

Central Asia-Caucasus Analyst

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ANALYTICAL ARTICLES:

AFTER SHANGHAI: GEOPOLITICAL SHIFTS
IN EURASIA
Ariel Cohen

KAZAKH DECISION TO JOIN BTC
PIPELINE MAY ALTER DELICATE RE-
GIONAL DYNAMICS
Michael Denison

GEORGIA NEARING NEXT STEP TOWARD
NATO MEMBERSHIP
David J. Smith

UNCERTAIN FUTURE FOR KYRGYZSTAN'S
DRUG CONTROL AGENCY
Johan Engvall & Kairat Osmonaliev

FIELD REPORTS:

KYRGYZSTAN: MINISTERIAL CONFIRMA-
TIONS ALMOST COMPLETED
Nurshat Ababakirov

KAZAKHSTAN'S SATELLITE LAUNCH:
POLITICAL WINDOW-DRESSING VERSUS
ECONOMIC RATIONALE
Marat Yermukanov

CENTRAL ASIAN YOUTH ENCOUNTERS RE-
VIVAL OF AGE-DISCRIMINATING
TRADITIONS
Erica Marat and Anara Tabyshalieva

PUTIN-SAAKASHVILI MEETING: NOTHING
RESOLVED
Kakha Jibladze

NEWS DIGEST



Central Asia- Caucasus Institute
Silk Road Studies Program

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Contents

Analytical Articles

AFTER SHANGHAI: GEOPOLITICAL SHIFTS IN EURASIA 3
Ariel Cohen

**KAZAKH DECISION TO JOIN BTC PIPELINE MAY ALTER
DELICATE REGIONAL DYNAMICS** 5
Michael Denison

GEORGIA NEARING NEXT STEP TOWARD NATO MEMBERSHIP 7
David J. Smith

UNCERTAIN FUTURE FOR KYRGYZSTAN'S DRUG CONTROL AGENCY 10
Johan Engvall & Kairat Osmonaliev

Field Reports

KYRGYZSTAN: MINISTERIAL CONFIRMATIONS ALMOST COMPLETED 12
Nurshat Ababakirov

**KAZAKHSTAN'S SATELLITE LAUNCH: POLITICAL WINDOW-DRESSING
VERSUS ECONOMIC RATIONALE** 13
Marat Yermukanov

**CENTRAL ASIAN YOUTH ENCOUNTERS REVIVAL OF AGE-DISCRIMINATING
TRADITIONS** 15
Erica Marat and Anara Tabyshalieva

PUTIN-SAAKASHVILI MEETING: NOTHING RESOLVED 16
Kakha Jibladze

News Digest 18

THE CENTRAL ASIA-CAUCASUS ANALYST

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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 & Silk Road Studies Program Joint Center. 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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KEY ISSUE: A short 100-word statement of your conclusions about the issue or news event on which the article focuses.

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

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

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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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AFTER SHANGHAI: GEOPOLITICAL SHIFTS IN EURASIA

Ariel Cohen

Central Asian states shuddered as Russia and China embraced a new friend at the June 15 Shanghai Cooperation Organization (SCO) summit – Iranian President Mahmoud Ahmadinejad. The Iranian leader was the only representative from a non-member state (Iran is an SCO observer) invited to deliver a major address, and, true to form, his anti-U.S. rhetoric rang loud and clear. According to Ahmadinejad, the Shanghai Axis should “block threats and unlawful strong-arm interference” – from Washington. This also means that Russia, China and Iran will continue squeezing the U.S. out of Central Asia.

BACKGROUND: President Vladimir Putin has announced that Iran views the latest incentive package offered by the West, Russia and China positively, and will negotiate. But the Iranian nuclear program was not even officially on the agenda of the SCO summit. Instead, both Russia and China went out of their way to stroke their Iranian guest, rather than rebuking his

President Putin has suggested launching an SCO “energy club”, also known as a “gas OPEC”, which would likely do for natural gas what OPEC has done for oil: control production and drive up prices. Russia and Iran have the largest reserves of gas on the planet, while Russian-leaning Turkmenistan, and Qatar, right across the Gulf from Iran, are not far behind. If

successful, a Russian-Iranian hydrocarbon cartel could cause a major power shift, as Russia is also the world’s second-largest oil exporter, while Iran is a founding member of OPEC.

Anti-Americanism may be the glue which binds the Russia-China-Iran trinity together, but the three players have very distinct games. This is high octane geopolitics, where multi-billion dollar projects mesh with high stakes strategy. In other words, Otto von Bismarck

meets John D. Rockefeller.

IMPLICATIONS: The embrace of Ahmadinejad in Shanghai implies a degree of legitimacy for the Teheran mullocracy’s anti-Semitic, wipe-Israel-off-the-map stance, as far as Moscow and Beijing are concerned. This is hardly a step towards peace in the



hate-mongering rhetoric or nuclear ambitions.

At the summit, Iran masterfully wooed the two Eurasian giants. It invited Russia, China, and aspiring SCO members Pakistan and India to cooperate in developing its untapped vast energy resources. Russia went along.

Middle East. Moreover, the announcement that SCO member state secret services will cooperate may not only mean improving needed anti-terrorism cooperation, but further crackdowns on non-violent democratic forces in Eurasia. And while Central Asian states are legitimately concerned with the three great powers narrowing their geopolitical freedom of maneuver in three directions – North, South and East, they must be aware of conflicting agendas of these three key players.

Iran wants to buy security by leading China to believe it will become what Saudi Arabia is for the U.S. while promising the Russians access to future nuclear energy markets – which in reality would be limited, as Iran has so much gas, it flares it in large amounts. In Shanghai, the Iranian game was so transparent, it would have been laughable if it were not so deadly. Ahmadinejad, a Holocaust-denying sponsor of Hizballah and Islamic Jihad – proclaimed himself in favor of “cooperation to fight terrorism”.

China wants to expand energy and transportation cooperation, which would allow it to sidestep American suspicion of the SCO’s strategic intentions, position Beijing as the rational intermediary between Washington and Teheran, and allow it to build economic muscle without premature confrontation with America. President Hu Jintao is playing up China’s economic power, just like Putin is playing up Russia’s energy muscle.

Putin, always the shrewdest geo-politician in the room, also curtsied towards Turkey, Russia’s historic enemy. Ankara is expressing an interest in SCO now that doubts regarding Turkey’s accession to the European Union are growing. Turkey is a key piece of real estate abutting Europe, the Caucasus, and the Middle East, and in the process of abandoning its traditional pro-American posture under the tutelage of its moderately Islamist government. With Turkey and Iran on board, the gas-rich SCO would span from the Baltic and the Mediterranean to the Pacific, denying the U.S. a military presence and political maneuver room in the Eurasian heartland. Sir Halford Mackinder and Admiral Alfred Mahan, the fathers of modern geopolitics, are no doubt watching the new, geo-

economic incarnation of the Great Game from heaven, horrified.

But herein lies the rub. China and Russia have conflicting goals, both economically and politically, which the SCO may in the long run not be sufficient to manage. China’s strategic priority is to assure its peaceful economic ascendancy before undertaking any major military adventures. This was the path the U.S. took in the late nineteenth and early twentieth century, before becoming a global military power after victory in World War II. For this growth, China needs cheap energy in a peaceful Middle East, something Iran is unlikely to provide. Beijing also want SCO to expand to facilitate China’s economic dominance, which Russia cannot match, while Russia is more cautious, understanding fully well that expansion will dilute its power and invite rivalries.

Russia, most importantly, is a high-cost oil producer, which benefits from high oil prices and conflict around the Gulf. As a Putin adviser recently told this author, “Why would we work to calm Iran down? Every ten dollars in the price of a barrel of oil makes Russia \$16 billion richer.” And while Russia has retained some of its ability to wield power after the collapse of the Soviet Union, China hasn’t regained that yet – after hundreds of years of imperial decline.

CONCLUSIONS: The U.S. should be looking for ways to expand cooperation with those Central Asian members and great power observers of SCO who are concerned about a Sino-Russian duopoly, which will diminish their sovereignty, or have concerns about Iran and China. These include India, Pakistan, Kazakhstan, as well as Mongolia. Washington should also engage Russia and China in a dialogue over Eurasia and energy security. Ignoring the SCO, as the U.S. has done for the last six years, is both short-sighted and foolish. If it continues on this track, America may one day wake up to a world where its economic and strategic power is severely constrained. It is time to face the challenge of the new, quickly evolving strategic reality in Eurasia before it is too late.

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KAZAKH DECISION TO JOIN BTC PIPELINE MAY ALTER DELICATE REGIONAL DYNAMICS

Michael Denison

The formal agreement to send a proportion of Kazakhstan's crude oil exports through the BP-operated Baku-Tbilisi-Ceyhan (BTC) pipeline, signed by President Nursultan Nazarbayev in Astana on 16 June, has been greeted as the final piece in the U.S. geopolitical jigsaw to secure an East-West energy transport corridor that avoids both Russian and Iranian territory. However, the agreement may create and unmask a range of new and existing political tensions in relations between the littoral states that could reconfigure Caspian energy and security dynamics in unexpected ways, not necessarily in accordance with Washington's regional agenda.

BACKGROUND: The agreement signed by Nazarbayev allows for the annual transit of approximately 53 million barrels of Kazakh crude through BTC, with an eventual staged increase to 175 million barrels per year. Four companies with a combined shareholding of 55 percent in Agip KCO, which manages the giant offshore Kashagan project in Kazakhstan, also have a 15 percent stake in the BTC pipeline consortium. Accordingly, it is likely that most of the Kazakh crude supplied to BTC will come from the Kashagan field once it comes into production in late 2008 or early 2009. The agreement effectively secures the medium-term commercial viability of the BTC project in that it is now no longer solely reliant on throughput from the Azeri-Chirag-Guneshli (ACG) offshore complex, production from which is set to peak at 1.2 million barrels per day in 2010, before steadily declining to 400,000 barrels/day by 2022. The current capacity of the BTC line is 1 million barrels/day. With additional pumping stations, loops and the insertion of anti-drag agents, BP estimates that the line could take up to 1.9 million barrels daily, enough to incorporate both ACG and a significant proportion of Kashagan crude.

The Kazakh government has now gained its third separate major export route to complement those running through Russian territory (principally the Atyrau-Samara pipeline and the Tengiz-Novorosisk Caspian Pipeline Consortium) and the newly constructed Atasu-Alashankou pipeline to

western China. The policy of securing a range of export routes makes sound diplomatic and economic sense for Astana and is, in itself, politically uncontroversial. Simultaneously, shipping Kazakh oil through BTC would therefore appear to mitigate some of the energy insecurity felt both in the U.S. and among EU member-states over increasing reliance on Russia both as a critical source of hydrocarbon supplies, and as the principal transit route for the oil and gas exports of Caspian producers. However, the mode of transporting the oil from Kazakhstan's offshore fields to the BTC pipeline is still yet to be decided and it is this consideration, which may form the battleground between the region's principal political and commercial actors. Two major transit routes are being considered. French major Total (a stakeholder both in Agip KCO and BTC) is conducting a feasibility study on the formation of the Kazakhstan Caspian Transportation System (KCTS), a \$4 billion, 800 km (500 miles) pipeline connecting the Kazakh onshore terminal at Eskene, initially to a loading terminal at the Kazakh port of Kuryk, and then across the Caspian seabed to Baku. The earliest date that this could become operational would be 2010-2011. Alternatively, six large capacity 60,000-ton tankers could be built to transport the oil, although the upgrading and construction of terminal facilities would also add significantly to costs. Given that the final decision is not due until late 2008, the certain winners in the short-term are likely to be existing

medium-sized Azerbaijani shipping companies, which would carry the bulk of the early oil from Kashagan.

IMPLICATIONS: Deliberations over the mode of transportation to BTC are also likely to have serious political as well as cost implications. Despite the planned expansion of CPC's annual capacity from 23 million tonnes to 60 million tonnes, capricious and unreliable Russian management of this transit route raises the spectre that some of the output from the more northerly Kazakh field at Tengiz, currently transiting through CPC, might eventually be switched to BTC. Moscow will be anxious to prevent this and may, as a result, raise a range of objections to the construction of a seabed route. In the unresolved dispute over the legal status of the Caspian Sea, the Russian government shifted to supporting a policy of *de facto* median line division in the late 1990s, manifested in the bilateral agreements on subsurface ownership made with Kazakhstan and Azerbaijan. While this gave Russian companies exploration and production opportunities in the Russian sector, it has also nullified any substantive legal objections that Moscow might have to the KCTS pipeline.

Accordingly, the Russian government's objections to a seabed pipeline have been framed in terms of its environmental risks, morally reinforced by President Vladimir Putin's decision made in April 2006 to re-route the Transneft pipeline to the Pacific coast away from Lake Baikal. However, Moscow is also likely to seek a stronger formula that also incorporates a legal objection to the pipeline, perhaps on the basis of potential obstruction and damage to the surface caused by the construction and any potential fracture of the pipeline. This would bring Russia, by default, into concert with formal Iranian opposition to median line division, and also raises the spectre that Russia would carve out a role for itself as a self-appointed guardian of the sea's ecological integrity backed, if necessary, by naval force.

If the thought of Russia cleaving towards Iran or adopting a more forward posture in the Caspian region were an unwanted by-product of BTC

expansion for US policy-makers, the prospect of Iranian oil being moved through an extended subsea line would cause even greater consternation. Mahmood Khaghani, a senior official in the Iranian oil ministry, raised this possibility on a visit to Baku in early June and, far from closing the door, Total's Alain Przybysz, speaking in the same week, suggested that KCTS could be linked to Russian and Iranian offshore networks. Such an eventuality would negate over a decade of U.S. regional strategy. The likelihood of BP sanctioning the transit of Iranian oil through the BTC line proper is remote, but the European companies dominating the Agip KCO consortium (which do not include BP), might well decide to disperse Kashagan oil exports through a multiplicity of outlets, even those whose exclusion from the East-West transport corridor project is axiomatic to its existence.

CONCLUSIONS: Advocates of a pipeline extension of BTC across the Caspian Sea might therefore reflect carefully on both the technical, commercial and political consequences of such a project. Tanker traffic may be a more conservative transit mechanism but it is likely to be cheaper, more environmentally sensitive, involve greater local content and, crucially, engender a lower political risk to U.S. interests in the region. However, the calculation might be decisively weighted in favour of constructing a seabed pipeline by adding value to the project, most obviously in the form of a companion gas pipeline taking Kazakh and even Turkmen gas into the Shah Deniz complex and, ultimately, the South Caucasus (Baku-Tbilisi-Erzurum) pipeline due to become operational in 2007. While Russian opposition to the project would undoubtedly further intensify, the rewards for energy-deficient EU states in obtaining Caspian gas independently from the Russian transit system might make these risks worthwhile.

AUTHOR'S BIO: Michael Denison is a Lecturer at Leeds University and an Analyst for the Control Risks Group.

GEORGIA NEARING NEXT STEP TOWARD NATO MEMBERSHIP

David J. Smith

Georgia's November 2003 "Rose Revolution" set an ambitious pace toward NATO membership, and President Mikheil Saakashvili's new government outlined the required reforms in the NATO Individual Partnership Action Plan (IPAP). After just two years, in March 2006, a NATO assessment team found that "Georgia has made considerable progress in the implementation of IPAP, largely meeting the goals and timelines laid out in the IPAP document." That was too late for Georgia to take the next step, "Intensified Dialog" or ID, at the April Foreign Ministers' meeting in Sofia, Bulgaria. But most observers now expect ID for Georgia in late summer or early autumn. A Membership Action Plan (MAP) would follow.

BACKGROUND: Former President Eduard Shevardnadze initiated Georgia's first steps toward NATO. In 1998, Georgia invited the International Security Advisory Board (ISAB) to offer top-down recommendations for comprehensive national security sector reform. In 2002, the United States began training the Georgian Armed Forces (GAF) in the Georgia Train and Equip Program (GTEP). Both proved to be seminal decisions.

"Georgia will be knocking on NATO's door by 2005," Shevardnadze said. Unfortunately, his government's reform record was so feeble that the knock was inaudible. The political will and the budget to carry out serious reforms came only after the Rose Revolution.

Saakashvili directed the government to implement without exception ISAB's recommendations, refocused in early 2004. These concentrated on the changes needed at the national level, across the spectrum of security activities. The IPAP—elaborated by Georgia and agreed by NATO—complemented the ISAB recommendations, extending beyond the security field to matters of democratic development and prescribing specific actions at various level of government. These two documents became the eye of a whirlwind of Georgian activity, fueled by further

recommendations and assistance from throughout the alliance.

There is room here for only a few examples of the strides forward made since then. The tax system was reformed and commercial licensing procedures streamlined such that the Heritage Foundation's Index of Economic Freedom 2006 rates Georgia's economy in the second, "mostly free," category—behind the US and the UK, but on par with NATO allies France, Italy and Spain. The World Bank's Doing Business report for 2006 ranks Georgia as the second global reformer.

In the national security sector, Georgia has published its unequivocally western-oriented National Security Concept. It has abolished the Soviet style Interior Army, and firmly subordinated the National Guard to the General Staff. The Minister of Defense is a civilian, and the civilian Ministry of Defense (MoD) is distinct from the military General Staff. The Land Forces Headquarters is distinct from the General Staff. A draft law to authorize the conversion of the General Staff to a western-style joint staff has passed its first reading in Parliament.

The American Army and Marines have trained two Georgian Armed Forces (GAF) brigades and a number of other units and staff organizations, first

under GTEP and later under the Security and Stability Operations Program (SSOP). The next phase of SSOP will soon begin to train a third GAF brigade. GAF service under NATO command in Afghanistan and Kosovo and under American command in Iraq has improved Georgia's integration and interoperability with NATO forces and its overall combat capability, both IPAP requirements.

The MoD has published the National Military Strategy. It delayed publication of the Strategic Defense Review (SDR) to insure its quality, however work proceeds on a realistic force structure based on strategy, threat analysis and sustainability. The MoD successfully presented an update on this work at a conference in Tbilisi on May 2. A Law on Defense Planning that establishes three year defense budgeting was passed by Parliament in April. Meanwhile, a team of Dutch experts is advising on MoD financial management reform and UK experts will soon begin helping on personnel management.

ISAB's final report, delivered to Saakashvili in February 2006, concludes, "the conceptual and strategic requirements of modernization have been satisfied." Robert Simmons, NATO Special Representative for the Caucasus and Central Asia, amplified on the alliance's IPAP assessment: "allies recognize that Georgia is a Euro-Atlantic country that has made significant strides toward reform."

IMPLICATIONS: These favorable reports were not sufficient to forge a consensus on ID for Georgia at Sofia. "We're not there yet," said Simmons. Though the alliance likes to say that an aspiring member's prospects are performance-based, in reality, performance is necessary but not sufficient. That is because current NATO allies look at Georgia through a variety of political lenses.

Some have already concluded that a Georgia in NATO is in their geostrategic interest and are ready to proceed with ID and MAP. Others have been traditionally skeptical of alliance enlargements in principle. Still others want first to consolidate the ten members already admitted in the two post Cold War enlargements. Related to this, some European

NATO countries fear that another round of alliance enlargement could become a precedent for further European Union expansion.

The upshot appears to have been to delay – that is, to remove any sense of automaticity – but not to derail ID for Georgia. That point made, a consensus is now forming to proceed soon to ID with Georgia. A similar phenomenon will no doubt surface when the time comes for Georgia to move



Georgian PM Zurab Noghaideli with NATO Secretary General Jaap De Hoop Scheffer (NATO)

from ID to MAP, whether at the November Riga Summit or later. That means there is hard work ahead.

The gainsayers can always find one more task that Georgia has not accomplished or not accomplished well enough. A fairer observation is that many of the IPAP reforms are processes that take time. Now the Georgian MoD must finish the SDR properly, establish sound defense financial management and develop a modern military and civilian career management system. Any loose ends from the IPAP will surely turn up in the MAP.

But for Georgia to move to MAP and on to NATO membership will also require changed perspectives in three areas.

The first required change is to recognize that a MAP is neither a crown of laurel leaves nor a great political victory, but another reform program – tougher than IPAP – after which NATO will undertake another serious performance evaluation.

Second, bearing in mind that IPAP and MAP performance remain important, is to realize that an alliance decision to offer Georgia membership will be fundamentally political. Big picture issues such as judicial reform, efficient local elections this autumn and a thoughtful approach to the restoration of Georgia's territorial integrity will be very important.

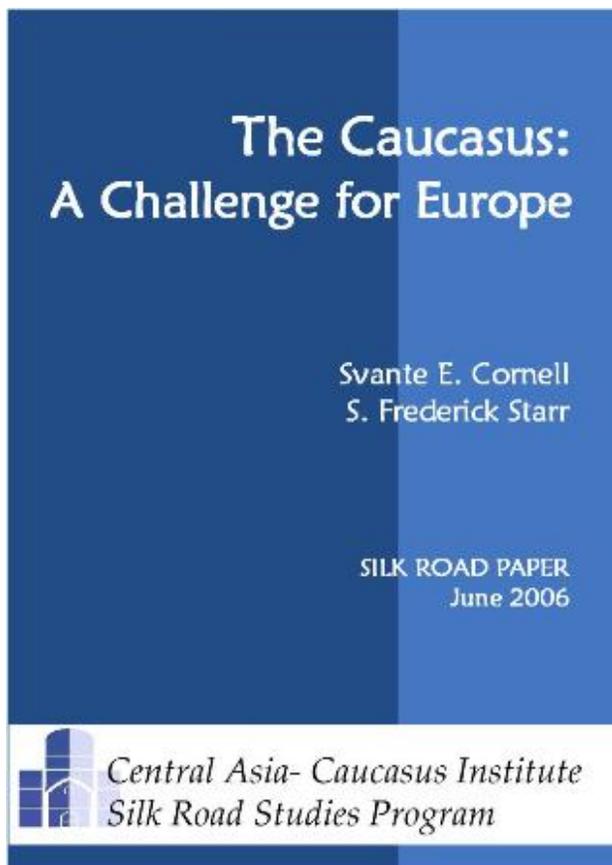
Most important for the west is to avoid any hint that resolution of the territorial disputes in Abkhazia or South Ossetia is prerequisite to Georgia's NATO membership. That would be tantamount to a Russian veto. Recognizing this, the NATO Parliamentary Assembly on May 30 urged NATO countries "to assist in finding mutually acceptable solutions to the conflicts that plague the region."

The third needed change is for the west to concentrate less on its checklist of reforms and more on its own self-interest in having a democratic ally on the strategic eastern shore of the Black Sea.

Having Georgia as a NATO ally would help stabilize the region, secure the gateway to the Caspian Sea and Central Asia, and strike a blow in the fight against terrorism and contraband of every sort.

CONCLUSIONS: The May 30 NATO Parliamentary Assembly statement endorsed ID for Georgia this summer, and many observers in Brussels and national capitals believe that NATO is near ready for this step. The consensus that eluded the alliance at Sofia appears to be gelling. MAP at the November Riga Summit might still be possible, but the time to forge another alliance consensus would be very short indeed. NATO may leave a MAP for Georgia until 2007. This would still be a remarkable achievement.

AUTHOR'S BIO: Ambassador David J. Smith is Senior Fellow at the Potomac Institute for Policy Studies, Washington DC, and the Georgian Foundation for Strategic and International Studies, Tbilisi.



New Silk Road Paper!

The Caucasus: A Challenge for Europe

by Svante E. Cornell
and
S. Frederick Starr

As the EU moves in a southeastern direction, it moves closer to the Caucasus, North as well as South. This creates both opportunities and challenges. Increasing interest on the part of the EU in the South Caucasus has been noted. This paper discusses the challenges faced by Europe in the region and seeks to propose steps for the EU to take in the Caucasus.

This 85-page paper is available from the offices of the Joint Center cited on the inside cover of this issue, or freely downloadable in PDF format from either www.cacianalyst.org or www.silkroadstudies.org.

UNCERTAIN FUTURE FOR KYRGYZSTAN'S DRUG CONTROL AGENCY

Johan Engvall & Kairat Osmonaliev

Kyrgyzstan's Drug Control Agency is a key entity in counter-narcotics in Central Asia. The DCA has the status of a law enforcement agency in its own right. It is nevertheless affected both by international and domestic politics. It is entirely funded by the United States, and continued uncertainty regarding Kyrgyz-U.S. relations makes continued funding for the DCA uncertain, just as the contract is coming up for renewal. Domestically, the DCA suffers from the weakness of its operations in the South, the main locus of drug trafficking. Rumors over imminent changes in leadership further contribute to the DCA's uncertainty.

BACKGROUND: In the wake of the political upheavals in March 2005, the influence of drug trafficking on the political system in Kyrgyzstan has expanded and reached unprecedented levels. A number of contract killings of high-level public figures have allegedly been connected to the illegal narcotics industry. The country is a preferred route for drug smuggling, with an estimated 15-20 percent of the opiates produced in Afghanistan transiting its territory.

The law enforcement body most directly linked to the fight against the drug trade in Kyrgyzstan is the Drug Control Agency (DCA). Established in 2003, the exclusively U.S.-funded DCA took over and expanded upon the responsibilities of its predecessor, the State Commission on Drug Control. It has its own law enforcement capability, including investigative personnel, its own detention rooms, and the status as law implementing body, making it a key pillar in the country's fight against drug trafficking.

The DCA is however an institution suffering from severe problems, which raise serious doubts regarding its future viability. Three main factors with a determining impact on the future nature of the DCA can be singled out: geopolitics; domestic power politics; and the lack of efficiency and need for organizational restructuring.

To begin with the international dimension, the fact that the DCA's entire budget is supplied by the U.S.

carries some serious implications that must be viewed in the light of the strategic rivalry that is unfolding in Central Asia between America on the one hand and China and Russia (within the framework of the Shanghai Cooperation Organization) on the other. Currently, there are frictions in the relationship between Kyrgyzstan and the US concerning the hosting of American troops at the Ganci airbase in the outskirts of Bishkek, including disagreements over rents as well as the duration of American forces. The origins of these tensions is to be found in the increased pressure that President Kurmanbek Bakiev is facing from SCO, and in particular Russia. One of the outcomes of the SCO summit in Astana in 2005 was the resolution that all US bases in Central Asia should be removed. Bakiev agreed to the resolution, but in contrast to Uzbekistan's decision to ask U.S. troops to leave, used a more cautious strategy, mainly manifested by indicating that if the U.S. wants to continue its military presence in Kyrgyzstan, the U.S. Government would need to pay considerably more than presently.

It is against this background that the DCA makes an illustrative case of how great power competition can have a direct impact on local institutional bodies. It is important to emphasize that the agency was created in June 2003 on the basis of a three-year contract. Thus, the contract has officially come to an end. High-level sources, however, indicates that the U.S. may not extend its payment. This could be

interpreted as a component in the strategic game. Since U.S. money is what keeps the DCA alive, its withdrawal would call the future existence of the organization into question, at the very least in its current form. In this sense, it is clear that the DCA does not rest on an indigenous institutional ground.

IMPLICATIONS: As a response to these uncertainties, the last several weeks have seen an increased level of activity on the part of the DCA. This does not seem to be a coincidence, but mirrors its perceived need to manifest its indispensability to the President. Last week, two seizures were reported in Bishkek. Furthermore, two weeks ago, a new Eastern office was created in Issyk-kul, to supplement the leading Northern office in Bishkek and the Southern branch in Osh. That the DCA has started working hard is also suggested from the leading role it has taken in the preparations for the upcoming annual International Day against Drug Abuse and Illicit Drug Trafficking on June 26.

The leadership structures of the DCA are also subject to power politics, but this time from a domestic point of view. It is rumored that the recently removed Head of the National Security Service, Tashtemir Aitbaev, a close relative and ally to President Bakiev, is interested in acquiring the position as Head of DCA, while the present Head, Bolotbek Nogoibaev, is a candidate for replacing Murat Sultalinov as Minister of Interior. The reasons for this reshuffling is assumed to be linked to the latter's close relationship with Prime Minister Felix Kulov; a relationship not to the liking of the President. Such reshuffling is far from unrealistic in Kyrgyzstan, where a systemic feature is that top-level officials, when removed, seldom disappear from the political scene but just reappear in other positions.

Finally, it is estimated that only about 3 percent of the drugs that are smuggled through Kyrgyz territory are confiscated. This brings up the point of the need for restructuring of the DCA. At present, the agency is not an effective anti-narcotics tool. For instance, in 2005, 60 percent of drug seizures were conducted by the forces of the Ministry of Interior, while no more than 25 kg of drugs were confiscated

by the DCA. In comparison, its Tajik counterpart seized more than a ton. Here, the problem is located at the structural level. The main office is placed in Bishkek, while the southern branch in Osh only comprises 30 percent of all the personnel, despite the fact that the main drug trafficking activity is taking place in the southern parts of the country, not in the north. The status of the DCA is also considerably lower in the south. In order to improve the overall functioning of the institution, a geographical reorganization is required, and that implies moving the base to where the main counter-narcotics battle needs to be fought, i.e. at the center of the leading southern drug trafficking hubs. As it is now, resources are not allocated to where they are most needed. An additional problem that needs to be addressed is the harmonization between the DCA as a U.S. transplant and its local anchorage. Requirements for being appointed at the agency include procedures, like lie detector tests, alien to Kyrgyz law.

CONCLUSIONS: In sum, the combination of high-level political games and internal organizational problem plays a major role in shaping the nature of the DCA as well as its future destiny in Kyrgyzstan, and is a source of considerable worry. Indeed, conversations with officials further underline the lack of confidence in the future of the organization. Many express that they are seriously considering the possibility to leave for other law enforcement bodies. In case the problems identified above remain unresolved, the outlook for winning the battle against drugs in Kyrgyzstan looks gloom. However, even worse would be if the DCA would be dissolved. That would basically symbolize a capitulation to drug trafficking. It remains an open question, moreover, whether European powers would be interested in contributing to the DCA's financial security.

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FIELD REPORTS

KYRGYZSTAN: MINISTERIAL CONFIRMATIONS ALMOST COMPLETED

Nurshat Ababakirov

On June 26, four presidential appointees for ministerial posts, resulting from the May reshuffling, stood up before the parliament for their approval, which President Kurmanbek Bakiev planned to do in early autumn. The parliamentarians approved three ministers out of four appointees by secret ballot.

The parliament approved Daniyar Usenov with 49 votes against 17 as First Deputy Prime Minister; Medetbek Kerimkulov with 42 votes against 26 as Minister of Industry, Trade, and Tourism; Azim Isabekov with 48 votes against 20 as Minister of Agriculture, Water Resources, and Processing Industry. The government would have been complete, if Ishengul Boljurova, the would-be first lady in the government, had been accepted as Deputy Prime Minister. She gained the confidence of 26 parliamentarians against 42, thus being unable to pass the threshold of 38 votes.

Many observers predicted that the hardest case would be with Daniyar Usenov, followed by Ishengul Boljurova, who failed to pass the parliament last autumn for the same positions. However, the parliament didn't seem to be edgy with President's colleagues, failing only one out of four. Last time, Mr. Usenov's misfortune revolved around his alleged involvement in business machinations with the South-Kyrgyz Cement factory, where, parliamentarians believed, Mr. Usenov pushed through his own personal interest, serving as leverage for a Kazakh businessman. The

parliamentarians revealed that the latter's wife was one of the shareholders of the factory.

Daniyar Usenov is known as a successful businessman and acknowledged economist, who is one of the largest shareholders of the "Ineksim" Bank. After the March 2005 events, as acting First Deputy Minister, he was assigned to lead the commission to uncover the "family businesses" of former president Askar Akayev. Despite consolidating a notorious name for alleged business machinations, he remains in favor with the incumbent president, judging by the latter's tenacious objective to push him through.

It was the second time that Ishengul Boljurova could not pass through the parliament, as many believe, because of her closeness with the former rulers. After the March events, she had assumed the position of acting Deputy Prime Minister, but failed to receive parliamentary approval in autumn 2005. During Akayev's tenure, she worked as Dean of the Bishkek Humanitarian University, and was then promoted to the post of Minister of Education. But when she fell out favor with the former president's family and was dismissed, she joined the lines of the opposition.

Mr. Medetbek Kerimkulov, who became full-fledged Minister of Industry, Trade, and Tourism, is known as a person who is far from political intrigues. He also did not face much difficulty while being appointed as the first Deputy Minister

last time around, while his co-appointees encountered stark opposition from the parliament.

Nevertheless, his relationship with Prime Minister Felix Kulov is considered to be murky since the trial of Felix Kulov during Mr. Akaev's regime, where Mr. Kerimkulov gave evidence against Mr. Kulov, who had been Major of Bishkek while the former was his assistant.

Mr. Azim Isabekov, who also earned the parliament's approval for the position of Minister of Agriculture, Water resources, and Processing Industry, is relatively new in politics. Compared with other appointees, his success was more or less predicted.

It is said that President Kurmanbek Bakiyev rescheduled the acting ministers' exposition to parliament's will because of the constant pressure from the opposition in the parliament. The opposition had made the president's intention to table the issue until Fall a major item in the recent demonstrations held in Bishkek.

Nonetheless, despite two thirds of the votes expressing approval, the appointment of Daniyar Usenov as First Deputy Prime Minister sparked

criticism among some parliamentarians. Parliamentarian Ishak Masaliev asked in bewilderment if there was a "cadre hunger", as the president continues to push the same people through parliament. Earlier that day, a parliamentary committee issued a recommendation that Daniyar Usenov and Ishengul Boljurova should not assume their positions. However, after secret balloting, it turned out that Daniyar Usenov gathered enough votes to be appointed.

The reason for this, as Parliamentarian Kubanychbek Isabekov argued, was that the parliamentarians finally decided to meet the expectations of the government after the widespread notion that parliament was too surly about the latter. However, as mass media reporting recalled, Isabekov himself worked on improving his image among parliamentarians by building friendly relationships with them.

Now, the president has to propose another person for the position of Deputy Prime Minister in two weeks, whereas the newly approved ministers are highly expected to fulfill their promises, given growing dissatisfaction of parliamentarians over what the government is doing.

KAZAKHSTAN'S SATELLITE LAUNCH: POLITICAL WINDOW-DRESSING VERSUS ECONOMIC RATIONALE

Marat Yermukanov

At dawn on June 18, the Kazakh and Russian Presidents Nursultan Nazarbayev and Vladimir Putin arrived at the Baikonur space launching site in South Kazakhstan to witness the launch of Kazakhstan's first satellite. The much-publicized endeavor materialized through space cooperation between Russia and Kazakhstan, but leaves many questions unanswered.

The start of the first Kazakh communication satellite KazSat went off smoothly as planned and representatives of Russian and Kazakh space agencies applauded enthusiastically as the satellite launched by the Russian Proton K rocket carrier reached its orbital location. The successful launch of KazSat is a matter of political importance for Astana, which regards it as a significant step towards joining the 50 most competitive countries in

the world, something obsessively strived for by the leadership. Only a short while ago, Kyrgyzstan, Uzbekistan and Kazakhstan were considering the possibility of cooperation in the sphere of space and aviation technology. But these good intentions could not develop into real partnership between the industrially underdeveloped states.

Kazakhstan's cooperation with the Russian Roskosmos space agency proved to be more fruitful. The Kazakh government first announced its plans to construct its own commercial telecommunications satellite in 2004, but lacking the adequate technology to construct it, the government had to place an order with Russia's Khrunichev space technology center, while some French space technology companies offered technical assistance in the construction of the satellite.



Two presidents at the launching (AP)

Undoubtedly, close cooperation in developing space technology has significant political advantages for Kazakhstan and Russia. But many specialists in Kazakhstan already question the economic feasibility of the project. Serik Burkhitbayev, a former transport and telecommunications minister, believes that the KazSat launch is intended to produce a short-term propaganda effect while the economic gains for the development of telecommunications system are minimal. The satellite is located at a longitude of 103 degrees east of Indonesia which makes it impossible for satellite

signals to reach Central and North Kazakhstan. To ensure adequate reception of satellite data, all ground stations should be readjusted and updated. It also requires the construction of a whole range of telecommunications facilities to receive and process satellite signals, and most importantly, a young generation of educated specialists if Kazakhstan is to materialize its ambitious plans to become a space nation in Central Asia.

The first satellite, the object of national pride, cost the budget of Kazakhstan \$65 million. Whatever critics may say, the launch of KazSat signifies a great technological leap and promises considerable economic benefits for the country, which heavily relies on foreign satellite services for agricultural and telecommunications data. Services provided by American and Russian satellites devour enormous budget resources, over US\$20 million annually. Simple calculations show that three years of uninterrupted service will pay off the cost of the satellite, designed to operate in orbit for twelve years. It is expected that KazSat will allow Kazakhstan to substantially reduce costs for Internet and mobile phone services in coming months and places the country among the main satellite services providers in the Commonwealth of Independent States.

Kazakhstan's Prime Minister Daniyal Akhmetov, known to have strong ties to Moscow's business elite, has long been toying with the idea of attracting Russian intellectual and industrial potential to develop Kazakhstan's space technology. Last year, Kazakhstan set up the Kazkosmos state-controlled company, and initiated an agreement with Russia's Roskosmos space agency to carry out the \$125 million Baiterek project to create the first rocket-launching facilities. Bilateral agreements also provide for training of Kazakh engineers and scientists at Russian training centers in Dubna and Shabolovka.

The record of Kazakh-Russian space cooperation is full of contradictions and controversies. While at high-level talks both sides lavish high-flown words about "fruitful partnership" rows over the payments for Baikonur cosmodrome leased to Russia have

never subsided. Kazakh residents of the Russian administered town of Baikonur are reportedly treated as second-rate citizens. Russian authorities can no longer ignore the mounting public protests against Russian military presence in the area. On May 3 this year, Russian military authorities announced that military units would leave Baikonur by 2008. Apparently the entire infrastructure of the launching site will be relocated to the Plesetsk cosmodrome, in the Siberian part of Russia.

The ongoing row around Baikonur creates problems for Kazakhstan's national space program, the implementation of which depends to a great extent on the use of facilities at the cosmodrome on its territory. But by launching the KazSat satellite,

Kazakhstan made a significant step towards space technology which is to set in motion the space and aviation industry.

Barely after emotions calmed down after the launch of KazSat, President Nazarbayev announced that the Kazakh national space agency was working on the second space vehicle KazSat 2, which is planned to be put in orbit in 2008. The projects are too daunting not to be treated with some skepticism. Can Kazakhstan's economy afford huge spending required to maintain the image of a space nation? At any rate, the successful launch of KazSat boosts national morale and conveys a sense of economic wonder. Kazakhstan can't hope for anything more at this stage.

CENTRAL ASIAN YOUTH ENCOUNTERS REVIVAL OF AGE-DISCRIMINATING TRADITIONS

Erica Marat and Anara Tabyshalieva

The re-emergence of Islamic traditions and disintegration of the Soviet social support system, besides increasing gender inequalities, have reinforced inter-generational discrimination in the Central Asian societies.

Rates of child labor are increasing throughout Central Asia, while the schooling system is rapidly deteriorating. Despite the fact that children under 17 years constitute more than one third of the total population in each Central Asian state with the exception of Kazakhstan, neither national governments nor local civil society organizations address these problems.

In the 1990s the Soviet welfare system disintegrated, placing a bigger burden on Central Asia's women and youth. As Yvonne Corcoran-Nantes points out in her book *Lost Voices-Central Asian Women Confronting Transition* (2005), after the collapse of the Soviet Union, Central Asian women were

pushed out of the political and economic process because of the cancellation of the Soviet government and parliament quota systems for gender representation. Increased traditionalism in society and a worsened economic situation disempowered Central Asian women.

There is, however, a trend among the Central Asian women to actively engage in the non-governmental sector. Today, numerous women NGOs across the region deal with a wide array of gender issues. Central Asian women NGOs are well-supported by various international funds.

Yet only few NGOs focus on the problems of child labor, abuse, and crime. On a family level, the eldest family members make decisions on most aspects of children's lives: from education and the choice of profession, to marriage, the number of grandchildren, the names of the grandchildren, and so on.

Traditional values increased social pressure on young males. Sons are expected to create their own family at a young age, and fully support parents coming of age. This elevated the importance of male inheritance. Sons receive more attention than daughters. Daughters or divorced women, on the other hand, are likely to obtain only *kalym* – a type of payment by the husband’s family before marriage.

Younger members of a traditional family and community are not allowed to challenge elder people’s decisions, either verbally or physically. This rule of absolute respect for the elders is expected to be exercised not only towards parents or grandparents, but also toward any older member in a given community. Physical punishment of children is also a widespread and socially accepted phenomenon. Punishment can be exercised by any older family member, not only by parents. Punishment and other forms of age discrimination are common in kindergartens and schools.

State-enforced institutes such as *makhalla* and courts of elderly encourage inter-generational gaps. Young people are discriminated from taking decisions despite their professional qualities.

During the communist regime, public kindergartens and schooling system looked after children from the youngest age. Likewise, state support of the elderly removed the burden from the working age population, especially women.

Today, Central Asian children have become a vital, and sometimes the only, source of family income. Children are expected to be a helping force starting

from pre-school age. Labor engagement among children at home includes taking care of younger and older family members, cooking, cleaning, pasturing, carrying water and food products and other physically challenging tasks. Children are also engaged in cotton fields, processing tobacco, street cleaning, food markets, cleaning shoes, and selling newspapers. Under-age children cannot be detained by the law-enforcement agencies and therefore are also used in illegal economic activities such as smuggling, collecting hemp, prostitution, and street begging.

Child labor has turned into an important drive in the cotton industries of Uzbekistan and Turkmenistan – major sectors in these countries’ economies. Tens of thousands of children are forced to cotton fields in late fall to collect the “white gold”. Children’s health is undermined and reports of deaths do occur. A somewhat similar situation is present in northern Tajikistan. Rates of drug addiction among youth, homeless and abandoned children are increasing by the year, while education and literacy levels deteriorate in each Central Asian state. Criminality among young people and engagement in illegal businesses are new mass phenomena in the region’s urban and rural areas.

Discrimination along age differences and gender is manifested in Central Asia in virtually all life situations and on a daily basis: in families, schools, and public structures. Conformist behavior of young people and especially girls is highly encouraged by traditions and approved by conservative religious leaders as a good feature of ethnic and religious identity.

PUTIN-SAAKASHVILI MEETING: NOTHING RESOLVED

Kakha Jibladze

On June 13, Georgian President Mikheil Saakashvili and Russian President Vladimir Putin met in St. Petersburg for the first time in over a year. Although both opposition leaders and politicians

from the ruling party downplayed the event in the beginning, the fact that dialogue between the two feuding neighbors has resumed is a victory in itself.

The meeting did not start out promisingly. Originally scheduled for an 8 PM start, Saakashvili was left waiting for three hours. Once the two presidents finally met, there was a marked tension during the press conference, with both presidents interrupting each other and Saakashvili even 'interpreting' some of Putin's odder statements concerning Abkhazia and Georgian territorial integrity for better Georgian consumption. The Russian president used every opportunity to remind Georgians of their dependency on Russian capital – even going so far as to inflate the amount of remittances sent from Georgians working in Russia.

The immediate press coverage of the event was also less than favorable. While some Russian TV stations painted a general positive picture of the meeting as a good first step toward normal relations, others were far more negative and focused largely on the recently released figures for Georgian defense spending and the chances of the de-facto governments of Abkhazia and South Ossetia gaining independence through a referendum.

Georgian press by and large concentrated on the tension between the two presidents and what possible outcomes can be expected regarding the Russian wine and mineral water embargo: while both presidents initially claimed the trade issue was not on the agenda, both discussed it during the press conference. Some positive signals did come out of the conversation: Putin reiterated that once Georgian wine meets Russian standards, trade can resume, but at the same time there was definite tension. When Saakashvili jokingly warned Putin that soon there might not be enough Georgian wine to export to Russia, Putin noted that, with Russian investors purchasing Georgian wineries, the exports would be high-quality Georgian wine under Russian management.

Some foreign observers took a negative view of the meeting in light of the upcoming G-8 summit; according to some the meeting was a victory for Putin. In one step, the Russian president attempted to usurp the G-7's plans to criticize him for Russia's aggressive policy against Georgia. By agreeing to meet with Saakashvili, he demonstrated he was open to dialogue and therefore is more protected against potential accusations.

Taking into account the low expectations for the meeting, however, afterwards members of the ruling party – and some members of the opposition – spoke of it as an example that relations can improve. According to Georgian parliamentary Speaker Nino Burjanadze, an important aspect of the dialogue was the fact that Saakashvili clearly stated the goals of the administration: good relations with Russia but not at the expense of territorial integrity. She noted that the meeting was an 'opportunity' for Russia to play a positive role in determining a peaceful outcome to the frozen conflicts in Abkhazia and South Ossetia. During the press conference, Putin asserted that he had 'never given an order' to annex the contested territories and that Russia respects Georgia's borders.

It is hardly surprising that one late night meeting did not produce a balm for months if not years of tension and accusations. Georgian-Russian relations are complex; it has taken time for them to sink to this low point and it will take time and considerable effort to repair and revitalize them. However, heated conversation and pointed verbal jabs notwithstanding, the meeting was a step in the right direction. The meeting, however, was a Georgian initiative; if Russia is equally serious about improving relations, now it is Moscow's turn to offer an olive branch.



Central Asia- Caucasus Institute
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NEWS DIGEST

KAZAKHSTAN SIGNS PIPELINE ACCORD

16 June

Kazakhstan moved to reduce its dependency on Russia on Friday, signing a US-backed agreement to supply oil for a key Caspian-Mediterranean pipeline that will provide an alternative energy source for Europe. The agreement signed by Nursultan Nazarbayev, president of Kazakhstan, and Ilham Aliyev, president of Azerbaijan, resolves one of the outstanding issues to be settled before a long sought-after visit to the White House by Mr Nazarbayev, analysts said. A spokesman for the Kazakh embassy in Washington said the two sides were working on a date for the visit, expected in the coming months. Dick Cheney, US vice-president, went to Astana last month to reaffirm support for Mr Nazarbayev, whom he described as a strategic partner, despite concerns over Kazakhstan's human rights record, including the high-profile assassination of an opposition politician and the conduct of presidential elections last December. Mr Aliyev was welcomed to the White House in April for a visit that had also been put off over concerns about elections in Azerbaijan and treatment of the opposition. The US is the biggest foreign investor in Kazakhstan, rich in oil and gas but historically dependent on Russia, its former overlord, for export routes. China has also become a recent customer as it seeks to diversify its sources of energy. Analysts said the White House would have been particularly satisfied to note that the signing on Friday took part even while Vladimir Putin, Russian president, was in Kazakhstan to attend a regional, 17-nation conference. (The Financial Times Limited)

REGIONAL SECURITY CONFERENCE CONCLUDES IN KAZAKHSTAN

17 June

Leaders from some 17 countries met in Almaty on June 17 to attend a one-day summit of the Conference on Interaction and Confidence-Building

Measures in Asia. Host and Kazakh President Nazarbaev called on the assembled leaders to deepen cooperation on a wide range of pressing regional issues, including environmental degradation and poverty. The summit closed with an announcement pledging greater cooperation in the areas of regional security, energy, trade, and counterterrorism. Nazarbaev said regional stability depends on "the level of economic development" and also appealed for greater attention to ecological needs. Russian President Vladimir Putin said the summit should seek to further reinforce regional cooperation to combat terrorism and extremism, as well as tackling drug trafficking and organized crime. The Conference on Interaction and Confidence-Building Measures in Asia summit also released a statement on June 17 defending the "inalienable right of countries to have access to nuclear technologies, materials and equipment, as well as using them for peaceful purposes in line with the obligations set by corresponding agreements on [the International Atomic Energy Agency's] safety guarantees." But that statement also noted the group's support for "the joint efforts of Central Asian countries in creating a zone in Central Asia free of nuclear weapons" and stressed the importance of broader nonproliferation efforts, specifically commending and encouraging "the efforts of all countries to suppress attempts by terrorists and criminal groups to acquire weapons of mass destruction and the means of delivering them." In addition to leaders of the member states, the summit was also attended by a number of representatives from observer states, including the United States, Japan, Ukraine, and the United Nations. The regional grouping, founded in 1992, seeks to foster greater cooperation and security in Asia and its members range from China and Russia to Iran and Israel. (Kazinform)

CHECHEN RESISTANCE LEADER KILLED

19 June

Abdul-Khalim Sadulayev, who succeeded Aslan Maskhadov early last year as president of the Chechen Republic Ichkeria (ChRI) and leader of the Chechen resistance, was killed early on June 17 in a two-hour exchange of fire in his home town of Argun, east of Grozny, Russian and Chechen media reported. The resistance website chechenpress.org quoted an unnamed eyewitness as saying that some 300 Russian and 50 pro-Moscow Chechen troops backed by armor took part in the attack on Sadulayev, in which numerous Russians were also killed.

Regnum.ru on June 17 said the operation was carried out by the Akhmed Kadyrov Chechen regiment. London-based ChRI Foreign Minister Akhmed Zakayev told RFE/RL's North Caucasus Service the same day that 3,000 troops took part in the assault on Argun, and that two of Sadulayev's comrades in arms were also killed. Russian agencies reported that the two escaped and are being searched for. Russian Federal Security Service (FSB) Director Nikolai Patrushev was quoted by Interfax on June 17 as saying that one FSB official and one police officer were killed in the operation. Pro-Moscow Chechen Prime Minister Ramzan Kadyrov claimed on June 17 that Sadulayev planned to stage one or more major terrorist attacks in Argun in the run-up to the G-8 summit in St. Petersburg in July. In his last interview, Sadulayev rejected terrorism as a tactic, saying that the resistance should not target innocent civilians. (RFE/RL)

LAVROV RULES OUT 'GAS OPEC'**20 June**

Foreign Minister Sergei Lavrov on Tuesday ruled out the creation of a "gas OPEC," an idea implicitly floated by Iranian President Mahmoud Ahmadinejad, Interfax reported. "There are no plans to create a gas OPEC; I haven't heard such calls," the news agency quoted Lavrov as saying. Lavrov did not expand, but his remarks appeared to be the first Russian reaction to a proposal made by Ahmadinejad during his meeting with President Vladimir Putin last week. "Our energy cooperation is effective enough," news agencies quoted Ahmadinejad as telling Putin when the two met on the fringes of a regional conference in Shanghai. "But it could be even more productive if we cooperated in pricing gas and forming the main gas routes." High energy prices have renewed fears in the West that Russia is seeking to use its energy resources as a political weapon. Tensions between

the West and Iran -- which has the world's second-largest gas deposits, after Russia, and is a leading oil producer -- over Iran's nuclear program have become a key factor in this year's oil price rises. "There will be no cartel," Lavrov said, Interfax reported. "But cooperation between countries that produce and export energy will be developing." At the Shanghai meeting, Putin praised cooperation with Iran and backed the idea of setting up joint ventures in the energy sector and building a gas pipeline from Iran to India. (Reuters)

MINISTER SAYS KYRGYZSTAN AWAITS U.S. ANSWER ON BASE AGREEMENT**20 June**

Kyrgyz Foreign Minister Alikbek Jekshenkulov told reporters on June 18 that a second round of talks on a new agreement for the U.S. air base in Kyrgyzstan will begin soon, Interfax-AVN reported the next day. "We expect to receive a reply from the U.S. State Department soon and will then gather for a second, final round, tentatively to be held in Bishkek as well," he said. Jekshenkulov said that the Kyrgyz-U.S. talks did not come up at a recent Shanghai Cooperation Organization (SCO) summit in Shanghai. "None of the SCO member countries raised the issue of the Kyrgyz-American talks on the antiterror coalition's further presence at Manas Airport during the recent summit," he said. Kyrgyzstan is seeking higher lease payments from the United States for the U.S. air base, although recent reports have indicated that the Kyrgyz government has moderated its initial demand for a hundredfold increase to \$200 million a year in lease payments. (RFE/RL)

BUSH, SAAKASHVILI TO DISCUSS GEORGIAN SETTLEMENT IN WASHINGTON**20 June**

U.S. President George W. Bush will ask his Georgian counterpart Mikheil Saakashvili to brief him on ongoing processes in Georgia when they meet in Washington on July 5, U.S. Deputy Assistant Secretary of State for European and Eurasian Affairs Matthew J. Bryza told journalists in Tbilisi on Tuesday. Bush and Saakashvili are friends, and this visit, which is being organized by the U.S. administration, will be friendly, he said. The search for a peaceful solution to the conflicts in Georgia will be high on the agenda of the two presidents' talks, he added. "The U.S. very much wants to see Georgia a prospering country,"

Georgian political scientist Gubaz Sanikidze told journalists. "After the unsuccessful campaign in Iraq, the U.S. is doing its best to maintain the image of a power capable of promoting the advent of democratic regimes in various countries," he said. "The U.S., a country that effectively organized the 'Rose Revolution' in Georgia, is trying to prove that this small country [Georgia] acts as a beacon of democracy and freedom for developing states," Sanikidze said. (Interfax)

TURKMENISTAN THREATENS TO CUT GAS EXPORTS

21 June

Turkmenistan threatened Wednesday to halt natural gas shipments to Russia's Gazprom state-controlled natural gas giant if it does not agree to a 30 percent price hike. Turkmen Energy Minister Kurbanmurad Atayev said that the energy-rich Central Asian state intends to increase gas prices from the current \$65 per 1,000 cubic meters to \$100 starting next month and warned it would cut exports if Gazprom doesn't accept the new price. "If within a month and a half we don't work out a contract with Gazprom, Turkmenistan will halt the exports," Atayev said in a statement released by the government. Turkmenistan is the second-biggest gas producer in the former Soviet Union after Russia, and its vast gas resources are playing an increasingly important role in the geopolitics of the region. Gazprom controls the only transit route for Turkmen gas exports to other ex-Soviet states and Europe. A gas price dispute between Russia and Ukraine resulted in Russian gas supplies being shut off to Ukraine over New Year's, leading to shortages in several European countries. Eventually, Russia and Ukraine agreed on a complicated but face-saving scheme whereby Ukraine would buy a blend of Russian and Turkmen gas at double the previous price via an intermediary. Gazprom officials have recently warned that gas price for Ukraine could be increased later this year if Central Asian nations charge more for their gas. The matter of exports to Ukraine "has to be resolved after Ukraine's agreements with the transit countries," Atayev said. In 2003, Russia and Turkmenistan signed a 25-year deal for cooperation in the gas sector, and last December the two countries signed a contract for Gazprom to import 30 billion cubic meters of gas in 2006 at a price of \$65 per 1,000 cubic meters. On Monday, Gazprom's head Alexei Miller visited the Turkmen capital, Ashgabat, to renew the

contract, but Turkmenistan "categorically refused the offer," Atayev said. (AP)

CHINESE OIL COMPANY BUYS INTO RUSSIA

21 June

Sinopec, which is a Chinese state-run oil company, will buy TNK-BP's Udmurtneft and sell a 51 percent stake in it to Rosneft while retaining the remaining 49 percent for itself, Russian media reported on June 20, quoting a Rosneft statement. "The Moscow Times" commented on June 21 that the deal gives "Beijing its first stake in Russian oil and paves the way for a strategic partnership with Rosneft." China has actively sought out new sources of energy and natural resources abroad as its economy and notoriously inefficient energy sector expand. (RFE/RL)

ISLAMIC FOREIGN MINISTERS' MEETING ENDS IN AZERBAIJAN

22 June

A three-day meeting of foreign ministers of Organization of the Islamic Conference member states concluded in Baku on June 21 with the adoption of a Baku Declaration. That declaration condemns terrorism as a phenomenon that has no basis in either ethnicity or religion, in line with Azerbaijani President Ilham Aliyev's statement in his address to the opening session that "we must not acquiesce to attempts to equate Islam with terrorism." It also condemned Armenian "aggression" against Azerbaijan and demanded the immediate and unconditional withdrawal of all Armenian forces from occupied Azerbaijani territory. Conference participants noted the importance to their respective countries of increased cooperation in the energy sector and in creating new East-West and North-South transport corridors. (day.az)

TALKS "HOPELESS" AND AZERBAIJAN READY FOR WAR WITH ARMENIA: PRESIDENT

23 June

International mediation over the disputed Nagorno Karabakh enclave is "hopeless," oil-rich Azerbaijan's President Ilham Aliyev said, vowing to retake it by "peaceful means or by war," in a speech to the military. Aliyev, who's country fought its neighbour and fellow former Soviet republic Armenia over control of the majority-Armenian enclave in

Azerbaijani territory from 1988 to 1994, also said he would use oil revenues to beef up the military. Oil will bring Azerbaijan 140 billion dollars over the next two decades, Aliyev said Friday and "there is no doubt we will use this money to strengthen the army so that it can return our lands at any moment." The president said international efforts to mediate the conflict were "hopeless" and Azerbaijan was willing only to negotiate the restoration of its full control over Karabakh. Aliyev was speaking at a graduation ceremony of cadets at Azerbaijan's highest military academy, named in honor of his father Heydar Aliyev whom the younger Aliyev succeeded as president in 2003. Azerbaijan's first major oil pipeline, which is operated by energy giant BP and is backed by the United States, goes online on July 13 and will give the landlocked Caspian Sea an important export route to Western markets. In his speech, which was followed by a military parade with the participation of troops, Russian-built helicopters and fighter jets, Aliyev said "we will restore our territorial integrity by peaceful means or by war." Military spending in this predominantly Shiite Muslim country of eight million has quadrupled to 700 million dollars in 2006 over the past four years Aliyev said, adding that on Thursday he ordered servicemen's wages to be increased by 100 percent. "We are buying modern armaments," Aliyev said without elaborating, "our expenses in the military sphere will grow even more," he added. Karabakh broke away from Azerbaijan in the late 1980s, sparking a six-year conflict between Armenia and Azerbaijan that claimed 25,000 lives and displaced hundreds of thousands of people. (AFP)

U.S. ATTACKS SOME CENTRAL ASIA LEADERS

23 June

The United States accused certain Central Asian leaders of trying to "sell their souls" for personal gain on Friday and denied Washington was seeking undue influence in a region rich in oil and gas. In a sharply worded statement, a U.S. envoy to the region said Washington had no intention of creating its own blocs in Central Asia, where analysts say former imperial master Russia is vying with both the United States and China for influence. "Some clear-eyed leaders in this region desire strongly to build their nations' independence and sovereignty," said Richard Hoagland, U.S. ambassador to Tajikistan. "Some others are willing to sell their

state and even their own soul to the highest bidder for their own and their family's short-term personal and political gain." Hoagland did not specify which of the five ex-Soviet "stans" of Central Asia -- Uzbekistan, Kyrgyzstan, Tajikistan, Kazakhstan and Turkmenistan -- he was criticizing but at least some of his comments appeared to be aimed against President Islam Karimov of Uzbekistan. Hoagland said his statement, also published in Tajik newspapers, was prompted by events earlier this month at a summit of the Shanghai Cooperation Organization (SCO) which groups together Russia, China and four of the "stans." Karimov made a veiled criticism of the United States at the summit, saying some countries wanted to shape the region to suit their own interests by dubbing some democratic and others not. "A faint odor of sanctimony permeates the recent statement that came from a leader interviewed at the SCO summit in Shanghai, who said others should be careful not to force their views on 'new' republics in Central Asia," he said. U.S. relations with Uzbekistan, formerly a close ally in the "war on terror," soured after Washington condemned excessive use of force when troops fired on crowds in Andizhan last year during an uprising. Uzbekistan expelled U.S. troops from a military airbase after that and sought closer ties with Russia. The SCO last year called on the United States to name a date for the departure of all its troops from the region. "The United States has no intention of 'stealing' one or another country from another 'bloc'," Hoagland said. As its ties with Uzbekistan deteriorated, Washington has sought to bolster relations with its neighbors. It has praised Kazakhstan -- the largest economy in the region -- for its democratic development and has convinced the country to join a major pipeline that will take Caspian oil to Western markets while bypassing Russia. (Reuters)

NEW CHECHEN LEADER PAYS HOMAGE TO PREDECESSOR

23 June

The resistance website chechenpress.org posted on June 23 a statement by veteran field commander Doku Umarov, who in his capacity as vice president automatically succeeded Abdal-Khalim Sadulayev following the latter's death in a shoot-out with Russian forces on June 17. Umarov paid tribute to his slain predecessor as "one of the most worthy sons of the Chechen people," who, despite his comparative youth, "was our wise mentor in religious, political, and military matters." Umarov

said his vision of how the ongoing war should end is for "Russia to leave us in peace, having recognized our legal right to self-determination." "I...do not think that the Chechens are less worthy than other peoples of living in their own independent state," Umarov said, adding that "from the legal standpoint the Chechen Republic Ichkeria [ChRI] is an independent state." (RFE/RL)

U.S. DIPLOMAT SUMMARIZES KARABAKH PEACE PROPOSAL

26 June

In a June 23 telephone interview with RFE/RL's Armenian Service, U.S. Deputy Assistant Secretary of State Matthew Bryza, who was recently named as the U.S. co-chairman of the OSCE Minsk Group, listed several of the basic points contained in the so-called framework agreement for a solution to the Karabakh conflict currently being discussed by the Armenian and Azerbaijani presidents. Those points include the withdrawal of Armenian forces from occupied Azerbaijani territory; the deployment of international peacekeepers in the conflict zone; the normalization of political and economic relations between Armenia and Azerbaijan; international economic aid for the unrecognized Nagorno-Karabakh Republic; and a referendum at some subsequent unspecified date on that territory's status. Bryza did not specify which of those points has deadlocked the ongoing peace process. He added that "we would very much encourage the presidents to accept this framework," but acknowledged that doing so "requires a lot of political courage." (RFE/RL)

ASAR PARTY LEADER: KAZAKHSTAN MUST HAVE NEW DEMOCRATIC PARTY

26 June

Kazakhstan's Asar party leader and parliamentary deputy Dariga Nazarbayeva has proposed pro-presidential political forces' merger into a new democratically orientated party. "Our idea is to form a new party that would bring together the existing pro-presidential parties. There are some six-eight political parties in Kazakhstan which identify themselves as pro-presidential. These parties should unite," Nazarbayeva told Interfax on Monday. Nazarbayeva proposed this idea at her party's conference a week ago. She said that the new party organization should have one leader and

chairman - President Nursultan Nazarbayev, and a political council as its supreme collective body. "When I am talking about a union of pro-presidential parties I mean the formation of a new party - a new-type party, that would get rid of the negative in each of the current political organizations' experience," said the leader of the Asar (All Together) party. "We have advanced a specific common political platform which could keep these parties together, and we have sent our proposal to our colleagues in the pro-presidential bloc and are waiting for their reply and reaction," she said. Kazakhstan, a country with a population of 15 million, has 12 registered political parties, including three opposition parties. The governing Otan party is led by President Nazarbayev who handed his party functions over to his deputies during his tenure of the presidential post. (Interfax-Kazakhstan)

PUTIN SEEKS TO LURE ETHNIC RUSSIANS HOME

27 June

President Vladimir Putin signed a decree on June 26 for the "repatriation" of ethnic Russian "compatriots" living abroad, the daily "Gazeta" reported on June 27. Presidential aide Viktor Ivanov has been named to chair an interdepartmental commission to oversee the program, which could potentially affect up to 4 million people, primarily from CIS countries, the paper noted. Those coming to Russia will have to choose one of 12 regions divided into three categories. Category A means border regions, Category B regions are those where major investment projects are under way, and Category C are territories with a dwindling population. Guaranteed jobs and financial support are provided only for those going to border regions. The 12 regions are largely in the Far East, in central Russia's Black Earth region, and in Kaliningrad Oblast. The plan is aimed at offsetting the decline in population, which Putin has spoken out about repeatedly. Some nationalist critics have charged that repatriation will not do much to offset that decline, and that Putin is undermining any possible Russian claim to or role in former Soviet republics by encouraging ethnic Russians there to leave. Other critics say that the government should do more for illegal immigrants already living in Russia before bringing in additional people. (RFE/RL)