

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

VOL. 8 NO. 19

4 OCTOBER 2006

Searchable Archives with over 1,000 articles at <http://www.cacianalyst.org>

ANALYTICAL ARTICLES:

WHAT SERGEY IVANOV AND RUSSIA'S
'PARTY OF POWER' THINK
David Smith

KAZAKHSTAN'S BOLASHAK PROGRAM:
SHORT TERM FIX OR LONG TERM
PROGRAM?
Rafis Abazov

THE SHANGHAI COOPERATION OR-
GANIZATION AS AN "ENERGY CLUB",
PORTENTS FOR THE FUTURE
Stephen Blank

CHECHNYA'S LATEST ECONOMIC INITIA-
TIVE: THE POLITICS OF AUTONOMY
Kevin Daniel Leahy

FIELD REPORTS:

AZERBAIJAN'S MAIN OPPOSITION PARTY
IN TURMOIL
Fariz Ismailzade

MINING ACCIDENT IN CENTRAL KAZAKH-
STAN TRIGGERS PUBLIC OUTCRY
Marat Yermukanov

KYRGYZ CONSTITUTIONAL REFORMS:
WHICH SYSTEM IS BETTER?
Nurshat Ababakirov

GEORGIA GAINS NATO INTENSIFIED DIA-
LOGUE AMID RUSSIA CRISIS
Kakha Jibladze

NEWS DIGEST



Central Asia- Caucasus Institute
Silk Road Studies Program

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING
VOL. 8 NO. 19
4 OCTOBER 2006

Contents

Analytical Articles

WHAT SERGEY IVANOV AND RUSSIA'S 'PARTY OF POWER' THINK 3
David Smith

KAZAKHSTAN'S BOLASHAK PROGRAM: SHORT TERM FIX
OR LONG TERM PROGRAM? 5
Rafis Abazov

THE SHANGHAI COOPERATION ORGANIZATION AS AN "ENERGY CLUB",
PORTENTS FOR THE FUTURE 8
Stephen Blank

CHECHNYA'S LATEST ECONOMIC INITIATIVE: THE POLITICS OF AUTONOMY 10
Kevin Daniel Leahy

Field Reports

AZERBAIJAN'S MAIN OPPOSITION PARTY IN TURMOIL 13
Fariz Ismailzade

MINING ACCIDENT IN CENTRAL KAZAKHSTAN TRIGGERS PUBLIC OUTCRY 14
Marat Yermukanov

KYRGYZ CONSTITUTIONAL REFORMS: WHICH SYSTEM IS BETTER? 15
Nurshat Ababakirov

GEORGIA GAINS NATO INTENSIFIED DIALOGUE AMID RUSSIA CRISIS 17
Kakha Jibladze

News Digest 18

THE CENTRAL ASIA-CAUCASUS ANALYST

Editor

Svante E. Cornell

Assistant Editor, News Digest

Alima Bissenova

Chairman, Editorial Board

S. Frederick Starr

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.

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.

The Editor reserves the right to edit the article to conform to the editorial policy and specifications of *The Analyst* and to reject the article should it not be acceptable to our editorial committee for publication. On acceptance and publication of the edited version of the article, *The Central Asia-Caucasus Institute of The Johns Hopkins University-The Nitze School of Advanced International Studies* will issue an honorarium to the author. The copyright for the article or field report will reside with the *Central Asia-Caucasus Analyst*. However, the author may use all or part of the contracted article in any book or article in any media subsequently written by the author, provided that a copyright notice appears giving reference to the contracted article's first publication by the "Central Asia-Caucasus Analyst, Central Asia-Caucasus Institute, The Johns Hopkins University-The Nitze School of Advanced International Studies."

Submission Guidelines:

Analytical Articles: Analytical articles require a three to four sentence Key Issue 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. The ideal length of analytical articles is between 1,000 and 1,300 words. The articles are structured as follows:

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.

CONCLUSIONS: 100-200 words that strongly state your conclusions about the impact of the event or issue.

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.

Svante E. Cornell

Research Director; Editor, Central Asia-Caucasus Analyst

Central Asia-Caucasus Institute & Silk Road Studies Program

Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University

1619 Massachusetts Ave. N.W., Washington, D.C. 20036, USA.

Tel. +1-202-663-5922; 1-202-663-7723; Fax. +1-202-663-7785

WHAT SERGEY IVANOV AND RUSSIA'S 'PARTY OF POWER' THINK

David J. Smith

“Those who say that the new Russia is weak and cannot ensure its own security and defend its interests in the world arena are utterly wrong,” writes Russian Defense Minister and Vice Premier Sergey Ivanov in the July 13 edition of Izvestia. His Triad of National Values is a stark, comprehensive exposition of Moscow’s geopolitical outlook and increasingly bellicose foreign policy. It has since been complemented by an apparently purposeful leak of the 2006 draft Russian Military Doctrine, first published in Gazeta on September 19. Ivanov’s dissonant but coherent thinking has ominous implications for Russia’s neighbors, particularly Georgia, as well as for the United States and NATO.

BACKGROUND: Writing as the leaders of the world’s seven industrial democracies winged their way to the G-8 Summit in Saint Petersburg, Ivanov’s immediate purpose was to discourage the guests from dwelling on matters that might embarrass Russian President Vladimir Putin in his hometown. Russia would brook no criticism. “One of the main democratic values,” writes Ivanov, “is the right to the sovereignty of a people in making independent decisions without any outside pressure.”

With regard to the formal G-8 agenda, European leaders had relished an energy security discussion since Putin’s brazen January 1 cutoff of gas to Ukraine. But Israel’s clash with Hizbollah and the chilly atmosphere that Ivanov helped create stifled any serious discussion of energy security. “Russia’s economic potential today makes it possible to maintain world energy stability,” writes Ivanov, adding—for anyone who missed the point—Russia is now an “energy superpower.” Fittingly, the G-8 adopted an anodyne energy security statement.

Beyond the G-8 Summit, Russia’s energy muscle enables it unabashedly to confuse market and monopoly energy pricing, as it did with Ukraine and Georgia earlier this year. “Gone,” says Ivanov, “is the practice of relations where Russia faced significant economic losses in exchange for political loyalties of the leaders of certain states.” Even in the face of nuclear proliferation, “Russia is firm in upholding its right to choose its trade partners independently, based

on its own policies and not on a dubious division of states into ‘free countries’ and ‘rogue states.’” This oblique reference to American appeals for international sanctions on Iran gets fuller treatment in the leaked *Military Doctrine*.

Earlier Russian documents supported a “universal” nuclear non-proliferation regime. But the 2006 draft endorses only “the non-proliferation of nuclear weapons and delivery vehicles.”

Gazeta’s Ministry of Defense (MoD) source helpfully explained, “Dropping the word ‘universal’ is insurance in case Iran gets nuclear weapons.”



Sergey Ivanov

Keeping even nuclear-armed mullahs as friends is valuable because, in Ivanov’s view, Russia is surrounded by enemies. “In the first camp are soft opponents,” those that criticize, that “are unhappy about an independent, strong and confident Russia.” In Ivanov’s “second camp” are those that have “declared an all-out terrorist war on the whole civilized

world.” Russia must deter its soft opponents and repel the terrorists—with strategic nuclear weapons. “Given existing geopolitical risks we put the emphasis on the qualitative perfection of the strategic deterrence forces that are capable of effectively destroying an aggressor by a retaliatory strike or a counterstrike under any circumstances. To this end, they are being armed with Topol-M ground-based missile systems and will soon start to get the Bulava-30 sea based missile systems.” According to Ivanov, these missiles “can pierce existing and future missile defense.”

The emphasis on intercontinental nuclear weapons seems peculiar in the face of critics and terrorists—unless Ivanov’s true concern is “a world order in which only one power center seeks to dominate the planet.” The leaked *Military Doctrine* sweeps aside any doubt—the U.S. tops Russia’s list of most likely enemies, followed by NATO and terrorists.

The top threat from these potential enemies, the draft *Military Doctrine* continues, is “either directly, or through structures supported by them, the possibility of violent actions against constitutional order in post-Soviet states, which could result in instability on our borders.” Presumably with this in mind, the Defense Minister writes, Russia is “creating self-sufficient inter-service groups of troops armed with high precision reconnaissance and attack systems, and capable, jointly with the nuclear forces, of carrying out any mission.” The draft *Military Doctrine* adds that the main emphasis is on “rapid reaction subunits in the army, air force, navy and airborne troops.” Russia could employ such forces to fulfill a mission added to the 2006 draft *Military Doctrine*: to “protect the interests of its citizens abroad if their lives are put in danger.”

IMPLICATIONS: “We have turned from a dying country into a country that is regaining practically all the positions that it had in the time of the USSR,” *Gazeta*’s MoD source said, embellishing Ivanov’s words: “Russia today has fully regained its status as a great power.” The similarity in themes and language of these documents indicates the same drafter(s) at work. The Ivanov article coupled with the draft *Military Doctrine*—although it may be tidied up before publication—affords a glimpse into the thinking of the

Defense Minister and those around him—Russia is back, and the MoD, at least, does not mind the allusion to the glory days of the Soviet Union.

Some themes that emerge are familiar. Russia always bristles at criticism. Tbilisi still has a touch of frostbite from the last flexing of Russia’s energy muscle. Moscow’s work on Iran’s Bushehr reactor and its on-again-off-again nuclear diplomacy betray its desire for warm relations with Tehran. And no one in Georgia is unaware that Russia regards its illegal distribution of passports to current residents of the Georgian territories of Abkhazia and South Ossetia as a potential pretext for intervention, including military intervention.

The two documents do, however, offer two fresh—if unwelcome—angles. First, although western analysts have noted Moscow’s apparent fascination with nuclear weapons, explanations have been speculative, most centering on Moscow’s perceived need to compensate for its conventional military weakness. Now we have a cogent explanation straight from the MoD: the U.S. is the enemy against which Russia’s nuclear arsenal is the ultimate guarantor. The second angle, particularly important as Ivanov may be Russia’s next president, is the starkness with which he is comfortable revisiting familiar Russian themes.

CONCLUSIONS: Although Ivanov’s thinking may strike a dissonant chord in the west, it is coherent and it requires our serious attention. Ivanov—surely not alone in Moscow—apparently believes that the U.S., followed by NATO, is Russia’s most likely enemy. The most likely threat is subversion within Russia and on its periphery. Hence Moscow’s hypersensitivity to criticism of its internal politics and its devotion to undermining Georgia, America’s democratic ally on the Black Sea. The west needs to recognize Russia for what it is—a country whose leadership has such an outlook cannot be appeased; only managed until such time that true democracy overtakes Ivanov’s “sovereign democracy”.

AUTHOR’S BIO: Ambassador David J. Smith is Senior Fellow at the Potomac Institute for Policy Studies, Washington, and Director of the Georgian Security Analysis Center, Tbilisi.

KAZAKHSTAN'S BOLASHAK PROGRAM: SHORT TERM FIX OR LONG TERM PROGRAM?

Rafis Abazov

This fall, about three hundred students from Kazakhstan entered the most prestigious graduate schools in the United States. This is an unusual crop of students, as all their tuitions fees and living expenses are paid by the Kazakhstani government under the national program called 'Bolashak' (Future). This controversial program ignited hot debates among both politicians and the public in the country. One camp argues that these young people will bring expertise, knowledge and international experience to their home country, helping to build a new modern state. Others dismiss this initiative as a brain drain sponsored by the government and as another example of the wasteful usage of oil revenue, instead of saving the crumbling national educational system.

BACKGROUND: Kazakhstan entered independence on terms quite different from that of many developing countries. Unlike some states in Africa and Asia, the literacy rate in Kazakhstan was about 99 percent, and was backed up by the vast Soviet state-controlled network of schools and about 100 tertiary education institutions. The educational institutions trained professional cadres for the country largely free of charge and their network reached every corner of this vast republic. This network is the cause and the product of the high prestige of education in the Kazakh society. Every parent will go the extra mile to educate their children, both girls and boys. For many years the strongholds of Kazakh education have been in a strong emphasis on science, mathematics, and engineering, on a strong sense of discipline among students and on teamwork. Students were expected to be obedient and often were obliged to spend days and nights mastering the most difficult formulas, theories and diagrams. The teamwork was always highly valued and the ability to think and work in highly centralized and tightly controlled working collectives was

especially important, though this was achieved at the expense of individual creative thinking and innovation.

This system produced a large number of highly qualified professionals, though there were many shortcomings. One of the major shortcomings was that the educational system of Soviet Kazakhstan was highly politicized; and college and university curricula required substantial numbers of hours to be devoted to the communist ideology and communist philosophy, while such subjects as business management, international trade, and corporate governance were ignored and were not taught at all. For decades, innovative education and creativity were discouraged, while educators were forced to follow blindly the Communist Party ideology and instructions from bureaucrats in the Soviet Ministry of Education.

The newly independent government of Kazakhstan undertook substantial efforts to change its educational system as there was an urgent and growing demand for experts in all kinds of fields – from management to accounting. Among its first steps was the de-

politicization of the educational system as the official branches of the Communist party that controlled the educational process were removed from educational institutions, and all Communist Party-endorsed courses were removed from the curricula. As the next step, the Kazakh government attempted to reform the educational system through establishing new faculties and departments and introducing new curricula and subjects such as banking, accounting, international trade law, etc.

As the country experienced post-Soviet economic chaos and steep recession, the government concentrated all its efforts and resources on fixing immediate economic needs, pushing aside the needs of the education sector, considering it a low priority. Very often, official decrees and changes were not supported by appropriate financial resources. There were no sufficient resources (financial and human) capable of supporting and sustaining new subjects and curricula, as the salaries of educators were too low to create an attractive environment for the inflow of trainers and educators in those new fields. The effects of the so-called shock therapy and hyperinflation of the early 1990s hit the general population hard, making education unaffordable for middle-class Kazakhstani citizens.

IMPLICATIONS: Rapid economic and structural changes and the steep downsizing of state expenditures on the education system put enormous pressure on the educational institutions in the country. First, the work in the educational sector lost its financial appeal. The salaries of teachers and professors became the lowest among public sector employee. Hundreds if not thousands of well-trained and highly qualified professionals left public schools, colleges and universities in a search for better incomes in the private sector. Second, throughout the 1990s, falling salaries, failing morale and the fading prestige of working in the educational sector turned the young generation of educators away from the field. Moreover, many universities were largely

unprepared for the challenges of globalization and the rapid advancements of technology. For example, the Internet was practically unknown in the early 1990s and came into use only during the last five years; yet, even still fast DSL or T1 connections are practically unheard of even at the largest universities in the country. Kazakhstani educational institutions also lag behind in teaching innovation, creativity and entrepreneurship. The latest managerial techniques and approaches to understanding and working in the complex business environment of the 21st century are either not known or not implemented. Yet, the rapidly growing national economy demands a large inflow of specialists trained in new fields, such as western-style banking, accounting, management, public and corporate policy, etc.

In this context, the '*Bolashak*' program was introduced in 1994 as a short-term solution in order to get young specialists into new fields as soon as possible while at the same time, Kazakhstan's education system would get ready to produce its own qualified professionals. This proved to be a brilliant solution – within a short period, hundreds of young and talented individuals from all over Kazakhstan were sent to leading European, East Asian and American universities exclusively to study business-related subjects under the condition that they come back to work in their home country. In 2005 the number of students sent to foreign universities was increased to 3,000 – that is, about one percent of the total number of students in the country. Upon graduating, many of these students returned and joined leading corporations and government agencies, bringing back important expertise and knowledge. However, there was a drawback, as between five and fifteen percent of those students chose not to return.

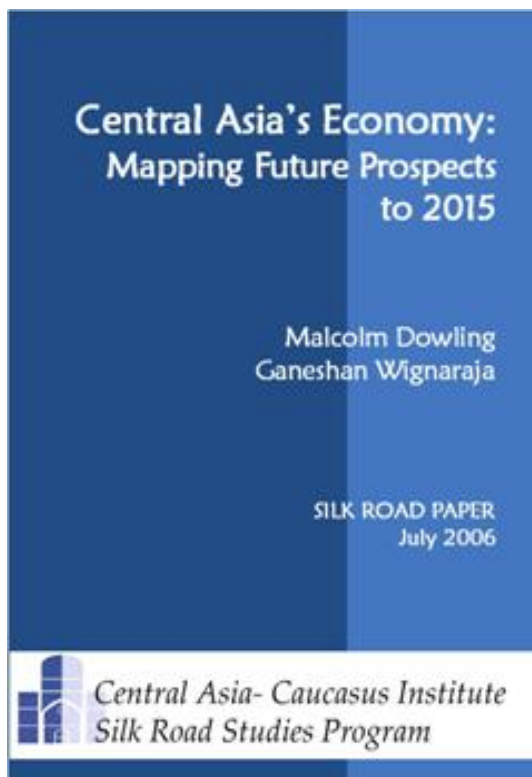
CONCLUSIONS: There is no doubt that Kazakhstan needs a large inflow of highly educated and well trained professionals, as the country has been experiencing an economic boom and rapid economic expansion since 2000.

Its economy has been growing at an annual rate of 7-10 percent, due to the significant increase of oil revenues and the opening of new sectors of the national economy to international competition. The rapid economic transformation of the national economy and the development of a new business environment require unorthodox solutions to solve the cadre deficit. Sending Kazakhstani students abroad has been one of the most successful steps, as they not only brought back knowledge and gained professional expertise, but also became exposed to the western-style business environment and culture.

However, it is important to remember that the *Bolashak* was created as a short-term solution for an emergency situation. With the stabilization of the national economy, there is a need to continue working on the long term solution by reforming the national educational system by making it capable of training world class specialists within the country. It is very

important to remember that not only the business sector, but also the educational sector in the country require a new breed of highly trained, innovative and creative talents who have broadened their horizons through education in the west. There is a need for a new type of educational manager and administrator who would introduce international standards and a new managerial style in colleges and universities across the country. Some of these goals can be achieved by adjusting the *Bolashak* program and by training more educators and education managers in the world's leading universities, including universities in the United States.

AUTHOR'S BIO: Rafis Abazov, PhD, is an adjunct Assistant Professor at the Harriman Institute at the Columbia University (New York). He is author of the *Historical Dictionary of Kyrgyzstan* (2004) and *The Cultures and Customs of the Central Asian Republics* (2006, forthcoming).



New Silk Road Paper!

Central Asia's Economy: Mapping Future Prospects to 2015

by Malcolm Dowling
and
Ganeshan Wignaraja

This is a comprehensive though concise analysis of the economic development scenarios of Central Asia and Azerbaijan. Written by two ADB experts, it provides guidance to understanding the evolution of Central Asian economies in coming years.

This 105-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.

THE SHANGHAI COOPERATION ORGANIZATION AS AN “ENERGY CLUB”, PORTENTS FOR THE FUTURE

Stephen Blank

As of August 2006, Central Asian energy issues are becoming more and more intense and are also linked to the growing crisis around Iran’s nuclear program. It is clear that Turkmenistan, for example, is trying to break out of the Russian domination of the Central Asian gas economy and that Russia is seeking to consolidate and extend its superior position in gas to keep Central Asian gas producers from challenging it and breaking free of its influence. At the same time Iran is trying to ensure the energy imports it needs, given its subsidized and thus wasteful domestic energy economy and the threat of sanctions. It also is using its relationship with energy producers in Central Asia in order to deter the possibility of U.S. bases on their territory.

BACKGROUND: Kazakhstan is flirting with the United States in anticipation of President Nursultan Nazarbayev’s September, 2006 visit to America and Washington is trying to develop gas pipelines from Turkmenistan through Afghanistan, Pakistan, and India, or alternatively from just Afghanistan to India. In other words, the connection between energy, foreign relations, and security is growing closer and the rivalry for influence among the great powers and Central Asia’s neighbors continues apace. In conjunction with these trends recent Russian, Iranian, and Uzbek proposals that the Shanghai Cooperation organization become or create within it an “energy club” take on a new meaning.

At the most recent summit of the Shanghai Cooperation Organization in Astana, Russian president Vladimir Putin proposed that the SCO become an “energy club” or that such a club be formed from within its membership. Such proposals are not new for Putin, who has steadily implemented a strategy formulated in 2002 to set up a gas cartel in the CIS that would be dominated by Russia. This cartel would be the equivalent of an OPEC for natural gas and would allow Russia both to set the global market price for gas and to exercise uncontested sway over the gas policies of other producers in Central Asia, i.e. Turkmenistan, Kazakhstan, and Uzbekistan. Indeed, by late 2005 Putin had already come most of the way

to achieving this cartel, relegating these other gas producers to more or less exclusive dependence upon Russian natural gas pipelines and subordination to Gazprom, now an arm of the Russian state. This domination is essential to the continuation of the current domestic economic and political status quo in Russia, as well as to Moscow’s recovery of its coveted great power status abroad.

However, it now appears that Putin’s vision may be expanding to link up with Iran to form this club. Recently Iranian officials have been urging Russia to form an oil and gas arc. If Moscow and Tehran successfully combine to form such a “club”, then they would be able to exercise the same power in this new cartel that Saudi Arabia possesses in OPEC as they are the number one and two producers of natural gas in the world. Iran’s overtures to Russia reflect its weakness and fear of American pressure over its nuclear program. But this weakness also expresses itself in the fact that Iran has just agreed to buy 20 million cubic meters of Turkmenistan’s gas for the next two years to overcome expected winter shortages of gas. This deal highlights Iran’s less well known energy weakness in developing and indigenous refining capability. But such an energy club would counter Saudi Arabia’s leverage in respect of oil while dominating Asian gas markets. And it might allow Russia to provide Iran with needed help in developing

its refining capacity. Inasmuch as Turkey too is figuring in discussions of the SCO's future, it too could prospectively become a member of any such oil and gas association in the future, adding further to the Russo-Iranian domination of gas markets and the continuing submission of Central Asian producers to Russia.

IMPLICATIONS: The idea of such bilateral cooperation is not new. In both 2003 and 2004, Moscow made overtures to Iran about the possibility of joint operation to develop gas markets. The most promising potential operation today from Moscow's standpoint is the possibility of an Iran-Pakistan-India gas pipeline. Gazprom has already indicated its desire to participate in building this pipeline and providing gas, seeing this as a way to enter the South Asian gas markets in a big way and to contribute as well to one of the more grandiose transport and trade networks of Russia's current vision, namely a North-South corridor. Were India and Pakistan, both observers at the SCO like Iran, to join as members, this deal could become more attractive to them because then they might get a more favorable rate at which to buy gas at the price of long-term subordination to Russia's interests.

But the implications of such a gas cartel do not end here. Certainly any such organization would constitute a rival to any American-organized plans to utilize Afghan and/or Turkmen gas to supply Afghanistan, Pakistan and India through a new pipeline that bypasses both Russia and Iran and would also check Turkmenistan's new desires for a more independent stance and more voice over setting prices for its gas exports. Thus it would further consolidate Russia's past gains in materializing Putin's vision of a gas cartel in Central Asia and extend its control over regional producers still further.

In this connection it bears noticing that Putin and Ahmadinejad are not the only ones calling for an energy club or a gas cartel in Central Asia. Gulnara Karimova, the very powerful daughter of Uzbek strongman Islam Karimov, and his representative in or to Moscow, called for just such an energy club in

December 2005, merely three weeks after the signing of the Uzbek-Russian agreement of November 2005 that essentially consigned Uzbekistan to the Russian sphere of influence. Karimova observed then that the SCO could utilize its experience in fighting terrorism to establish a members' dialogue that would coordinate political decisions among producers and consumers implement, programs and projects for developing the energy sector, pipelines, and transport, and track changes in global supply and demand for all energy resources. Inasmuch as Uzbekistan has been a rival to Turkmenistan with regard to gas and seeks to sell gas to the same customers of Turkmenistan, Russia, China, other CIS countries, it is entirely possible that here Karimova was acting on behalf of her family's interest as well as Russia's many-sided interests in pushing the idea of an energy club within the SCO.

CONCLUSIONS: Although no tangible results have come of such suggestions as of now, it appears indubitable that Russia is trying to lock down its gas cartel, tie up Turkmenistan, Kazakhstan, and Uzbekistan so that they cannot produce and market gas independently, and extend its influence over Iran. If Iran can be prevented from producing nuclear energy on its own and must depend, as is now the case, on imported gas, this would certainly add to Russia's clout over it and Central Asia, not to mention the opportunities such a situation would open up in South Asia and against U.S.-backed plans there. Despite all the other crises now tearing at Central Asia, the Gulf, and South Asia, nobody should think that Moscow has relaxed its vigilance in playing for a monopolistic role in Asia's and thus the world's gas markets. The formation of a genuine energy club in the SCO might not be far away. And if it does materialize, then it would be the next major step in a far-sighted and profoundly important global Russian strategy.

AUTHOR'S BIO: Professor Stephen Blank, Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA 17013. The views expressed here do not represent those of the US Army, Defense Department, or the U.S. Government.

CHECHNYA'S LATEST ECONOMIC INITIATIVE: THE POLITICS OF AUTONOMY

Kevin Daniel Leahy

The political enshrinement of a power-sharing agreement between Moscow and its client regime in Grozny has long been mandated. Thus far, however, this process has been delayed by disagreements in relation to where the future ownership of Chechnya's natural resources should reside. The pro-Moscow Chechen government argues that revenue from these resources would allow it to expedite the reconstruction of the shattered republic. However, there are those in Moscow who are opposed to ceding control over Chechnya's oil and gas resources to a government they do not entirely trust.

BACKGROUND: Early this September, the pro-Moscow Chechen parliament submitted a bill to the Russian State Duma, entitled "On Special Conditions for Entrepreneurial Activity in the Territory of the Chechen Republic". This document proposes that Chechnya be exempted from paying customs tariffs; that investors in the republic be exempt from tax; and, perhaps most importantly, that jurisdiction over natural resources should reside with the Chechen government. None of these proposals was in the least bit surprising. Prominent pro-Moscow Chechens have long argued that the republic should be granted the status of a special economic zone in order to attract investment to rebuild its shattered infrastructure. Predictably, therefore, the bill envisages Chechnya assuming a status similar to that enjoyed by Ingushetia from 1992-97. During this period, under the auspices of Mikhail Gutseriev's BIN bank, Ingushetia became, in essence, an off-shore tax haven.

Of course, the Ingush "ofshornaya zona" was sanctioned by a very different type of Russian president – Boris Yeltsin – during an earlier period when the tenet of asymmetrical federalism was *en vogue*. Therefore, one cannot be at all certain how

President Putin will receive this aspect of the bill. Regardless, the proposals concerning Chechnya's natural resources are certain to prove more controversial. For the Chechen leadership, securing direct ownership of these resources is a major political objective. Currently, oil production in Chechnya is carried out by Grozneft. However, Grozneft is in fact a subsidiary of the oil conglomerate Rosneft, which also holds the production license in respect to Grozneft's activity. The pro-Moscow Chechen president, Alu Alkhanov, has previously called for this license to be transferred to Grozneft directly. His prime minister, Ramzan Kadyrov, has echoed this call, arguing that Chechnya needs its own oil company; by which he presumably means a controlling stake in Grozneft (the Chechen government already owns 49 per cent of the company).

Many observers see Kadyrov's hand behind this entire initiative. In the main, this is because the Chechen parliament, which introduced the bill to the State Duma, is widely perceived as a mere extension of his political will. In truth, however, it would be rather unusual were Kadyrov – as prime minister, officially Chechnya's chief economic

functionary – not a party to this gambit. Importantly, should this bill become law, then Kadyrov will succeed in maximising Chechnya's economic potential within the bounds of political autonomy. However, sceptics remain concerned about his outlook regarding the republic's political potential. They wonder whether Russia's bestowal of economic and political autonomy might serve as a prelude to a second Chechen declaration of independence almost fifteen years after the first. For those who believe Kadyrov to be a "creeping separatist", therefore, the prospect of such a bill becoming law would be the final straw. Should this initiative succeed in gaining momentum, then it may well force these hitherto faceless anti-Kadyrovites to reveal themselves on terms not of their choosing.

IMPLICATIONS: While the Chechen government's claim on the republic's natural resources may prove too bitter a pill for Moscow to swallow, Kadyrov may well be assuaged – at least for now – should his benefactors grant Chechnya the status of a special economic zone. In the contemporary Chechen context there are few organizations which could perform the same function BIN bank performed in Ingushetia. One obvious exception is the so-called "Kadyrov Foundation". Ostensibly a philanthropic organisation with obscure sources of financing, this foundation claims to have been established in memoriam of Ramzan's father, the late Ahmed-Hajji Kadyrov. Should this body emerge in Chechnya as a conduit for inward investment, then Ramzan's political and economic influence will increase considerably. However, given the ubiquitous correlation in Russia between energy and political power, Kadyrov is unlikely to simply discard his stated ambition to control the republic's natural resources.

While public disagreements over policy issues of a generic nature are permitted among Putin's

ministers and aides, few, if any, would dare to publicly question official policy with respect to Chechnya, which is considered a preserve of the president and a small group of influential advisors. However, this taboo could feasibly be lifted should Putin accede to Kadyrov's request and grant his government jurisdiction over Chechnya's natural resources. One luminary within the siloviki clan, which is widely believed to distrust Kadyrov, is Igor Sechin, a deputy chief of staff in Putin's administration and, crucially, the incumbent chairman of Rosneft. Sechin's profile is that of a political hatchet man: he is said to have been the instigator-in-chief of the Kremlin's campaign against Mikhail Khodorkovsky's Yukos Company, for example. His perceived political agenda has been to strengthen state control over Russia's natural resources. Thus, any decision to effectively privatize a subsidiary of Rosneft – no matter how peripheral the company involved – would not be in keeping with his broad political outlook.

Furthermore, the prospect of ceding control of Grozneft to someone of Kadyrov's political profile would be particularly galling for Sechin. In such a scenario, one could reasonably envisage Prime Minister Kadyrov adding the chairmanship of Grozneft to his professional brief in much the same way as Dimitri Medvedev combines his responsibilities as first deputy prime minister with his chairmanship of Gazprom. The worry for the siloviki clan is that a political success of this magnitude might reanimate what they perceive as Kadyrov's latent, neo-Dudayevist tendencies. The idea of turning Chechnya into a special economic zone is certainly a less controversial proposition. Its viability may hinge on Putin's as-yet-unclear concept of devolution which he alluded to during his recent address to the Federal Assembly, stressing that it was "high time to stop overseeing the construction of schools, bathhouses and sewerage systems from Moscow." It is worth noting

that the Kadyrov Foundation is said to be involved in similar projects on an ongoing basis.

CONCLUSIONS: The issue of who will succeed Vladimir Putin to the presidency is already consuming Russia's political class. Yet one need only look at the present political situation in Britain to see how uncertainty regarding the succession process can destabilize a political establishment. Indeed, Pavel Baev has recently written that various Putinites are already "at each other's throats with the fury of cornered rats". Thus, it would ill-behave Putin to upset certain colleagues at this juncture by grasping the Grozneft nettle. At the same time, however, he will be eager to ensure that his protégé,

Kadyrov, will not lose face politically. A compromise solution might entail Putin giving his consent to Kadyrov's proposal regarding a special economic status for Chechnya, in exchange for the latter reneging – at least temporarily – on his claim to Grozneft. In any case, Grozneft will not be changing hands as a result of Grozny's recent initiative. In fact, given its polarizing nature, it is likely that this ownership dispute will comfortably outlast the lifespan of the present Russian administration.

AUTHOR'S BIO: Kevin Daniel Leahy holds a postgraduate degree in International Relations from University College Cork, Ireland.

THE CHINA AND EURASIA FORUM QUARTERLY

Central Asia-Caucasus Institute & Silk Road Studies Program

Volume 4, No. 3

August 2006



New issue of the

China and Eurasia Forum Quarterly

The August 2006 issue of the China and Eurasia Forum Quarterly, edited by Dr. Niklas Swanström, is online.

The issue contains articles by Alan Rousso, Gulshan Sachdeva, Bates Gill, Ariel Cohen, Kathleen Hancock, and others.

The issue is freely available online through

www.silkroadstudies.org or

www.cacianalyst.org

FIELD REPORTS

AZERBAIJAN'S MAIN OPPOSITION PARTY IN TURMOIL

Fariz Ismailzade

Last week, by-elections to the Supreme Council (Majlis) of the Musavat party – the largest opposition party in the country, led to internal infighting. The rivalry between two power centers of the party has been known for some time, yet the race for the number two position in the party, the chairmanship of the Supreme Council, became the culmination of mutual attacks by Musavat leaders on each other.

On one side stands Rauf Arifoglu, the editor-in-chief of the Yeni Musavat newspaper – the most influential newspaper in the country and deputy chairman of the party, as well as Arif Haci, another deputy chairman. They were arrested in October 2003 in connection with the violent protests that broke out following the Presidential elections. Arifoglu has always been the maverick of the party, often opposing even the leadership style of the party chairman Isa Gambar. Having served for a year and a half in prison on charges of attempting to stage a coup d'etat, this tandem was now opposing the nomination of Sulheddin Akbar, also a deputy chairman of the party, to the chairmanship of the Supreme Council. They accuse Akbar and his ally, Vurgun Eyyub, also a deputy chairman, of serving the interests of the ruling party and closely collaborating with them. Back in October 2003, Eyyub managed to escape arrest and Akbar was released shortly after he was arrested, raising suspicions that he testified against his party comrades.

The first election back in May 2006 did not produce a result, as the bitter attacks of the two groupings on each other did not produce the necessary amount of

votes in favor of either of them. After that, Arif Haci withdrew his candidacy and Akbar had to face a new candidate, member of the Supreme Council Nasib Nasibli, regarded by many as a unifying and centrist person. The by-elections held last week turned into a bitter battle of words between the rivaling groups and eventually resulted in the election of Akbar to the chairmanship of the Supreme Council.

Rauf Arifoglu has reacted by saying, "Too sad that the murky plan of the authorities has been materialized. They have always wanted to put their own man in the leadership of Musavat."

It is interesting that during this whole painful period of mutual accusations, the chairman of the party, Isa Gambar, took rather a neutral position and did not endorse any of the candidates. He rejected media speculations about the possible split inside the party and insisted that the ongoing processes were part of democratic practice and normal inter-party discussions. "Musavat will emerge from this process only as a stronger party," said Gambar in an interview to Yeni Musavat newspaper.

Local analysts are unsure whether this forecast will prove true. Indeed, not only Musavat, but the entire opposition front is experiencing stagnation due to the frustration among opposition members with their lack of results. Being in opposition for more than 15 years has tired many of them. Musavat, although remaining on top of national politics, is gradually losing its support base. At the same time, constant attacks from the rivaling opposition

parties, mainly the Azadliq bloc, for Musavat's decision to take up their seats in the new elected Parliament (Musavat has five MPs in the Parliament) further adds to the troubles.

At the moment, though, Musavat seems the most ready and willing of all opposition parties to embrace change. The leadership of the party, having witnessed a bitter loss in the last elections, seems to have realized that the current tactic of radical opposition is not working. The party adopted a new strategy in its last party Congress in May of this year, and announced itself ready to work on real issues rather than simply against the regime.

Yet, it is not clear if the party will be able to emerge from this latest round of inner-party feud in a stable and united way. The ongoing changes in the country and the inflow of oil revenues add to the difficulties that the opposition parties have in attracting voters, as the government constantly increases spending on public projects and infrastructure development. Musavat, along with other opposition parties, will now have to focus on grassroots activities and long-term relations with voter to win their hearts and minds.

MINING ACCIDENT IN CENTRAL KAZAKHSTAN TRIGGERS PUBLIC OUTCRY

Marat Yermukanov

An unprecedented wave of miners' strikes following the methane gas explosion in the Lenin coal mine, owned by Indian steel tycoon Lakshmi Mittal, rocked the coal-rich Qaraghandy region in Central Kazakhstan. The blast revealed not only the vulnerability of workers employed by foreign companies to industrial risks but also the inability of corrupt government institutions to protect its citizens from arbitrary rules established by transnational giants.

The explosion of methane gas in the morning of September 20 killed 41 miners working 600 meters deep in the Lenin coal mine owned by Mittal Steel Temirtau company. The explosion was so powerful that it was impossible for relatives and friends to identify the dismembered bodies of many miners. For many hours rescue teams were busy searching for more than eighty bodies trapped in the coal pit.

The Qaraghandy region, the main coal basin of Kazakhstan is no stranger to such mining accidents. In 2004, a similar accident claimed the lives of 23 miners near the town of Shakhtinsk. But the latest explosion was the last drop that filled the cup of

patience and spurred hundreds of miners into industrial action. On September 26, more than one thousand miners of Mittal Steel Temirtau and family members of the killed staged a massive protest rally in front of the local government office in Shakhtinsk. They were supported by steel workers of the company, who demanded a 40 per cent wage rise. Six other coal mines also joined the strikers. Local authorities this time did not dare to ban the rallies.

However, Lakshmi Mittal, who flew in directly from London to express his condolences to the families of dead miners and talk to the mayor of Qaraghandy Nurlan Nigmatullin promising to cover burial costs, said it was still premature to discuss the rise of miners' wages. They work 12-hour shifts for 40,000 tenge per month (\$320). Some parliament members expressed their solidarity with the miners, but there is little they can do to exert pressure on the company. Cabinet members seem to be in the same helpless position. The head of the Emergency Ministry of Kazakhstan, Shalbay Kulmakhanov, was quick to conclude that the explosion of methane gas was caused by the

violation of safety regulations by miners themselves.

But experts believe that Mittal Steel Temirtau company, which makes huge profits from selling the coal of Qaraghandy basin using cheap labor, does next to nothing to replace the outdated equipment and raise safety standards. In 2005, the average wage of company workers was not above 44,600 tenge. In January this year under the pressure from local trade unions, wages were increased by 10 per cent. Over the last nine years, wages in Mittal Steel Temirtau were raised by 55 percent, while the inflation rate in the same period reached 70 percent. A group of parliament members sent a letter to Prime Minister Daniyal Akhmetov, which states that some local workers of Mittal Steel Temirtau get less than \$300 monthly for twelve hours shift work, while hired workers from India receive more than \$3000.

It is likely that, as some observers suspect, Mittal Steel Temirtau enjoys covert support from some influential officials in the top echelons of power

who lobby the interests of foreign companies. President Nursultan Nazarbayev recently launched a veritable war on corruption in government ranks. At a session of the Security Council, he publicly named greedy officials, but his criticism was leveled almost exclusively at the heads of national companies. It was revealed that the monthly salary of the chairman of Kazakh telecom company was \$365,000, not counting annual bonuses exceeding \$2 million. Other heads of national companies were accused of pocketing hundreds of thousands of unearned dollars.

In this situation it is hard to expect that corruption-prone government officials will be able to restore the rule of law in a country with largely impoverished population. Miners of Mittal Steel Temirtau can protest against the discrimination by the foreign company as long as they hope to get some concessions from the company. But at the end they will have no other choice than to return to the coal mines for low wages, as they have no other jobs to help them feed their family.

KYRGYZ CONSTITUTIONAL REFORMS: WHICH SYSTEM IS BETTER?

Nurshat Ababakirov

On September 21, President Kurmanbek Bakiev handed over three drafts of the Constitution with three different forms of government – presidential, parliamentary-presidential, and parliamentary – to the Parliament. After the parliamentarians' decision, a referendum on the new constitution is expected at the end of this year. Yet, it may be that the parliament will pass it.

On September 28, the president in his general address to the public, "The national strategy of development and immediate tasks", called for a constitution with the capacity to solve the issues of the "reconstruction" period, and discarded the necessity for an "ideal and abstract" one. The president, Kurmanbek Bakiev, underlined the

feasibility of a strong executive branch, which he buttresses since the onset of his presidential tenure in August 2005.

In late June, the drafts were completed by a working group, financed by foreign organizations, and led by Azimbek Beknazarov, parliamentarian and a former prosecutor general. It assumed the task of drafting a new constitution after the Constitutional Council proved ineffective. One of the aims of the working group is to bring back the constitution of 1993, which was later twisted in favor of former president, Askar Akaev, via four referendums. It also seeks to legitimize the "revolution's achievements".

The three drafts have few significant differences, aside from the form of government. In two cases – presidential and parliamentary-presidential forms – the position of Prime Minister is absent, and the president becomes both the head of the state and of the government. Nonetheless, the president's administration remains, which, according to Alisher Mamasaliev, a member of the Constitutional Council, may duplicate the government's work. In all drafts, the parliament consists of 75 members: 50 members are elected on the basis of party lists, and 25 on the basis of first-past-the-post constituencies. It excludes the conduct of referendum over two issues: pre-term dissolution of the parliament, and early resignation of president.

The drafts being prepared, parliamentarians must now come to a consensus, not only among themselves but also with the president. It is expected that the process will take approximately half a year, given procedural regulations. Nonetheless, it may turn out to be even longer, owing to the largely opposition-oriented parliament, which has vociferous members supporting a parliamentary form of government. The Speaker of Parliament, Marat Sultanov, anticipates that the whole process will be finished by the 2008.

Whether a new constitution should be adopted by referendum or by the parliament gives life to debates among politicians. "A referendum is inevitable", says Turgunbek Turgunaliev, the author of one of drafts, member of the constitutional working group and leader of the Erkindik (Liberty) party, which has put enormous effort to dissolve the parliament, allegedly dominated by corrupt and incompetent parliamentarians. He believes politicians and public activists will fail to come to an agreement over the form of government. "A referendum must be pursued on one condition: people should be informed politically and judicially."

Marat Sultanov, the Speaker of Parliament, who welcomes a parliamentarian state, believes that if parliament is to pass the constitution, it will weigh all the pros and cons of the drafts so that ordinary people will come to know it. If it is the people who

pass the constitution, there is a possibility that they will miss the point, he argues. "They will eventually vote the way local akims (governors) tell them to."

Given the poor quality of education among the still overwhelmingly rural population (about 60 percent), the possibility that the people's choice can be manipulated can be an issue. Edil Baysalov, the leader of the Coalition for Democracy and Civil Society, said that an appeal to the public through referendum is the method of authoritarian leaders like Askar Akaev, who used populist approaches to consolidate their power.

It appears that the only way to bring about a new constitution is through a consensus among government branches, which remains unfeasible. The president seeks to keep the current system, while some heavyweight parliamentarians push for a parliamentary system. There is also a widespread idea that the current constitution instead must be changed and amended. Prime Minister Felix Kulov, supporting a mixed form of government, stresses "continuity" with the present constitution. His main idea is the creation of a firm power structure that suggests a strong president and a strong parliament.

The president may come up with his own draft, providing for a super-presidential system, believes Azimbek Beknazarov. "This is why he protracted the constitutional reform process, first creating the Constitutional Council, and then the working group." He stressed that the president did not give parliament the drafts for review, but for hearings in the committee on constitutional legislature, led by Ishak Masaliev.

Forty fledgling political parties have arisen on the political arena, currently pushing the total to 80 parties, since the March 2005 events, likely a result of the anticipation that Kyrgyzstan might become have parliamentary system. However, according to various researchers, more than 50 percent of the population still favors a presidential system.

GEORGIA GAINS NATO INTENSIFIED DIALOGUE AMID RUSSIA CRISIS

Kakha Jibladze

Georgia's perceived victory in its NATO aspirations are adding extra tension to relations with Russia. While the Georgian president, Mikheil Saakashvili, campaigns for a stronger NATO presence in Georgia – and a fast track membership plan – some analysts are cautioning Tbilisi is acting too fast and is sacrificing too much for a goal that is uncertain at best.

On September 21, NATO announced that Georgia's application for Intensified Dialogue with the alliance was approved. While the ID is not an official stage of membership, it is a substantial leap forward for Georgia. Just a year ago, NATO officials visiting Georgia were less than impressed with the pace of reforms, particularly in the military. And a mere six months ago NATO Assistant Secretary General John Colston noted merely that the alliance was 'impressed' with Georgia's progress – not a strong statement of support for a country that hopes for its membership action plan by 2008.

While the Georgian government called the announcement 'a victory,' the Kremlin reaction was swift and negative. According to statements by Foreign Minister Sergei Lavrov, NATO is a 'cold war alliance' and Georgia's aspirations to join it will reflect poorly in its relations with Moscow. Defense Minister Sergei Ivanov stopped just short of announcing Russia was preparing for war in light of the likelihood that NATO would soon be at its southern border. "We are actively developing two alpine brigades with the latest equipment. Both brigades will be stationed right by the border with Georgia," Russian news outlets reported Ivanov as saying. "Therefore, Russian security will not suffer if Georgia joins NATO."

However negative statements were not limited to Russian politicians. Opposition leaders in Georgia were quick to downgrade the 'victory' to a consolation prize. According to Democratic Front member and

parliamentarian Kakha Kukava, NATO will 'never' consider giving membership status to an 'authoritarian' government like Saakashvili's, so the country was given ID instead. Observers, however, disagree that ID is anything but a step forward for the country.

The real struggle comes now. Over the span of two weeks, Georgian-Russian relations have reached levels so low that international organizations have stepped in to monitor and negotiate the situation. In addition to Moscow's displeasure over the ID, the Georgian government arrested four Russian army officers last week for allegedly spying on Georgian military and civilian infrastructure. While the officers have since been extradited back to Russia, tensions are on high alert. Russia has ended all transportation services with Georgia and has called back its ambassador. They are also threatening some of the estimated one million Georgian citizens that currently live and work in Russia with deportation.

NATO membership is rightfully a high priority for the Saakashvili government. By gaining even MAP status, the country will firmly be on the path of reform and alliance with western democracies. However, there is no guarantee that NATO will offer Georgia membership – or even MAP – any time soon. In fact, NATO officials and Georgian allies have made it a point of highlighting serious reforms that are a real obstacle for Georgia to move forward. While some analysts believe Saakashvili is purposefully drawing out Russian aggression in the hopes NATO will expedite Georgian membership to 'save' a geopolitical hotspot, the end costs for Georgia if it completely breaks ties with its northern neighbor could be too high.

NEWS DIGEST

KAZAKHSTAN SHOULD ADOPT SPECIAL STATE PROGRAM TO PROTECT CASPIAN SEA

21 September

Kazakhstan should adopt a special state program for the protection of the Caspian Sea's ecosystem, deputy Leonid Burlakov stated at a republican senate plenary sitting September 21, REGNUM correspondent reports. In a request addressed to prime minister, the senator raises the issue of flooded and improperly shut oil wells. Referring to data of public prosecutors' checks, Leonid Burlakov points out that an earlier adopted four-year branch program on elimination of self-flowing oil wells is not being fulfilled. The senator stated that everybody concerned – central and local authorities, managing subjects, and investors – should join efforts to protect the unique flora and fauna's of the Caspian Sea. The MP insists on the necessity for the Prime Minister Danial Akhmetov to personally interfere in the situation. According to Leonid Burlakov, "Neglect of urgent measures aimed at solving the abovementioned problems at the government level may pose threat of ecological catastrophe on the scale of all the Caspian region. (Regnum)

TAJIK ISLAMIC PARTY TO SKIP PRESIDENTIAL ELECTION

26 September

A conference of Tajikistan's Islamic Renaissance Party (IRP) in Dushanbe on September 25 decided not to participate in the country's November 6 presidential election, Avesta and RFE/RL's Tajik Service reported. The party gave a number of reasons for its decision, including flaws in Tajik election law, skepticism about the Central Election Commission, and the current global climate of suspicion toward Islamic parties. Despite its refusal to advance a candidate, however, the IRP will participate on local election

commissions and be present at polling stations. (RFE/RL)

CHECHEN POLICE RECEIVE GO-AHEAD FOR CROSS-BORDER OPERATIONS

26 September

At a September 25 meeting in Mozdok of senior Russian officials, including presidential envoy to the Southern Federal District Dmitry Kozak, Deputy Prosecutor-General Ivan Sydoruk and Deputy Interior Minister Colonel General Arkady Yedelev, with Ingushetian President Murat Zyazikov, pro-Moscow Chechen administration head Alu Alkhanov and Chechen Prime Minister Ramzan Kadyrov, it was decided that the Ingushetian authorities should not create any obstacles to the conduct by Chechen and North Ossetian law-enforcement agencies of special operations to apprehend suspected militants on the territory of Ingushetia. Militants in Ingushetia have targeted dozens of local police and government officials in recent months. The Ingushetian representatives present at the Mozdok talks reportedly did not raise any objections to that ruling, but the independent website ingushetiya.ru on September 26 quoted an unidentified Ingushetian Interior Ministry official as warning that "we shall not allow bandits in uniform from either Chechnya or [North] Ossetia to rampage freely, whatever decisions they may reach in Mozdok." That official added that "we shall destroy on the spot" any members of those republics' law-enforcement agencies who try to seize or shoot people on Ingushetian territory without first coordinating their activities with Ingushetia's Interior Ministry. Eight people died on September 13 in a shoot-out between Ingushetian traffic police and a Chechen special detachment subordinate to Kadyrov that tried to arrest an Ingush suspect and take him to Chechnya for questioning. (RIA-Novosti)

DISSIDENT UZBEK JOURNALIST REPORTEDLY DETAINED IN ASYLUM

27 September

Jamshid Karimov, a dissident Uzbek journalist who is also the nephew of President Islam Karimov, is being held in a psychiatric hospital in Samarkand, according to the journalist's family. Karimov disappeared on September 12. Another journalist Ulugbek Haydarov who was arrested on September 14, has encountered health problems in detention. Both Karimov and Haydarov had worked for the London-based Institute for War and Peace Reporting in Jizzakh. In a September 26 statement, the Committee to Protect Journalists (CPJ) described itself as "gravely concerned" at the treatment of the journalists. CPJ Executive Director Joel Simon commented: "We're shocked at the brutal methods used against these two journalists, including psychiatric detention, a hallmark of Soviet repression. If President Karimov is treating his own nephew in this manner, it's hard to imagine how others might fare." (RFE/RL)

MOSCOW CRIES FOUL AS GEORGIA ARRESTS FOUR RUSSIAN 'SPIES'

27 September

Four Russian officers suspected of spying were arrested in Georgia, sparking furious demands in Moscow for their immediate release. "Four Russian officers from the military intelligence service (GRU) and 12 citizens of Georgia who were spying in Tbilisi, Batumi and all over Georgian territory were arrested in a special operation," Georgian Interior Minister Vano Merabishvili told a press briefing. Merabishvili added that the Georgian authorities wanted to question a fifth Russian officer, who the Georgian authorities fear may attempt to flee the country via "diplomatic channels." Moscow reacted furiously to the news with the Russian foreign ministry calling for the "immediate release" of the four and accusing Tbilisi of an "anti-Russian policy." The ministry said in a statement that it had called in Georgia's ambassador to Russia and "passed him a note demanding that the Georgian authorities release the Russian officers immediately." The head of Russia's armed forces, General Yuri Baluyevski, reacted with equal

anger, accusing Georgian Defence Minister, Iraki Okruachvili of acting "arbitrarily," interfax reported. The foreign ministry statement added that the Georgian accusations against the Russian soldiers were "baseless" and constituted a "brutal act showing that Georgia's leaders are carrying out an anti-Russian policy." On Wednesday evening, several hundred police vehicles were seen surrounding the Tbilisi headquarters for Russian military bases that cover Georgia, Azerbaijan and Armenia. The Georgian authorities are understood to believe the fifth officer they want to question may be hiding in the building. Tbilisi suspects the five officers of gathering information on Georgia's military capacity, its energy resources and on NATO-run programmes in the country, Merabishvili told journalists. Two of the arrested officers were lieutenant colonels, who were apprehended in Tbilisi. The other two, the captain of a frigate and another lieutenant colonel, were arrested in Batumi, western Georgia, where Russia has a military base. The espionage activities had been going on for "a number of years," Merabishvili said. The interior minister added that the 12 Georgians arrested with the Russian "spies" were accused of "high treason." The officers are also accused of having been "implicated" in a bomb attack in the town of Gori, 80 kilometres (50 miles) west of Tbilisi, which killed three police officers and injured 23 other people. (AFP)

GENERAL ELECTRIC GETS \$650 MILLION CONTRACT FROM KAZAKHSTAN FOR 310 LOCOMOTIVES

28 September

General Electric Co. said Thursday it will supply the Kazakhstan national railway with 310 GE Evolution locomotives worth more than \$650 million. The industrial and engineering conglomerate plans to build 300 engines from 2008 to 2012 at a new plant in Pavlodar, Kazakhstan. The first 10 will come from its plant in Erie, Pa., in 2008. National railway Kazakhstan Temir Zholy plans to use the trains to move large amounts of goods and materials, including petroleum products. GE Shares rose 15 cents to \$35.49 in afternoon trading on the New York Stock Exchange. (AP)

ARMENIA AND AZERBAIJAN EXCHANGE ACCUSATIONS ON NAGORNO-KARABAKH DURING UN DEBATE

28 September

Armenia and Azerbaijan have accused each other during addresses to the United Nations General Assembly of not being interested in achieving a lasting peace settlement in the disputed region of Nagorno-Karabakh. Elmar Mammadyarov, Foreign Minister of Azerbaijan, told the Assembly yesterday that a recent joint environmental operation between the two countries to tackle major fires inside Nagorno-Karabakh has been “the only positive development so far.” “The occupying forces have to withdraw from the occupied territories and necessary conditions have to be in place to allow secure and dignified return of the Azerbaijani displaced persons to the Nagorno-Karabakh region and surrounding territories of Azerbaijan,” he said. Nagorno-Karabakh’s status can only be defined “through peaceful, democratic and legal process with direct participation and consent of both Azerbaijani and Armenian communities,” he said, adding that the region’s economic development must be strengthened and its inter-communal relations enhanced. But “it is difficult to hope for a breakthrough in the negotiations when Armenia rejects face-to-face meetings and refuses to take a constructive approach to solve existing problems.” Armenian Foreign Minister Vartan Oskanian said yesterday that “the people of Nagorno-Karabakh chose long ago not to be represented by the Government of Azerbaijan. They were the victims of state violence, they defended themselves, and succeeded against great odds, only to hear the State cry foul and claim sovereignty and territorial integrity.” Mr. Oskanian said that last December Azerbaijan destroyed or removed thousands of hand-sculpted mediaeval Armenian tombstones. “Such destruction, in an area with no Armenians, at a distance from Nagorno-Karabakh and any conflict areas, is a callous demonstration that Azerbaijan’s attitude towards tolerance, human values, cultural treasures, cooperation or even peace, has not changed.” He added that “one cannot blame us for thinking that Azerbaijan is not ready or interested in a negotiated peace.” (UN press release)

COUNCIL OF EUROPE, EUROPEAN COMMISSION PUSH FOR PENAL REFORM IN

AZERBAIJAN

28 September

Speaking at a press conference in Baku, members of visiting delegations from the Council of Europe and the European Commission called on September 28 for greater reform in Azerbaijan's penal system. Noting the current effort to modernize the penal system on the basis of European standards approved in January, Council of Europe Legal Department official Roman Huna expressed satisfaction with the course of reform but urged the government to expand legal reforms and oversight of prisons, improve living conditions for prisoners, and help with the reintegration of prisoners into society. Huna is tasked with carrying out a more thorough assessment of the situation in prisons and other places of detention, and is to submit his findings to the Council of Europe before the conclusion of the reform project in June 2007. (Turan)

IVANOV ACCUSES NEW NATO MEMBERS OF SUPPLYING WEAPONS TO GEORGIA

28 September

Russian Defense Minister Ivanov has alleged that some new members of NATO have supplied Georgia with weapons earlier provided to them by the Soviet Union without the right to reexport them. A number of former members of the communist bloc, including Estonia, Latvia, Lithuania, Bulgaria, Romania, Slovakia, and Slovenia, joined NATO in 2004. Ivanov arrived in Portoroz, Slovenia, for an informal meeting of the Russia-NATO Council on September 29. The agenda of the meeting includes the conflict in Lebanon, cooperation in fighting international terrorism, antimissile defense, nonproliferation of weapons of mass destruction, and nuclear security enforcement. (RIA-Novosti)

A STRATEGIC RELATIONSHIP

29 September

Kazakhstan President Nursultan Nazarbayev on Thursday opened the official leg of a U.S. visit in

which the country's growing importance as an oil supplier and its shortcomings in protecting human rights are key agenda topics. On a pristine early autumn morning, Nazarbayev unveiled a monument on the Kazakh Embassy's front lawn that depicts the independence his country achieved 15 years ago. He hailed U.S.-Kazakh cooperation on energy and other issues, and he expressed hope that the visit "will bring bilateral relations to a new level." U.S. Energy Secretary Samuel Bodman represented the Bush administration at the ceremony. He also took note of U.S.-Kazakh friendship, offering only a brief hint at diplomatic differences. "We don't agree on every issue but mostly we do," he said. The monument, based on a fourth-century B.C. artifact, portrays "a young warrior on a winged snow leopard," in the words of the inscription on the base of the monument. Nazarbayev spent part of Tuesday and Wednesday in Maine as guest of former President George H.W. Bush. Yachting was on their agenda. He was to meet with Vice President Dick Cheney on Thursday and finally with President Bush at the White House today. Kazakhstan, a vast country north of Afghanistan and Iran that is nearly the size of Western Europe, is expected to pump 3.5 million barrels of oil a day in the coming decade. White House press secretary Tony Snow said Thursday that the U.S. government's concerns about democracy in Kazakhstan would come up during the meeting with Bush, but he would not characterize how big a place on the agenda it would hold. (AP)

CHIRAC TELLS TURKEY TO ADMIT GENOCIDE

30 September

French President Jacques Chirac on Saturday urged Turkey to recognize World War I-era massacres of Armenians as genocide if it wants to join the European Union, speaking during a visit to the Armenian capital. In comments that are likely to irritate Ankara and put a further strain on its relations with France, Chirac told a news conference Turkey needed to face up to its past in response to a question on the nation's EU ambitions. Asked if he thought Turkey should recognize the 1915-1917 massacres as genocide before it joins the EU, the French president replied: "Honestly, I believe so." "All countries

grow up acknowledging their dramas and their errors," said Chirac, who is on a two-day visit to Armenia, where he has paid homage to Yerevan's "genocide" memorial and attended the inauguration of a "France Square" in central Yerevan. Until now, France had refused to make a direct link between the genocide issue and Turkey's EU membership bid. The bloc has not made it a condition of entry. France, which has 400,000 citizens of Armenian descent, officially recognized the events as genocide in 2001, putting a strain on its relations with fellow NATO member Turkey. A proposal by France's socialists to make genocide denial a crime punishable by a year in prison and a 45,000-euro fine has elicited further ire in Turkey, but Chirac said he did not support the proposal. "France has fully recognized the tragedy of the genocide and all the rest is more like polemics than legislative reality," he said of the proposal. Armenia has campaigned for Turkey to recognize the WWI massacres, in which it says 1.5 million Armenians died, as genocide. But Turkey argues that that 300,000 Armenians and at least as many Turks died in an internal conflict sparked by attempts by Armenians to win independence in eastern Anatolia. (middle-east-online.com)

RUSSIA EVACUATES EMBASSY FROM GEORGIA

30 September

Russia will evacuate almost all the embassy personnel from Georgia to Moscow on Saturday. Only two diplomats and two embassy guards will remain in Georgia, senior diplomat of the Russian embassy in Georgia Ivan Volynkin told Tass. Ivan Volynkin temporarily heads the Russian embassy in Tbilisi in the absence of ambassador Vyacheslav Kovalenko, who was recalled to Moscow for consultations in connection with the aggravation of the Russo-Georgian relations. A plane of the Russian Ministry for Emergency Situations is scheduled to arrive in Tbilisi at 2.00 p.m. Moscow time. The plane will take on board all the embassy personnel, except the two diplomats and two security guards. The plane is to leave Tbilisi after 4.00 p.m. Saturday, Volynkin said. These measures are taken in connection with a threat to security of Russian citizens posed as a result of an incident in which

the Georgian authorities detained a group of Russian officers on insinuated charges of espionage. A large group of Russian citizens, mostly women and children, have already returned to Moscow. The evacuation will be continued on Saturday. Russian servicemen stationed in Batumi will evacuate by sea, Kovalenko said. The ambassador stressed that at the consultations in Moscow the question of his recall from Tbilisi would not be raised. (Itar-Tass)

RUSSIA SUSPENDS WITHDRAWAL FROM GEORGIA

30 September

Russia said Saturday that it has suspended plans for further withdrawal of its troops from Georgia amid worsening relations between the two neighbors. Tensions escalated after the arrest in Georgia on Wednesday of four Russian military officers accused of spying. Russia has been gradually withdrawing equipment and troops from its two military bases in Georgia, which it plans to close completely by the end of 2008. Gen. Alexander Baranov, the commander of the North Caucasus military district, told reporters in the southern city of Rostov-on-Don that Moscow was suspending planning for further withdrawals. Baranov drew a direct connection between the decision and the heightening tension, and blamed the Georgians for the decision. "Why should we run ahead of the steam engine that they themselves have placed in our path?" he asked. The agreement to withdraw Russian forces from Georgia, reached last year after hard-fought negotiations, was a victory for pro-Western President Mikhail Saakashvili, who has sought to reduce Russian influence. Baranov said Moscow already had withdrawn the equipment and troops set to be pulled out of Georgia this year. Since May, convoys carrying heavy equipment and weapons from the bases had been leaving on a regular basis. Much of the equipment is being shipped to Russia's military base at Gyumri, Armenia. (AP)

GUAM WANTS UN TO TAKE UP 'FROZEN' CONFLICTS IN CIS

1 September

Members-states of GUAM (Georgia, Ukraine,

Azerbaijan and Moldova) have again appealed to the UN General Assembly to include on the agenda of the 61st session an item on frozen conflicts in GUAM and their effects for international peace, security and development. "The continuing conflicts in GUAM, namely in Moldova, Georgia and Azerbaijan, have been affecting the lives of over 16 million people for over 15 years and endangering international peace and security, threatening the sovereignty and territorial integrity of three UN member-nations," they say in a letter published in New York as a General Assembly document, the UN news service reported on Friday. The letter says that the situation is leading to the loss of control over significant parts of territories in the sovereign states ceasing the exodus of millions of refugees and forced migrants and obstructing the economic and social development of the nations. The four nations suggested that the 61st General Assembly session discuss the issue as a priority matter. (Interfax)

GEORGIAN DEBTS BEHIND SUSPENSION OF AIR COMMUNICATION - RUSSIAN OFFICIAL

2 October

The decision to suspend air communication with Georgia is due to the growing indebtedness of the Georgian side, said Alexander Neradko, the head of Russia's Air Navigation Service. Beginning at 12:01 a.m. Moscow time on October 3, "air communication between Russia and Georgia is suspended, and this is due to the growing indebtedness of the Georgian side. The overdue debt is \$3.6 million and current payables are over \$176,000," Neradko stressed. He said that this applied only to bilateral Russian-Georgian air communication and not to flights of third countries. (Interfax)

THIRTEEN GEORGIANS TO BE DEPORTED FROM MOSCOW

2 October

The Moscow authorities are preparing to deport 13 Georgian citizens who have been living in the city without the required documents, the press service of the Moscow department of the Federal Migration Service told Interfax. The thirteen currently being held at the pre-trial

detention center for foreigners, the press service said. "The Preobrazhensky inter-district court took the decision on their deportation," the press service said. The Georgian embassy to Russia is preparing documents identifying those detained required for deportation. "We are not linking the situation with any political events. The detention of people who are staying on Russian territory illegally is an every day duty of the service," the press service said. (Interfax)

RUSSIAN OFFICERS DETAINED IN GEORGIA HANDED OVER TO OSCE HEAD

2 October

The four Russian officers detained in Georgia on espionage charges have been handed over to Organization for Security and Cooperation in Europe Chairman-in-Office Karel de Gucht. The servicemen have left for Tbilisi Airport to catch a Russia-bound flight. The ceremony took place at the headquarters of the Georgian Prosecutor General's Office at around 5:30 p.m. Moscow time in the presence of Russian embassy officials.

PUTIN ARRIVES IN URALSK TO MEET KAZAKH PRESIDENT

3 October

President Vladimir Putin has arrived in Uralsk where he will meet Kazakh President Nursultan Nazarbayev and attend a forum of the border regions of the two countries. During his visit the governments of the two countries are expected to sign a cooperation agreement related to the Orenburg gas processing plant. Earlier Nazarbayev said that the agreement will provide for setting up a joint venture to process gas extracted from the Karachaganak gas condensate field. Several other intergovernmental agreements are also expected, namely on the construction of joint checkpoints on the common border and the procedure for border crossing by residents of the border territories. A Kremlin source told Interfax that Russian-Kazakh transborder interaction is a key component of large-scale multifaceted bilateral cooperation. The source said that border territories are responsible for up to 70% of trade turnover between the two countries that in the first seven months totaled

\$6.4 billion and may exceed \$10 billion for the year. (Interfax)

KAZAKHSTAN TO JOIN RUSSIA'S INITIATIVE TO SET UP INTL NUCLEAR CYCLE CENTER – PUTIN

3 October

Kazakh President Nursultan Nazarbayev has said that his country would join Russia's initiative to set up an international center that would provide nuclear cycle services in Russia, under the International Atomic Energy Agency's control, Russian President Vladimir Putin has said. "Taking into account the Kazakh nuclear power industry's scientific and productive potential, Nursultan Nazarbayev has decided to hook Kazakhstan to the Russian initiative to set up an international center that would provide a nuclear fuel cycle, including uranium enrichment, in Russia under the IAEA's control," Putin said at a press conference in Uralsk on Tuesday. (Interfax)

STRIKE CUTS MITTAL'S COAL OUTPUT

3 October

A weeklong strike at Mittal Steel NV's coal mines in Kazakhstan has led to a 30 percent decline in daily steel output at the company's giant Temirtau mill, a senior executive from the plant said Tuesday. "The plant is totally dependent on coal supplied by our mines," Victor Sherba, director of technical innovation and customer relations, told Dow Jones Newswires. Sherba said the decrease had not affected customers because it was offset by production increases in other countries where Mittal operates, such as Poland and Romania. Also Tuesday, Mittal replaced its chief executive officer in Kazakhstan as the international steel giant's talks with coal miners at its metal and mining complex in the Central Asian nation remained deadlocked. The new CEO, Narendra Choudhary, was introduced to labor activists and pledged to start talks with steelworkers on raising their wages, said trade union leader Vladimir Dubin. The company's coal department managers Tuesday walked out of separate talks with coal miners, saying that they have "nothing more to discuss," according to the coal miners' trade union leader Vyacheslav Sidorov. Workers have long

alleged that Mittal, which runs 61 plants in 27 countries, has done little to improve labor and safety conditions since taking over Kazakhstan's largest metal factory and the mines that fuel it 11 years ago. The coal miners have been striking for a week, while steelworkers have been holding talks with the management over wages for two months. The standoff escalated after 41 miners were killed last month in a methane gas explosion. Mittal Steel Temirtau's eight mines were not producing coal on Tuesday. Meanwhile, the company, which consumes 20,000 tons of coal a day, has used up about a half of its coal reserves to maintain production, the management said. About 1,000 workers protested outside the company's office building in the mining town of Shakhtinsk. More than 6,000 metal and coal workers rallied Saturday to press for their demands in Temirtau, in the central Karaganda region, the ex-Soviet republic's industrial heartland. (AP)

AFGHAN CLASHES DISPLACE THOUSANDS

4 October

Tens of thousands of people have been driven from their homes by fighting in southern Afghanistan in recent months, the UN refugee agency has said. Between 80,000 and 90,000 people had been displaced by the conflict in the provinces of Helmand, Kandahar and Uruzgan, the UNHCR said. The figure brings the total displaced in the area to about 200,000, it said. Southern Afghanistan has seen fierce fighting between militants and Nato-led troops in recent months. The UNHCR said that it had distributed jerry cans, plastic sheeting, floor mats, lanterns, family kits and blankets to 3,200 families in Kandahar province, but that the fighting had added "renewed hardship" to a population already hard-hit by drought and earlier conflicts. "We

expect further displacement may take place until conditions are safe for the population to return to their homes," said Jennifer Pagonis, a spokeswoman for the UN High Commissioner for Refugees. Rahmatullah Safi of the Afghan Department of Refugees and Repatriation said some help had already reached those displaced, but more needed to be done. "People have lost everything - their vineyards, orchards, schools and clinics," he said in a statement released by the UNHCR. There has been an upsurge in fighting between Nato-led and Afghan troops and the Taleban and their allies in southern Afghanistan following the alliance's expansion into the area at the end of July. (BBC)

TBILISI THREATENS TO BLOCK RUSSIA'S WTO ACCESSION

4 October

Tbilisi may block the process of Russia's accession to the World Trade Organization if it does not lift economic sanctions against Georgia, president of the National Bank of Georgia Roman Gotsiridze told reporters on Wednesday. "The economic sanctions against Georgia, imposed by Russia, are unjustified and inadequate," Gotsiridze said. He called upon the Russian authorities to lift the sanctions. "These sanctions may cause damage to Russia itself, both economically and in terms of the country's international reputation and image," he said. "With the sanctions in effect, there may appear various illegal structures in Russia or mechanisms that will be using unlawful ways of transferring money to Georgia, which, in its turn, will evoke a negative reaction by international organizations with respect to Russia," the banker said. (Itar-Tass)

