNDED - SOURCE

13 September

Ten people were wounded in a gunfire attack on the Chechen Interior Ministry in Grozny, a local law enforcement source told Interfax on Tuesday. Those wounded were taken to the hospital and got medical aid, and their lives are out of danger, the source said. Unidentified attackers fired about ten times from automatic grenade launchers on the ministry's territory, the source said. Another three grenades hit trailers used as offices for Interior Ministry officers. (Interfax)

KYRGYZSTAN PLACES ELEVEN UZBEK CITIZENS UNDER UN JURISDICTION

14 September

Kyrgyzstan has placed eleven Uzbek citizens, held in a detention facility in Osh in southern Kyrgyzstan, under the jurisdiction of the Office of the UN High Commissioner for Refugees. The Kyrgyz Foreign Ministry's Migration Department Director Zafar Khakimov told a news conference on Wednesday that, "Kyrgyzstan's Prosecutor General's Office on Tuesday evening made the decision to transfer eleven Uzbek citizens who have the status of mandate refugees, under the jurisdiction of the Office of the UN High Commissioner for Refugees," and that "the refugees will be moved to third countries in Western Europe in a couple of days." Khakimov also said that the other four Uzbek citizens will so far remain in Osh. (Interfax)

AZERBAIJANI POLICE RAID OPPOSITION OFFICE, SEIZING GRENADES AND EXPLOSIVES

15 September

Azerbaijani police raided a Baku office of the opposition Azerbaijan Popular Front Party on 15 September and seized three grenades and an undisclosed amount of explosives. Police allege that the grenades and explosives were seized from a room in the office being used by the opposition Yeni Fikir youth movement, leading to speculation that the authorities are attempting to bolster their treason charges against the jailed leaders of the youth group. (Turan)

FORMER WORLD HEAVYWEIGHT CHAMPION MIKE TYSON IN CHECHNYA

15 September

Former World Heavyweight Champion Mike Tyson arrived in Gudermes on Thursday. Thousands of people - local residents and visitors from other parts of Chechnya - have gathered on the city stadium to greet

the celebrity. Chechnya's First Deputy Prime Minister Ramzan Kadyrov is among them. (Interfax)

ANDIJAN REFUGEES GRANTED ASYLUM

16 September

The UN has evacuated a group of 11 Uzbek refugees from the central Asian republic of Kyrgyzstan. The 11 fled to Kyrgyzstan after what eyewitnesses and human rights groups say was a massacre of civilians in the Uzbek town of Andijan in May. The Uzbek government says the events in Andijan were an attempt to overthrow the government. It has accused the UN of violating the 1951 Geneva Convention on refugees by evacuating the 11 unilaterally. The group of Uzbek refugees was flown from Kyrgyzstan to London on an early morning flight. From there they will be moved on to third countries for permanent settlement. The 11 were among a group of 15 men who had been held in detention for several weeks while the Kyrgyz government decided whether to honour an Uzbek request to extradite them to face trial in Uzbekistan. The UN still has to decide whether to give refugee status to the remaining four men. The main group of more than 400 refugees from Andijan were flown to temporary asylum in Romania in July. On Thursday, the deputy state prosecutor in Tashkent said that many of the refugees who escaped to Kyrgyzstan had taken part in the uprising. He described them as robbers, violators, rapists and recidivists. And he accused the UN refugee organisation of violating the 1951 Geneva Convention, in evacuating them unilaterally. The trial of the first 15 people the Uzbek government accuses of being the main organisers of the Andijan disturbances is due to start next Tuesday. State media has been repeatedly accusing the BBC and other international media of distorting events in Andijan. The deputy prosecutor said that journalists had gathered like hyenas and jackals, waiting to spread lies about Uzbekistan to please their masters. (BBC)

PROTESTORS SEIZE LAND IN KYRGYZ CAPITAL

16 September

Seven hundred protestors seized 36 hectares (89 acres) of land in southern Bishkek on 15 September, RFE/RL's Kyrgyz Service reported. A spokesperson for the group said that Kyrgyz officials had promised them plots of land in the spring but have since failed to keep their word. The protestors claimed to have documents proving their right to the plots. Mayor Arstanbek Nogojev met with the protestors, promising to raise the issue with the city council and telling them that the plots of land in question have already been

zoned for a park. Police were present but did not interfere. A rash of land seizures took place in Bishkek after the fall of President Askar Akaev on 24 March. (RFE/RL)

WORLD BANK EXTENDS NEW CREDIT TO GEORGIA

16 September

The World Bank announced on 15 September that it has decided to extend a new \$13.5 million grant to support Georgia's poverty reduction program. The World Bank statement added that the country's poverty reduction effort will focus on "strengthening public-sector accountability, efficiency, and transparency; improve electricity and gas sector services; improve the environment for private sector development; and improve social protection, education, and health care services." The 40-year credit package comes in the wake of the formalization of a five-year \$295.3 million U.S. aid package to promote social and economic development. (RFE/RL)

TWO POLICEMEN KILLED IN GROZNY

17 September

Two policemen from the Russian internal republic of Chechnya, including the deputy commander of a combined police unit from that region, were killed in the Leninsky district of Chechnya's capital of Grozny. "A group of armed men fired automatic weapons at an UAZ jeep on Sadovaya Street. The car's driver and deputy commander of the Chechnya police unit Maj. Valery Sidorov died of wounds on the spot. Four other policemen who were in the car have been hospitalized with wounds of varying degrees," local police told Interfax on Saturday. Similar attacks against both federal forces and local law enforcement officers have happened before at the same place in Grozny, the Interfax source said. (Interfax)

UKRAINIAN CIVIC ORGANIZATION ACTIVIST DEPORTED FROM AZERBAIJAN

18 September

The Ukrainian Foreign Ministry's councillor and member of the Pora civic organization Serhiy Yevtushenko, detained in Baku on September 15, has been freed and deported to Ukraine. The Ukrainian embassy in Baku told Interfax that no documents on Yevtushenko's detention or deportation had been provided to the Ukrainian diplomatic mission. The Pora press service said on Thursday that Yevtushenko had arrived in Baku at the invitation of the Musavat [Equality] opposition party. The press service did not report about causes or circumstances of Yevtushenko's

detention. The Pora came to prominence due to its active role in Ukraine's "orange revolution" at the end of 2004. (Interfax)

CHECHEN INTERIOR MINISTRY DENIES HEAVY CASUALTIES IN SHOOTING ATTACKS

18 September

The Chechen Interior Ministry on Sunday denied reports that a series of shooting attacks had been made on federal military bases and Chechen police posts over the past 24 hours. "Reports saying that fire had been opened at several federal military bases and Chechen police posts over the past 24 hours, leaving about a dozen people dead and many more wounded, are untrue," the Chechen Interior Ministry's spokesman Ruslan Atsayev told Interfax. Atsayev said one serviceman was killed, when an armored personnel carrier hit a mine during an engineer reconnaissance mission near the Meskert-Yurt village. (Interfax)

SYRIA TO HELP EDUCATE CHECHEN MUSLIM CLERGYMEN

19 September

Syria is ready to help Muslim clergymen in Chechnya and will encourage more young people from the republic to study at Syrian universities, Syria's Grand Mufti Ahmed Bader al-Din Hassoun said at a meeting with visiting Chechen President Alu Alkhanov. The Chechen president's press secretary Muslim Khuchiyev told Interfax that up to 200 students from Chechnya are now studying in Syria. "The parties agreed that the activities of extremists, who justify their actions with Islamic ideology, have nothing in common with religion," Khuchiyev said. (Interfax)

KYRGYZ PROSECUTOR GENERAL DISMISSED

19 September

Kyrgyz President Kurmanbek Bakiyev has signed a decree dismissing Azimbek Beknazarov as prosecutor general, a report posted on the president's website on Monday evening reads. (Interfax)

ELECTIONS WILL NOT REDUCE DRUG FLOW FROM AFGHANISTAN -IVANOV

19 September

Russian Defense Minister Sergei Ivanov said that the parliamentary elections held in Afghanistan will not lessen the drug threat coming from that country. "It's clear that the Afghan parliamentary elections will not improve the situation in this sphere," Ivanov said

during President Vladimir Putin's meeting with the Cabinet on Monday. (Interfax)

RUSSIAN-UZBEK MILITARY EXERCISES BEGIN

19 September

Russian-Uzbek joint military exercises began on 19 September in Uzbekistan's Jizzakh Province, about 250 kilometers outside of Tashkent. The scenario for the exercises, which involve 200 paratroopers from Russia's Pskov-based 76th Airborne Division, has Russian and Uzbek forces retaking a population center that has been seized by terrorists. The war games will last until 24 September and will be attended by Uzbek Defense Minister Qodir Ghulomov and Russian Defense Minister Sergei Ivanov. (ITAR-TASS)

TURKMENISTAN COURT JAILS FORMER OIL, GAS OFFICIALS

19 September

A court in Turkmenistan has handed down a 24-year prison sentence to Saparmamed Valiyev, the ex-oil minister of the former Soviet republic in Central Asia. Another former official, Ilyas Charyyev, head of the Turkmenneftegaz oil and gas trading corporation, was convicted of corruption and embezzlement and sentenced to 25 years behind bars. The 25-year prison term is the equivalent of capital punishment in Turkmenistan. The general prosecutor's office of Turkmenistan said that during the investigation law enforcers had seized \$25 million, 107 kilograms of gold and jewelry, 20 cars, 14 houses and five country-houses on the Caspian shore. (ITAR-TASS)

RUSSIAN COMMUNITY TO SUPPORT NAZARBAYEV'S REELECTION BID

19 September

Russian community organizations in the Central Asian republic of Kazakhstan said they would back incumbent Nursultan Nazarbayev in the forthcoming presidential election, slated for Dec. 4. The Russian Lad movement said in a statement Monday that it welcomes Nazarbayev's decision to run for an eighth seven-year term as no other figure on Kazakhstan's political scene enjoys as much public trust and respect. Lad also reported that an informal coordinating council of Russian, Slavic and Cossack organizations, the Russian Alliance, has collected more than a million subscriptions from Nazarbayev supporters. According to a 1989 census, ethnic Russians accounted for 38% of Kazakhstan's 15-million strong population. Now their percentage is estimated at 34%. Seven hopefuls have applied thus far with the Central Electoral

Commission to contest the Dec. 4 ballot. (RIA-Novosti)

ABKHAZIA, S.OSSETIA SUPPORT EACH OTHER'S INDEPENDENCE EFFORTS - BAGAPSH

19 September

Abkhazia and South Ossetia support each other's aspiration to independence, Abkhazian President Sergei Bagapsh told Interfax on Monday. Bagapsh said he would come to Tskhinvali on Monday to attend events marking the 15th anniversary of South Ossetia's independence. "Also on Monday we'll sign an agreement on cooperation between the two republics," Bagapsh said. Asked if his plans might change in the wake of reports about an attack on Tskhinvali early on Monday, Bagapsh said, "Nothing will change. We'll only be quick to set out to Tskhinvali." (Interfax)

MEETING ON KARS - TBILISI - BAKU RAILWAY PROJECT IN ISTANBUL

19 September

Turkish Transportation Minister Binali Yildirim met Transportation Minister Ziya Mammadov of Azerbaijan and Economics & Infrastructure Minister Irakli Chogovadze of Georgia in Istanbul on Monday to discuss Kars-Tbilisi-Baku railway project. Prior to the meeting, Yildirim told reporters, "research studies about the project started last year. We will assess the project in the meeting today. We will also discuss transportation and communication issues among the three countries. The cost of the project and financing model will be discussed as well." Meanwhile, Mammadov told reporters that the project has political, strategic and economic importance for their countries and the region, adding that Azerbaijani government and private sector will provide every support for the financing of the project. Chogovadze said that the railway line will ease cargo transportation among the three countries. Kars-Javakheti (Ahilkelek)-Tbilisi-Baku railway project aims to set up a direct railway line between Turkey and Georgia, and between Turkey and Azerbaijan via Georgia. Turkey, Azerbaijan and Georgia signed a memorandum of understanding on December 28th, 2004 to put the project into force. The sides established a working group, and decided to hold a meeting in the ministerial level. Meanwhile, presidents of the three countries signed a statement about the project during the inauguration of the Baku-Tbilisi-Ceyhan oil pipeline project on May 25th, 2005. (turkishpress.com)

COURT UPHOLDS LEGALITY OF RULES USED IN KAVKAZ CENTER CLOSURE

19 September

The Lithuanian Constitutional Court has upheld the legality of the rules the national secret services referred to in their demand to close down the Kavkaz Center website run by Chechen separatists on Lithuanian territory, court press secretary Ramune Sakalauskaite told Interfax on Monday. "The Lithuanian government's rules of control and limitations on the distribution of information through the Internet do not contradict the constitution and the media law," the court said. (Interfax)

CASPIAN STATES TO HOLD STATUS TALKS

20 September

The taskforces of the five Caspian littoral states (Russia, Iran, Azerbaijan, Kazakhstan and Turkmenistan) will meet in Baku on October 6-7. The participants will discuss pivotal issues that remain to be agreed upon on the draft convention determining the Caspian status. All littoral states, including Turkmenistan, which did not attend the previous meeting, have stated they will participate in the talks. Azerbaijani deputy foreign minister Khalaf Khalafov said the matters that are still to be coordinated include environment, navigation, use of the water surface, cooperation principles, and delineation of the medium line. "Consistent talks should be held to solve these problems. After the Baku meeting, there will be favorable environment to continue bilateral meetings. However, additional consultations may be held to achieve specific results. If major progress is achieved, a summit of heads of Caspian states may take place as well." (Baku Today)

CHECHEN LEADER REAFFIRMS COMMITMENT TO ISLAMIC STATE

20 September

In a lecture to resistance fighters and unidentified "foreign representatives" on 27 August, a translation of which from Chechen into Russian was posted on chechenpress.org on 17 September, acting Chechen President and resistance commander Abdul-Khalim Sadullaev reaffirmed that the Chechens "will never leave" their territory and that "we are obliged to create an Islamic state here, on our native land." Sadullaev praised the military operations carried out by the resistance in recent months, but at the same time he expressed concern that during the bomb attack in Znamenskoe two months ago a child was killed. He said that Islamic justices will in future be assigned to all resistance detachments and will decide on the

appropriate punishment for militants who inadvertently kill children or fellow Muslims. Sadullaev further warned that the resistance stance on peace talks with Russia has toughened, and that the Chechen resistance leadership will no longer compromise on its demands for independence, nor will it seek to offer Russia a face-saving way to end the war. He said an upcoming session of the Military Council will draft a new peace treaty, but he did not clarify in what circumstances that draft will be presented to Moscow. (RFE/RL)

AFGHANISTAN TO BEGIN POLL COUNT

20 September

Vote counting is due to start in Afghanistan's first parliamentary and provincial poll for more than 30 years. Ballot boxes have been taken to provincial capitals across Afghanistan, where the counting will take place. Election officials estimate turnout at 50% - more than 20 points lower than in last year's presidential poll. A number of reasons for the drop are being given, such as that many voters said they did not want to vote for candidates they regarded as warlords. There was also evidence many people found the elections confusing. Results are expected next month.

President Hamid Karzai, one of the early voters, said Sunday was a good day for Afghanistan, whatever the election results. He said he hoped the parliament would provide a strong focus for democracy in the country, even if a majority of deputies oppose him. Other world leaders also welcomed the polls, including US President George W Bush, who praised Afghan voters for "defying the Taleban". In a videotape aired on al-Jazeera television on Monday, the poll was denounced as a farce by al-Qaeda's second-in-command, Ayman al-Zawahri. He said northern Afghanistan had turned into a battlefield of "chaos, looting, rape and drug trafficking which had flourished under the American occupation". "Thieves and warlords are controlling affairs in the country, where international monitors can't observe more than 10 constituencies even if they wanted to," he added. More than 1,000 people, including seven election candidates, have been killed in militant-linked violence in the past six months - the worst bloodshed since US-led forces ousted the Taleban in 2001. However, officials said the peaceful conduct of the polls was a victory over the militants. (BBC)

