

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

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ANALYTICAL ARTICLES:

Analytical Articles

THE ANTI-REVOLUTIONARY TOOLKIT

Regine A. Spector

RUSSIA'S STRONG-ARM POLICIES PROMPT REACTION IN SOUTH CAUCASUS AND SWAY BRUSSELS OPINION

Jaba Devdariani and Blanka Hancilova

NEEDED: A U.S. BLACK SEA STRATEGY

Ariel Cohen, Ph.D., and Conway Irwin

RUSSIAN INVESTMENTS IN ARMENIA: ECONOMIC BACKGROUND AND POLITICAL IMPACT

Haroutiun Khachatryan

FIELD REPORTS:

PROSPECTIVE JOINING OF HIPC PROVO- KES FIERCE DEBATES IN KYRGYZSTAN

Erica Marat

MESSAGE BEHIND KARZAI'S BREAKING VOICE AND TEARFUL EYES

Muhammad Tahir

KAZAKH MINISTRY EXPERTS GIVE CAU- TIOUS WELCOME TO NATO

Marat Yermukanov

DUELING BANJOS: PARALLEL ELECTIONS, PARALLEL PRESIDENTS IN SOUTH OSSETIA

Kakha Jibladze

NEWS DIGEST



*Central Asia- Caucasus Institute
Silk Road Studies Program*

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Contents

Analytical Articles

- THE ANTI-REVOLUTIONARY TOOLKIT** 3
Regine A. Spector
- RUSSIA'S STRONG-ARM POLICIES PROMPT REACTION IN SOUTH CAUCASUS AND SWAY BRUSSELS OPINION** 5
Jaba Devdariani and Blanka Hancilova
- NEEDED: A U.S. BLACK SEA STRATEGY** 7
Ariel Cohen, Ph.D., and Conway Irwin
- RUSSIAN INVESTMENTS IN ARMENIA: ECONOMIC BACKGROUND AND POLITICAL IMPACT** 10
Haroutiun Khachatrian

Field Reports

- PROSPECTIVE JOINING OF HIPC PROVOKES FIERCE DEBATES IN KYRGYZSTAN** 12
Erica Marat
- MESSAGE BEHIND KARZAI'S BREAKING VOICE AND TEARFUL EYES** 13
Muhammad Tahir
- KAZAKH MINISTRY EXPERTS GIVE CAUTIOUS WELCOME TO NATO** 15
Marat Yermukanov
- DUELING BANJOS: PARALLEL ELECTIONS AND PARALLEL PRESIDENTS IN SOUTH OSSETIA** 17
Kakha Jibladze

- News Digest** 19

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.

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 NGdO. 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

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THE ANTI-REVOLUTIONARY TOOLKIT

Regine A. Spector

In early November, as American voters took to the polls, citizens of the small Central Asian republic of Kyrgyzstan took to the streets. By the fifth day of anti-government protests, many wondered if a new “color revolution” might spread from Bishkek, the Kyrgyz capital. Yet only a week after the protests began, both presidential supporters and opposition leaders declared victory over the adoption of a new constitution, applauding the peaceful end to a tense political standoff. How was revolution averted? Ever since the Serbian uprising of 2000, the tools and techniques of color revolutions have received a great deal of media and analytical coverage. At the same time, observers have failed to notice that regional governments have been busy developing and sharing their own anti-revolutionary toolkit.

BACKGROUND: Over the past six years, leaders of youth movements and NGOs in post-communist countries – including Serbia, Georgia, and Ukraine – have organized massive street protests that have toppled the ruling regimes, normally after flawed elections. Their tactics have been peaceful and creative, including tent encampments, hi-tech communication networks, the use of humor and street art in revolutionary propaganda, and strong identification with meaningful colors or symbols. In 2005, some of these techniques were copied by the leaders of Lebanon’s Cedar Revolution.

In Kyrgyzstan, a diverse group of opposition leaders sought to employ the successful tactics of previous color revolutions to oust President Kurmanbek Bakiev in early November. This effort was in contrast to Kyrgyzstan’s ‘Tulip Revolution,’ an unexpected coup in 2005 that started in the south of the country and eventually set the stage for Bakiev’s election. This time, the opposition Movement for Reform set up about 200 tents and a handful of yurts in Bishkek’s central square. The leaders interspersed speeches with musical performances, and distributed food and newspapers to the crowds.

Unlike previous color revolutions, which were triggered by dissatisfaction with electoral outcomes, the Kyrgyz opposition was protesting Bakiev’s failure to adopt constitutional reforms aimed at ending the personalization of politics and wealth that had

blossomed under former President Askar Akaev. Within the first year of Bakiev’s rule, constitutional reform projects had stalled and people increasingly felt that political and economic power had merely been transferred from A to B – Akaev to Bakiev.



From A to B? Akayev, right, and Bakiyev, left

Yet soon after the first protests were called, Bakiev showed that he too had learned from the color revolutions. The government pushed back to stifle opposition momentum with three key moves. First, it retained control of the media. It declined requests by opposition leaders for airtime on the state TV station, keeping large portions of

the country in the dark about the reform movement and the protests. Electricity for the Bishkek station NTS, owned by one of the most active opposition deputies, was severed, and foreign access to Kyrgyz news services was blocked.

Second, the government attempted to discredit the opposition. It declared the new Constituent Assembly, formed by opposition deputies to push through a new constitution, an illegitimate power grab. The government also mobilized its own base of popular support, setting up yurts a few blocks from the opposition protests, sending its own employees to the square to bulk up the crowds, and using its network of appointed university deans and governors to release students from universities and organize regional protests in support of the government. As with the opposition protests, rumors swirled that people were paid to join the pro-government camp.

IMPLICATIONS: In addition to these steps, the government sought help and legitimacy from like-minded neighbors. On Tuesday, November 7, Bakiev made phone calls to the heads of Kazakhstan, Uzbekistan, and Russia, all notably countries that have not experienced color revolutions and countries that strengthened relations with Kyrgyzstan since Bakiev's accession to power. It is no coincidence that on the same day, as small clashes broke out between opposition and pro-government protesters, tanks rolled into the square and security forces – which had been mobilized in the capital well in advance of the protests – fired tear gas to scatter opposition protesters.

Just one day later, a compromise constitution was signed and opposition tents were dismantled. The opposition realized that the peaceful tactics of past color revolutions would not work here; continuing protests would compel government retrenchment and violence. Fearing a loss of legitimacy, they accepted a watered-down version of the new constitution, and ceased demands for Bakiev's resignation.

Last week's events in Kyrgyzstan highlight a broader trend across the post-Soviet region and in other parts of the world: governments are responding to the threat of color revolutions with a range of media, military, and legislative strategies. While such strategies are not necessarily new, they have now been shaped and reinforced by the color revolutions. Additionally, bilateral conversations and

meetings, in addition to knowledge and information shared in regional forums such as the Shanghai Cooperation Organization, have become mechanisms that leaders are using not only to foster political and economical cooperation, but also to fend off “revolutionary waves.”

It is unclear whether the revolutionary tools employed by the Kyrgyz opposition could have succeeded toppling the regime. Leaders were constrained by low political activism among the Kyrgyz people, and by a general lack of knowledge about the constitutional reforms. Moreover, protesters supported particular elite businessmen and politicians out of personal loyalty and not necessarily for an ideology or reform. Yet the opposition was also challenged by the government's anti-revolutionary tactics, which signify more than just an ad hoc response to a local political crisis. This anti-revolutionary toolkit – developed to ensure the political survival of regimes – represents a new reality for “reformers” in Kyrgyzstan and across the post-Communist region.

CONCLUSIONS: While the opposition rejoiced over the passage of a new constitution that gives the Parliament more power, it is unclear how much of a victory this really is. The constitution was passed in one evening as a political compromise, and contradictions within the document itself have planted the seeds for future debate and conflict. Local analysts and scholars alike do not even have a copy of the ‘official’ constitution, and interpretations of existing versions suggest that presidential powers remain strong. Perhaps more importantly, much of political life in Kyrgyzstan revolves around informal political arrangements and economic networks that exist outside the realm of formal structures. Whether or not the recent changes will lead to tangible improvements in political access and transparency, and economic growth and poverty reduction, remains to be seen and seems more a matter of political will than constitutional reform.

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RUSSIA'S STRONG-ARM POLICIES PROMPT REACTION IN SOUTH CAUCASUS AND SWAY BRUSSELS OPINION

Jaba Devdariani and Blanka Hancilova

While Russian legislators moved on December 6 to legalize economic sanctions, South Caucasus countries attempt to decrease reliance on Russian energy and limit the political ties. Azerbaijan announced plans to use more of its own gas reserves and possibly to cut oil deliveries to Russia. Armenia, Moscow's staunch ally, is seeking ways to improve cooperation with the EU and, increasingly, NATO. Georgia, already under heavy Russian sanctions, tries to find alternative energy sources and markets. Notably, the usually passive EU has upgraded its Neighborhood Policy to include peacekeeping.

BACKGROUND: On December 6, the lower house of the Russian parliament approved in a first reading the draft law that would legalize economic sanctions against politically unfriendly countries. The sanctions have already been in force against Moldova, to block wine imports and, more heavily against Georgia – including the cutoff of the transport and postal links. The Kremlin-dominated gas giant, Gazprom, has also announced plans to almost double the gas price for Georgia and Azerbaijan, while keeping considerably lower rates for Armenia in exchange for a sell-off of its gas transit network to Gazprom.

High-handed policies by Russia are triggering a regional response. Georgia, which has unequivocally announced its intention to move away from the Russian sphere of influence, has been in talks with Azerbaijan, Turkey and Iran to find alternative energy supplies. Following Russian threats of cutting both gas and electricity deliveries to the country, Azerbaijan's President Ilham Aliyev in a marked departure from the traditional balancing policy between Russia and the West announced plans to reduce or even cease oil deliveries through

the Baku-Novorossiysk oil pipeline. Instead, these will flow through the newly inaugurated Baku-Tbilisi-Ceyhan (BTC) route. Aliyev also tasked the government to explore possibilities for switching energy consumption to internally produced reserves. Gazprom's pressure on Azerbaijan has, according to analysts, been used by the Kremlin to seek to thwart potential transfers of Azerbaijani gas to Georgia, after Aliyev refused to join Moscow's energy blockade of Georgia.

Witnessing the increasing westward drift of Georgia and Azerbaijan, landlocked Armenia has been forced to re-evaluate its "policy of complementarity" by seeking closer co-operation with the NATO. An agreement on transit of NATO personnel and equipment has been signed. The country began to work on its Individual Partnership Action Plan (IPAP), and announced its intention to upgrade its NATO-compatible peacekeeping

battalion to the size of a brigade. Armenian deputy Foreign Minister Arman Kirakosian said cooperation with NATO is "one of Armenia's top foreign policy priorities and one of the bases for Armenia's relations with the EU." Armenia seeks



South Caucasus: Headed to NATO?

the diversification of its energy sources and before the end of this year, a gas pipeline connecting Armenia with Iran should become operational. However, as a part of a package deal, Russia's based Gazprom has bought this infrastructure in exchange of keeping the price of gas for Armenia at US\$110, about 50 percent of the cost of gas in Georgia.

The European Commission in a report on December 4 unveiled an upgrade to its European Neighborhood Policy, saying that if the EU cannot contribute to resolution of the "frozen conflicts" in the South Caucasus, it will fail in one of its key purposes. The plan also offers deeper economic integration and a more relaxed visa regime to the South Caucasus states. These developments are a testament to policy developments within the EU, which are likely to lead in the future to a more proactive EU role in the South Caucasus.

IMPLICATIONS: Energy security and the political tactics of the Russian government increasingly push its neighbours to revise their policies to minimize risks. Close ties with Russia become a liability even to its staunchest allies – including Belarus and Armenia, who are strong-armed into inefficient and expensive energy deals, but receive little long-term political benefits in return. In spite of earlier skepticism, the EU also starts to slowly drift towards offering a complementary track to Russia's neighbours, while continuing to appease Russia in formal occasions.

While Georgia has been most vocal in decrying Russian pressures, the government of Azerbaijan has been mostly keeping on par with Tbilisi in preparing the ground for closer integration with NATO and for closer economic cooperation with the EU. Pressure from Gazprom and the Kremlin is an affront to economically buoyant and increasingly self-confident Baku. President Alyiev in Brussels advocated the idea of wider usage of the energy reserves from the Caspian.

Despite the pressure, the Kremlin still lacks a long-term vision regarding its neighbors. Moscow is in fact implementing a temporary, stop-gap policy in the Caucasus which aims at checking fast-growing

Azerbaijan and preventing the stable pro-Western Georgian and Azerbaijani alliance, which could eventually drag Armenia more clearly into the pro-European orbit. The only trump-card the Kremlin holds against Azerbaijan is the lingering Nagorno-Karabakh conflict. Should Baku feel compelled to drift away further from Russia and embrace closer ties with NATO and the EU, Armenia will be forced to adjust by forging closer ties with the EU and NATO and possibly concessions to Turkey.

The EU policy towards the region is unlikely to become more pronounced and pro-active in the short term. But the opinion is solidifying in the Brussels that Russia is a part of a problem, rather than of the solution in South Caucasus. The EU special representative to the South Caucasus, Peter Semneby, acknowledged that recent events have added weight to the Georgian argument that Russia is not a neutral participant in the peacekeeping arrangements and negotiation format. The EU is currently unable and unwilling to offer a membership perspective to the South Caucasus states, but the few carrots it can offer – a better trade regime, limited financial support, and improved visa regulations – are far more attractive than the persistently negative incentives from increasingly bullying Russia.

CONCLUSIONS: By following a tough foreign policy line in its immediate neighborhood, Russia may have overplayed its hand. The energy scare forces the countries of the South Caucasus to focus on alternative supplies, while the political pressures make alternative alliances more desirable. The "frozen conflicts" remain the only lever Russia currently has to pressure the leaderships in Tbilisi, Baku and Yerevan. All three capitals look set to try – separately or in concert – to break Moscow's monopoly on managing these.

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NEEDED: A U.S. BLACK SEA STRATEGY

Ariel Cohen, Ph.D., and Conway Irwin

U.S. interests in the Black Sea area—energy transit, security, counter-terrorism, proliferation of weapons of mass destruction, and the trafficking of drugs, weapons, and people—have taken on particular significance since 9/11. The Black Sea basin is a strategic region bordering the Greater Middle East and a key transit route for Caspian oil. Confronted with developments in the region, the U.S. needs a comprehensive regional policy to protect American interests and security.

BACKGROUND: The Wider Black Sea region is a patchwork of overlapping political areas and spheres of influence. Bulgaria and Romania are NATO members and soon-to-be EU members. Ukraine is caught between the West and Russia. Georgia leans toward the West, but borders on Russia's soft underbelly. Turkey vacillates between East and West, pulled in different directions by national interests and national pride. Russia, in a more pronounced way, is staking its own course. The Black Sea's six littoral states (Bulgaria, Romania, Ukraine, Russia, Georgia, and Turkey) and several additional countries in the wider region are beginning to tentatively construct a regional identity just as foreign powers and outside forces are searching for footholds in their vicinity. The region is geopolitically significant precisely because it is a nexus of cultures, international trade (legal and illicit), ideas, and influences.

Oil and gas from Central Asia and the Middle East move along Black Sea shipping lanes and pipelines to Europe and other points west. These same shipping lanes are used for smuggling of narcotics, persons (including terrorists), conventional weapons, and components for weapons of mass destruction (WMDs).

The Black Sea region can be a launching platform for military, reconstruction, and stabilization operations in Afghanistan, Iraq, and possibly Iran and for the protection of energy shipping lanes between the Caspian region and Western markets. It is also Europe's new southeastern border. Thus, both the European Union and the U.S. have strong interests in safeguarding the movement of some

goods, preventing the movement of others, and maintaining a presence in the Black Sea region.

Turkey and Russia are key powers uneasy about the U.S. presence in the Black Sea basin. Turkey desires stability in the Black Sea, but the moderate Islamist AK Party government in Ankara does not see eye to eye with its Western partners over how to achieve this. Turkey's perception of the United States was profoundly changed by the Iraq war. Long an ally of the West and an EU aspirant, Turkey has recently distanced itself from the U.S. and NATO.



In response to its real or perceived grievances with the U.S. and the EU, Turkey is seeking a stronger position from which it can pursue its own ends without interference. Turkey's most recent National Security Policy Document emphasizes the importance of Turkey using its geopolitical position

to become a hub for energy storage and transit between suppliers in Russia, the Middle East, and Central Asia and markets in the West.

Russia, even more than Turkey, has been increasingly moving away from the West and is focused on maintaining regional hegemony. The Kremlin has been using Russia's recently acquired economic might, by virtue of the high price of oil and unprecedented demand for natural gas, to pursue its foreign policy goals. One of those goals is to become the world's primary supplier of energy resources. That requires a tight grip on purchasing and transporting of the oil and gas resources of the former Soviet Union.

IMPLICATIONS: Russia has turned a generous profit as the middleman between cheap Central Asian oil and gas and energy-hungry economies in the West. By selling Central Asian oil and gas at a premium abroad, Russia has earned windfall profits and undertaken obligations to supply countries such as the EU and China well beyond its own abilities to produce. Russia also supplies two thirds of Turkey's natural gas and roughly 40 percent of the EU's—a position that may be in jeopardy if the pipelines through Turkey are built using non-Russian sources of supply.

Further complicating regional security in the wider Black Sea region are the unresolved conflicts in the region: South Ossetia and Abkhazia in Georgia and Transnistria in Moldova, as well as the Armenian-Azerbaijani conflict. These conflicts raise two primary concerns. First, they threaten the territorial integrity of internationally recognized states. Implications for separatists in Chechnya, Daghestan, Kurdistan, Khouzistan, Baluchistan, and even Xinjiang are easy to imagine, to say the least. Second, the local governments of the secessionist regions operate according to their own "laws", not those of the central governments, resulting in insufficient oversight and crime prevention. These lawless enclaves have become breeding grounds for international smuggling and other illicit activities. Until the conflicts are resolved, ruling elites in these statelets will frustrate efforts to establish a lasting

peace, which is a precondition for stability, security, and economic growth in the broader region.

Because the U.S. does not have a free rein in the Black Sea region, it is essential that the countries in the region develop their own intraregional capabilities in maritime security, counterterrorism, disaster preparedness, and other aspects of securing their waterways and coastlines. However, the Black Sea littoral states are operating according to their own distinct agendas, and there is no consensus about how to achieve common security goals. Tensions over status within the region, conflicting allegiances, and varying perceptions of what constitutes stability are preventing these states from finding mutually acceptable ways to combat their common problems.

U.S. presence currently has the support of Bulgaria and Romania, but U.S. relations with Russia, Turkey, and Ukraine are on shaky ground. Neither Turkey nor Russia supported U.S. operations in Iraq, and relations with both countries have taken a downturn ever since. Ukraine has adopted a more pro-Russian stance since Prime Minister Viktor Yanukovich took office. Georgia is under severe economic and political pressure from Russia and preoccupied with internal conflicts and is thus ill-equipped to act as a strong U.S. ally. This tangled web of interests and alliances and the recent rapprochement of Russia and Turkey, which has anti-American implications, may hamper U.S. activities in the area.

CONCLUSIONS: To maintain a presence in the region, the United States needs a realistic strategy to enhance the security and stability of the Black Sea region. This specifically involves coordinating U.S. and EU policies in the region, especially with regards to the European Neighborhood Policy. It also involves increasing NATO cooperation with non-NATO countries through Partnership for Peace by offering technical and training assistance in security areas, and strengthen bilateral military ties with Ukraine.

Other elements could include sponsoring trilateral military exchanges and consultations between

Bulgaria, Romania, and Turkey to assuage Turkish concerns about losing its dominant position in the Black Sea basin to the growing influence of the U.S.

America can contribute to existing regional security structures either as a participant or as an observer. This could include providing crucial technical intelligence capabilities, airlift, and other specialty capacities. These structures could also be included in NATO military and disaster preparedness exercises to improve interoperability.

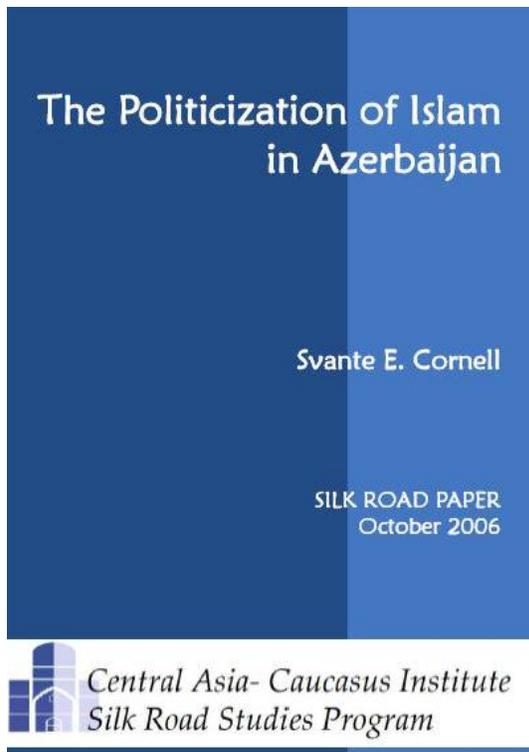
A stable Black Sea region must include urging Russia to lift sanctions against Georgia and pushing for renewed multilateral talks over the resolution of the region's "frozen conflicts", particularly acute in the case of Georgia. This includes promoting the replacement of Russian/CIS peacekeepers in Abkhazia and South Ossetia with international peacekeeping forces – under the EU or UN umbrella, or otherwise constituted.

Even with all of the current U.S. foreign policy concerns (e.g., Iraq, Afghanistan, Iran, and North Korea), the U.S. would be unwise to concentrate on these crises to the exclusion of all others. Shoring up alliances and improving relations with states in strategic areas bordering on main theaters of

operation, such as the Greater Middle East, is of utmost importance in developing future geopolitical arrangements, enhancing strategic stability, and assuring military egress and re-supply.

Given the current state of U.S. relations with Turkey and Russia, the only way for the U.S. to maintain and strengthen its footholds in the Black Sea is to develop cooperation across a broad spectrum of issues of common interest and mutual concern. The U.S. needs to learn to tread lightly, offering support where possible and backing off where necessary. This is not an impossible balance to achieve. If successful, it could be used as a model for cementing U.S. presence in other strategic areas, such as Central Asia. It is time for the U.S. to launch a coordinated policy effort in the Wider Black Sea region to gain support for addressing some of the most pressing issues of the decade: the rise of Iran, WMD proliferation, cooperation in the global war on terrorism, and energy security.

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New Silk Road Paper!

The Politicization of Islam in Azerbaijan

by Svante E. Cornell

This 75-page Silk Road Paper analyzes the increasing Islamic revival in Azerbaijan, as well as the potential for politicization of Islam. The report discusses the background and reasons for increasing Islamic sentiment in the country, as well as external influences linked to this phenomenon and government policy toward the issue.

The 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.

RUSSIAN INVESTMENTS IN ARMENIA: ECONOMIC BACKGROUND AND POLITICAL IMPACT

Haroutiun Khachatryan

The recent takeover of the Armenian telecom operator, ArmenTel, by the Russian company Vypelcom, the possible passage of the Iran-Armenian gas pipeline to a company controlled by Russia, and the possible accession of Armenian railroads by Russian railroads renewed the discussion about the role of Russia in the Armenian economy. Pro-western politicians claim the excessive penetration of Russian capital into Armenian economy will lead to the country's dependence on Russia, which, in turn, may have political consequences. However, there is no indication that Russian investments in the Armenian economy pursue goals other than making profit.

BACKGROUND: Russia is the largest source country of investments in the economy of Armenia, (US\$405 million between 1996 and 2005) which is significant for this small country. As a result, a significant part of the country's economic assets are controlled by Russians, both by the government and state-owned companies, and by private Russian companies. The bulk of the former group of assets came from the 2002 debt-for-equity swap, whereby Armenia repaid its US\$97 million dollar debt to Russia accumulated during the crisis of 1990s. The state-controlled Russian companies are especially strong in the energy and power industry. In particular, more than half of the electricity-producing capacities of Armenia are controlled by Interengo, a subsidiary of RAO UES. Among this company's assets in Armenia are four blocks of the Hrazdan Thermal Power Plant (TPP), the largest power plant in the country, and Armenia's energy distribution network. Another Russian state-controlled giant, Gazprom, owns 45% of Armrosgazprom, Armenian gas network operator (with another 45% belonging to the Armenian government and 10%, to another Russian- and Gazprom-associated company, Itera).

Recently Gazprom declared its decision to increase its stake in Armrosgazprom to 58 percent, by buying a new issue of shares. This stake will be increased even more when the declared sale of the fifth block of the

Hrazdan TPP to Gazprom is completed. Among non-governmental Russian companies, Vypelcom is by far the largest single investor in Armenia, as it took 90 percent of the ArmenTel shares of its previous owner, Greece OTE for some Euros 482 million or US\$616 million dollars, equivalent to more than 10 percent of Armenia's projected GDP this year. Another large private investor is the Russian aluminum giant Rusal, which owns Armenal, a large foil-producing factory. Rusal in recent years invested 80 million dollars to modernize it.



The Iran-Armenia Pipeline

The Russian leadership looks interested in activating this process, as seen, in particular, from the statement by president Vladimir Putin, who told his Armenian counterpart Robert Kocharyan on October 30 that he regretted that in recent years Russia "occupied a

shameful third place” among foreign investors in Armenia. Not surprisingly, in recent years an increasing number of concerns have been expressed in Armenia about “selling the country to Russians,” or about Armenia “becoming an appendix to Russia,” etc. Concerns are expressed that the penetration of Russian capital may keep Armenia far from approaching the West, and that Armenia may fall out of the prevailing trend for the South Caucasus region which is westward. The government, of course, says this process is beneficial to Armenia. As for the Armenian population, it is neutral if not positive, given the absence of significant anti-Russian sentiments among Armenians.

IMPLICATIONS: The facts show that, at least for the time being, Russian investments in Armenia have had a mostly positive impact with the goals pursued appearing to be purely economic. Whereas in the 1990s, there were cases of politically motivated competition among Russian and western investors for Armenian assets, no such cases are known to have taken place in the past six years. Moreover, Russian funds have often been the only available investments in Armenian assets, with no competitors. This was the case, in particular, with the fifth block of the Hrazdan TPP, which was founded back in Soviet times but has remained unfinished as the Armenian government failed to find interested investors. Under the deal agreed in April 2006, Gazprom not only pledged to invest US\$150 million to finalize this block, but also promised to keep gas prices stable at US\$110 per 1000 cubic meters for three years to come (meanwhile, most other CIS buyers will pay twice as much in 2007). The political context of these investments, if any, is not obvious.

On the one hand, the Russian government does not conceal its interest in acquiring assets in Armenia, just as is the case in other countries. However, the real influence of the political factor in these deals is mostly overestimated. The ArmenTel deal is good evidence, as in this case, two out of the four companies participating in the tender were Russian ones, and reportedly, the Armenian government would prefer to see MTS, a company close to the Russian government, as the winner. However, the tender was won by

Vympelcom, whose largest shareholder is Telenor of Norway. In addition, the Armenian government used the sale as an opportunity to get rid of the ArmenTel monopoly on many communication services, which strongly hindered development of the IT and telecom sectors in Armenia.

Finally, it is not obvious that these deals will make Armenia even more dependent of Russia than it already is. In fact, the opposite may be true. For example, Armenia has long been dependent on supplies of Russian gas, and this is, of course, a leverage of political pressure. However, as Russia has spent money to acquire large energy consuming assets in Armenia, it would be less inclined to stop gas supplies to Armenia as that would harm its own economic interests as well. As for the problem of ownership of the Iran-Armenia gas pipeline, its value seems highly overestimated. This is a 40 km long pipeline connecting the Iranian-Armenian border with Armenia’s existing gas distribution network, owned by ArmRosgazprom. It cannot serve as a transit route due to its small diameter, as Russia reportedly purposefully prevented the construction of a larger pipeline. Even if this fragment is given to Russia (in fact, to ArmRosgazprom, a subsidiary of Gazprom, which works according to Armenian laws), the valve of this pipeline is controlled by Iran rather than by Russia. Aside from satisfaction that no Armenia does not transit Iranian gas, it will not be great enhancement of Russia’s influence in this sector.

CONCLUSIONS: For the time being and for an foreseeable future, the large Russian investments look beneficial for the Armenian economy and have no visible political impact in terms of Armenia’s attitude to the West. They do not prevent Armenia from continuing advanced market reforms and establishing closer ties with the USA and the EU, in particular, through the recently signed Action Plan of Armenia in the European Neighborhood Policy.

AUTHOR’S BIO: Haroutiun Khachatryan is an analyst on political and economic issues based in Yerevan, Armenia.

FIELD REPORTS

PROSPECTIVE JOINING OF HIPC PROVOKES FIERCE DEBATES IN KYRGYZSTAN

Erica Marat

Kyrgyzstan is engaged in heated debates whether it should join the World Bank and International Monetary Fund's (IMF) Heavily Indebted Poor Countries (HIPC) Initiative. The initiative was founded in 1996 and represents a debt-relief program for countries, whose external debts exceed their GDPs. Should Kyrgyzstan join the initiative, \$500-800 million of its \$2 billion external debt will be written off. However, the country will also be forced to carry out substantive reforms in the public sector.

Some top government officials, including Prime Minister Felix Kulov, Minister of Finance Akylbek Japarov, and Head of the National Bank Marat Alapayev, speak in favor of joining the initiative. However, most parliamentarians and civil society activists, including the opposition bloc "For Reforms", are strictly against the initiative.

Last week, a group of students staged protests against HIPC in front of the World Bank's office in Bishkek. Protestors threw eggs at the World Bank's building and burned a scarecrow symbolizing the HIPC. On December 12, a group of protestors gathered in front of the Parliament building in Bishkek and burned another scarecrow.

The HIPC's most stubborn opponents associate the initiative with Western hegemony over Kyrgyzstan's economic and political domains. HIPC, according to them, will make Kyrgyzstan

less attractive for foreign investors and undermine its domestic and international sovereignty in the still early days of its independence. The discussion over HIPC is, thus, often tainted with nationalist undertones, as opposed to being based on economic calculations. With that, few people and politicians in Kyrgyzstan have a thorough understanding about what HIPC entails and what are its conditions. The debate rarely incorporates economic indicators.

The fact that the HIPC's member list includes the poorest countries of Sub-Saharan Africa and Latin America and that Kyrgyzstan will be the only CIS country to join it, represents a powerful argument against the initiative. As Maksat Kobonbayev, a Kyrgyz financial expert, notes, if HIPC had a different name, the psychological factor would be less important in the decision to join the initiative. Politicians speaking against HIPC often play on nationalist feelings to promote their own arguments.

As Akipress reports, at the December 12 meeting between World Bank and IMF representatives with the Kyrgyz government, HIPC's main goals in Kyrgyzstan were discussed. They include four main aspects: designing an economic development strategy; auditing national finances and public administration; carrying out reforms in the social sector; privatizing and reforming the energy sector.

Reforming the energy sector is arguably the most controversial aspect of the initiative. Kyrgyzstan's energy sector, representing a vital part of the national economy, is also a significant source of corruption. According to various estimates, the sector's top executives annually pocket tens of millions of dollars. Corruption in the energy sector became more widespread under President Kurmanbek Bakiyev's leadership.

Today, Kyrgyzstan's external debt comprises roughly 125 percent of its GDP. In March 2005, days before former President Askar Akayev's regime was toppled, the Paris Club of Creditors wrote off \$555 million of Kyrgyzstan's debt. However, this did not contribute to economic recovery. Eighteen months after the collapse of Akayev's regime, Kyrgyzstan's economy is still a murky picture. It is clear that under Bakiyev's leadership, no viable economic programs were designed to reduce poverty and attract international investors.

Some Kyrgyz are afraid that domestic funds released thanks to the HIPC will not be spent on alleviating poverty, but will add up to the existing corruption. In effect, although international financial institutions will have a stronger leverage over the country's domestic politics, a great deal of the HIPC's successfulness depends on local initiative. Kyrgyz political elites' motivation to seize the opportunity and extract maximum benefits from the initiative will predetermine whether it will contribute to long-term economic recovery or end in a failure. Importantly, as one Kyrgyz financial

expert notes, HIPC is by no means a way to prosperity but rather offers a possibility to sustainable economic recovery.

Another Kyrgyz expert, Murad Omoev, says that as any other national program, the HIPC should be based on a consensus between all power branches. Local civil society and mass media outlets must be actively involved in every stage of the HIPC's implementation.

Ironically, in Kyrgyzstan today, slogans directed against Western influence are regarded as manifestation of genuine patriotism. By contrast, criticism of the Kremlin's policies or the dominating role of the Russian language in the country is treated as outbreaks of nationalism. A plethora of Russian mass media outlets in Kyrgyzstan influence popular attitudes towards both the U.S and the Kremlin. The Kyrgyz public mostly receives news about world affairs from pro-Kremlin sources such as TV channels ORT and RTR, or the newspaper *Komsomol'skaya pravda*.

Although some representatives of the Kyrgyz civil society and government fiercely oppose joining the HIPC because of risking falling under Western influence, little consideration is given to the fact the new constitution adopted last month was written primarily in the Russian, not the Kyrgyz, language.

MESSAGE BEHIND THE BREAKING VOICE AND TEARFUL EYES OF KARZAI

Muhammad Tahir

The charismatic Afghan President Hamid Karzai finally spoke-up to what many local residents in the southwestern provinces of Afghanistan have been talking and complaining about for a long time – the

heartbreaking stories of public suffering from terrorist attacks and from attacks against terrorists.

In a conference marking the 58th anniversary of the UN's Universal Declaration on Human Rights on December 10, President Karzai publicly complained for the first time about the impact of NATO combat troops' operations on innocent Afghan people.

With tearful eyes and a breaking voice, the President could hardly continue his speech after talking about an Afghan boy left paralyzed by a NATO air strike in the Panjwayi district of Kandahar province. In his heartfelt speech, which brought the audience to tears, Karzai helplessly pointed to the bloody results of activities of Pakistani-linked insurgents groups as well as the operations of NATO forces. He said, "It's too much, we can not prevent the terrorists coming from Pakistan and we can't prevent the coalition from killing our children."

Panjway district is among those locations, which has recently been a frequent target of coalition combat forces, with allegations of a presence of suspected Taliban fighters. Local residents not only deny such news, but also staged many protest demonstrations in recent days against the attacks of NATO troops.

Many analysts believe that falsified intelligence reaching coalition forces, or careless operations by them, are increasingly causing suffering to ordinary people, which consequently is leading them to resist the presence of foreign troops in the region.

According to independent sources, Afghanistan has seen more than 100 suicide attacks this year, a record number, and close to 4,000 people have died in insurgency-related violence, which is a clear reflection of increasing insurgency in the country.

The poor record of law and order and a worsening security situation linked with the increasingly violent activities of insurgents, combine with the impact of NATO's operations on civilians, to make the public feel sandwiched between fighting forces. This situation also leads the public to express dissatisfaction with the performance of the current regime, which is reportedly ineffective in many

parts of Afghanistan, especially in the southwestern provinces.

Afghan analyst Faizullah Amini points out that the current Afghan government is aware of this situation, but has little ability to act. He said "President Karzai probably directed his emotional speech to address the public to win their sympathy by telling them that even as President, he has no control over these things. It could be a political message to calm down the public, saying that, 'Look, I am also unhappy with the way foreign troops are operating'".

It was not the first time that Karzai talked about the impact of NATO's operations on innocent people, but the difference between this and previous statements is that previous statements have been in the form of advice and requests. But the recent speech sounded like a sort of complaint in front of the public, giving them an impression that he is also helpless.

Despite Afghan troops being part of coalition forces in combating the insurgency, this situation raises many questions including whether Karzai has any influence on decisions regarding NATO's strategic planning in the country. If he does, why does he seem helpless and why does he publicly complain about NATO operations?

Critics also argue that the public, especially in Pashtun-populated areas, are increasingly unhappy about NATO's operations, and since Karzai is a Pashtun, he feels pressurized by his own countrymen. This may have led to differences between NATO planners and the presidential palace, possibly leading the President to express his dissatisfaction about the situation.

But Presidential spokesperson Khaleeq Ahmed rejected such a view, saying that "the president was simply saddened over the deaths of a 2-year-old child and two Afghan teachers on Saturday – and it really got to him. And he was not trying to send any larger message to NATO or the United States about their presence here."

While these discussions are underway, fighting and violence are reportedly continuing in many parts of Afghanistan. According to a high-ranking Afghan military official in Helmand province, the insurgents carried out an attack on December 12, aiming to assassinate the provisional governor, who escaped injury while 8 Afghan soldiers were seriously injured. In a similar attack on an Afghan Army post the previous day, two Afghan soldiers were wounded.

A day before, NATO forces had been ambushed in the southern Zabul province bordering with Iran with a roadside bomb and gunfire, and two foreign troops were wounded. The Afghan army also lost six soldiers on December 9 in a roadside bomb blast in Paktia province.

While fighting continues, President Karzai went on an official tour of Kandahar on December 12, leading a group of local leaders and foreign diplomats to meet with the elderly people of this troubled region to find a solution to the current security situation. This mission will also lead him to another troubled province, Helmand.

In recent days, Afghan officials are in close dialogue with Islamabad to organize a Loya Jirga [Grand Council] of Pashtun leaders living in the border towns of both countries to seek a permanent solution for the current insurgency. So far, officials have not finalized this initiative, nor is its result predictable.

KAZAKH MINISTRY EXPERTS GIVE CAUTIOUS WELCOME TO NATO

Marat Yermukanov

In the framework of his December 4 visit to Brussels, Kazakh President Nursultan Nazarbayev met NATO's Secretary General Jaap De Hoop Scheffer and had very warm talks at NATO Headquarters on issues relating to military cooperation and regional security. Nazarbayev mentioned Kazakhstan's support for the war in Afghanistan from day one and its desire to participate in that country's economic development. But in Kazakhstan, not everyone, even in Nazarbayev's military entourage, is enthusiastic about the prospects of partnership with NATO.

Over the last decade that has passed since Kazakhstan joined NATO's Partnership For Peace Program in 1994, the country won recognition from

western states as a potential military rearguard for Europe in Central Asia. Welcoming Nursultan Nazarbayev, NATO General Secretary Jaap De Hoop Scheffer praised Kazakhstan as a most active partner of the North Atlantic Alliance, which successfully works according to its Individual Partnership Action Plan and is involved in regional and political cooperation. He added that Kazakhstan was not only interested in, but was actually supporting NATO's ISAF operations in troubled Afghanistan.

No Central Asian nation has attracted the attention from the world's most powerful military organization as Kazakhstan has. In 1996, Kazakhstan signed a security agreement with

NATO, and this step provided strong impetus to military cooperation and gave Astana a sense of security in this largely hostile environment. Last December, Kazakh Foreign Minister Kassymdzhomart Tokayev visited NATO Headquarters in Brussels, and Kazakh members of parliament received observer status at NATO's Parliamentary Assembly.

However, opinions are split over the future shape of Kazakhstan's cooperation with NATO, particularly in view of the escalating military clashes in Afghanistan and Iraq. The initial enthusiasm over the military might of North Atlantic Alliance and its image as a reliable safeguard against extremism and terrorism seems to be gradually replaced by uneasy feelings about NATO's true intentions in Central Asia. Most analysts believe that Kazakhstan currently is the only country in the region ready to wholeheartedly embrace any sort of partnership with NATO. The North Atlantic Alliance cannot be happy either with Uzbekistan, which stifles democracy in open defiance of Western concept of human rights, or with the closed regime of Turkmen leader Saparmurad Niyazov. As for Kyrgyzstan, President Kurmanbek Bakiyev may seek some form of cooperation within the Partnership For Peace program to secure its amorphous borders, constantly threatened by militants of Islamic Movement of Uzbekistan, and to get his country's shattered economy back on its feet.

But Kazakhstan's motives for developing a military alliance with NATO seem to be ambivalent and highly controversial. A well-known political analyst and retired colonel, Azimbai Gali, believes that Kazakhstan must not limit its cooperation with NATO to Partnership For Peace program and routine joint military exercises, but set the goal of joining NATO as a full-fledged member in view of the potential military threats from Russia, Iran, China and Uzbekistan. The analyst thinks that the United States and Western states would like to use

Kazakhstan as a tool to deter Russian and Chinese drive in Central Asia and keep Iran at bay in the Caspian region.

Opposing views are expressed mostly by Soviet-era military brass, notably by former defense minister General Sagadat Nurmaganbetov, who flatly rejects any idea of Kazakhstan's NATO membership. In his article in the nationalist paper *Zhas Qazaq*, he airs the view that Kazakhstan should avoid close cooperation with NATO and approach Russia as a long-term military ally. In his view, any partnership or cooperation with NATO is bound to tie Kazakhstan to unacceptable political commitments and drive a wedge between Russia and Kazakhstan.

Another source of concern are talks on sending Kazakh troops to Afghanistan, reportedly being conducted between the militaries of the United States and Kazakhstan. Although Kazakh military forces are not expected to be involved in combat activities within the ISAF troops and should be employed in construction works, observers fear that troops may become an easy target for terrorists and that casualties would be unavoidable. This information leaked to the press from government sources last week, but the Defense Ministry is yet to responded.

Whatever form the public reaction to Kazakhstan's growing cooperation with western military organizations may take, Astana seems set to develop its ties with NATO. This attitude was clearly expressed by President Nazarbayev, who stressed in Brussels that military cooperation with NATO was indispensable for Kazakhstan to build up its military forces and that his country would continue to work in that direction. These words imply that Kazakh and NATO troops will continue military exercises to raise the levels of interoperability of the troops, and that Kazakhstan will be offered an opportunity to increase its defense standards with the help of the North Atlantic Alliance. That is a goal worth turning a deaf ear to some grumblings from military quarters.

DUELING BANJOS: PARALLEL ELECTIONS AND PARALLEL PRESIDENTS IN SOUTH OSSETIA

Kakha Jibladze

Dmitri Sanakoev, the second, alternative de facto president of the unrecognized territory of South Ossetia, represents the newest chapter in the war of strategies between Russia and Georgia over South Ossetia.

On November 12, the people of the unrecognized South Ossetia participated in two equally unrecognized elections and referendums. As a result, the conflicted territory now boasts two de facto presidents and their respective governments: Eduard Kokoity, the winner of the de facto election in the Tskhinvali region and other parts of the territory, and Sanakoev, who received votes from the Georgian-controlled part of the territory.



Dmitry Sanakoev

According to analysts close to the peace negotiations, Sanakoev represents a solution to a long-standing problem: while Kokoity boasts the support of the Ossetian population, there was no forum for the Georgian population which remains in the territory of the former Soviet Autonomous Region of South Ossetia. The contested territory is a literal chessboard of Georgian and Ossetian villages with no clear majority for either side. Adding to the mix are the Ossetians who remained in Georgia proper, the Ossetians who fled Georgia

all together and the Ossetians who are against Kokoity and his proposed plans to join North Ossetia and the Russian Federation.

One of Sanakoev's victories was to prove that not everyone in South Ossetia supports Kokoity. The problem with his claim – as well as Kokoity's claim that he received nearly 100 percent of the vote in his “own” elections – is that there has been no way to independently verify the results of either election.

According to Kokoity's government, 90% of the estimated 55,000 eligible voters – which includes approximately 10,000 living in Russia's North Ossetia – participated in that election. The Sanakoev team maintains that their voter turnout was equally high in their elections: 42,000 ballots. However, the estimated number of people living in South Ossetia is roughly 70,000 according to a 2000 census.

Despite confusion over the exact number of potential – and actual – participants in either election, analysts believe that the very fact the alternative election could take place at all is proof that a reasonable number of people living in the contested territory do not support Kokoity.

Sanakoev, who based his alternative election campaign in the mixed Georgian-Ossetian village of Akhlagori, is widely considered to be Tbilisi's man in South Ossetia. Although he was only officially named the second unofficial president of South Ossetia a week ago, both his election campaign and his platform to date largely reflect the peace plan promoted by Georgian president Mikheil Saakashvili and his government.

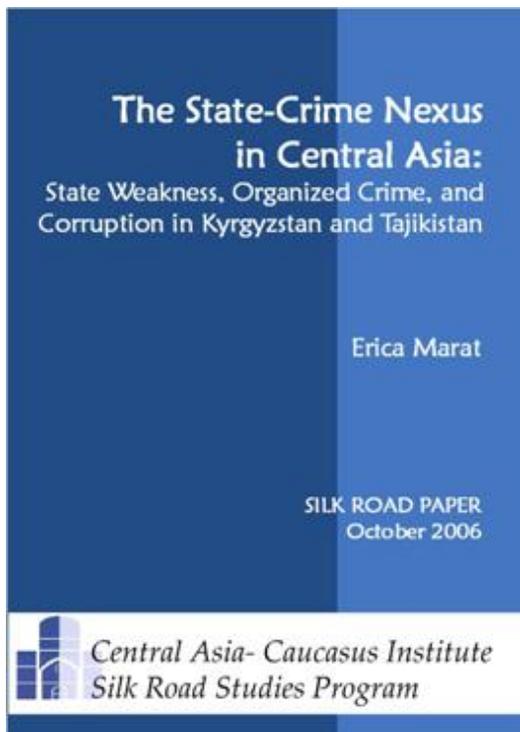
So far, officially Tbilisi has refrained from openly supporting Sanakoev. By virtue of the conflict, the Georgian government cannot recognize either de facto president: Kokoity or Sanakoev. However Merab Antadze, the state minister for conflict resolution, attending Sanakoev's inauguration this

month and has publicly stated that the Georgian government is willing to listen to anyone who represents the South Ossetian population. It is worth noting that Russian officials attended Kokoity's inauguration in November.

While members of Sanakoev's newly founded de facto government – thought to be based in the Georgian controlled village of Kurta which is located a few kilometers north of the Kokoity-controlled capital of Tskhinvali – have regularly spoken to the Georgian and international media over the past few weeks, the de facto president himself has remained silent. In interviews he generally repeats that he is “for peace and stability” in the conflict zone. His government has also promised to improve economic growth in the poverty-stricken region. How and when he plans to accomplish this has not been revealed.

As long as Sanakoev remains silent, he is an easy target for anti-Georgian sentiment within – and outside – the conflict zone and a potentially dangerous figure for Tbilisi. However, his presence in South Ossetia has already paid some rewards: on December 4, during the OSCE ministerial conference in Brussels, both the EU and the US spoke out in favor of a stronger OSCE presence in South Ossetia, an indirect attack against the purported Russian-led peacekeeping force in the region.

However, if Sanakoev reneges on his promises and does not aid the peace process or improve the economic situation in South Ossetia, his perceived alliance with Tbilisi could backfire on the Georgian government as it attempts to rebuild bridges between itself and the population of South Ossetia.



New Silk Road Paper!

The State-Crime Nexus in Central Asia: State Weakness, Organized Crime and Corruption in Kyrgyzstan and Tajikistan

by Erica Marat

This paper analyzes the divergent forms that relationships between organized crime and the state have taken in the two worst hit Central Asian states in the past decade.

This 138-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.

NEWS DIGEST

UZBEKISTAN PARDONS PRISONERS AFTER US CRITICISM

1 December

Uzbekistan issued a decree on Friday pardoning a number of prisoners jailed for extremist activities, just weeks after the United States added the country to its list of nations that violate religious freedom. The decree by the upper house of parliament, published in official media, said the pardon would affect inmates accused of belonging to banned extremist groups, as well as women, foreigners and men over 60 years of age accused of anything but the most serious crimes. It did not say how many people would be amnestied, adding that only those who "have firmly embraced willingness to improve" would be freed. The secular government of Uzbekistan has cracked down on religious groups operating outside the state-approved version of Islam as part of what it sees as its fight against Islamist militants who want to oust President Islam Karimov. The U.S. State Department added the former Soviet Central Asian country to its list earlier this month, blaming it for harsh treatment of dissenting Muslims and repression of Christians. Human rights campaigners, who have registered cases of harassment of minority Christians, including Protestant priests, believe 6,000 inmates out of the total prisoner population of 40,000 are in jail for their religious beliefs. Uzbekistan has jailed more than 180 people accused of involvement in an uprising in the town of Andizhan last year which Karimov said was organised by terrorists. The West has criticised Uzbekistan for using excessive force to put down the uprising where witnesses said hundreds of people were killed when troops opened fire on a crowd. (Reuters)

ARMENIA SUSPENDED ENERGY SUPPLIES TO GEORGIA

1 December

After raising prices for gas supplied from Russia to Armenia up to \$110 per 1,000, Armenia suspended delivering energy to Georgia. The announcement was made by head of the tariff policy commission Armen Arshakyan at a session of the governmental commission on regulation of public services in Armenia. According to him, energy produced by Hrazdan NPP and Yerevan Thermoelectric Power

Plant was primarily exported to Georgia. As gas tariffs were raised, the prime cost of energy became incompetent in the Georgian market, and the Armenian companies suspended exports. Delivery of energy to Georgia from Armenia were carried out by two companies, International Energy Corporation and ArmRosgazprom. It is worth mentioning, thermoelectric power stations do not receive governmental donations to produce energy for exports, as a result of it, the tariff per 1,000 was \$146.51. Since January 1, 2007, gas tariff for domestic consumers using over 10,000 cubic meters of gas (mainly enterprises) per month will be \$153.26 per 1,000. (regnum.ru)

ARMENIAN DEFENSE MINISTER: "NAGORNO KARABAKH AS PART OF AZERBAIJAN IS OUT OF QUESTION"

1 December

Armenia has never announced that it did not recognize Azerbaijan's territorial integrity, Armenian National Security Council Secretary, Defense Minister Serzh Sargsyan told reporters on December 1. "At the same time, we recognize territorial integrity of the Republic of Nagorno Karabakh, because the Azerbaijani Republic and NKR were established simultaneously, on the basis of the Soviet laws," Serzh Sargsyan noted adding that Nagorno Karabakh as a part of Azerbaijan is out of question. The defense minister also said that for Armenia the most important thing is not international recognition of Nagorno Karabakh, but Azerbaijan's recognition of Nagorno Karabakh independence. "Even if 50 countries recognize independence of Nagorno Karabakh, it will be just a means of influence to make Azerbaijan recognize independence of Karabakh," the National Security Council secretary is quoted as saying by Lagir.am. (regnum.ru)

AZERBAIJAN MAY STOP OIL FLOW VIA BAKU-NOVOROSIISK PIPELINE - ALIYEV

3 December

Azerbaijani President Ilham Aliyev has asked the government to discuss the issue of suspending oil deliveries via the Baku-Novorossiisk pipeline. "We are

discussing Russia's proposal to increase the gas price to \$230 per 1,000 cubic meters. It is apparent that the price is very high, that is why we are studying various options. "We use Russian gas to produce electricity. I task you to discuss the issue of suspending the activity of the Baku-Novorossiisk pipeline, and I will be waiting for your swiftest possible proposals," the president said at a meeting dedicated to preparations for the winter period. He did not exclude that volumes of oil flowing via the Baku-Novorossiisk pipeline may be cut, he said, adding that this is the only alternative to guarantee Azerbaijan's electricity security. (Interfax)

437 MILITANTS SURRENDER IN CHECHNYA SINCE JULY – PATRUSHEV

4 December

Over 400 militants have turned themselves in following the call for surrender made in July, Director of the Federal Security Service (FSB) Nikolai Patrushev told the press in Khabarovsk on Monday. "This work is continuing. Over 400 people - several days ago the figure was 437 - have returned to normal life," he said. "I believe this call helped to disrupt militant gangs and militant formations. Many people started thinking why they were involved in these illegal operations at all," he said. (Interfax)

TAJIKISTAN TO RECEIVE 80 MILLION EUROS FROM EU

6 December

Victor Andres Maldonado, head of the Southern Caucasus and Central Asia section of the European Commission, told a session of the Tajik-EU joint committee in Dushanbe on December 6 that the EU will allocate 80 million euros (\$106.4 million) for poverty reduction and economic development in Tajikistan from 2007-2010. The allocations are part of the EU's new assistance strategy for Central Asia, under which Tajikistan will receive 16-17 million euros in 2007. (Avesta)

NEW KYRGYZ CONSTITUTION PUBLISHED

6 December

Erkin-Too, Kyrgyz state-owned newspaper, published texts of the new Kyrgyz constitution in Russian and Kyrgyz on December 6. The new constitution was signed on November 9 by President Kurmanbek Bakiyev and is a result of compromise between the president and opposition that staged a week-long rally in central Bishkek in early November. The draft constitution was adopted hastily, and many observers point out numerous "rough edges and misprints" in the text. A month was spent for translation of the constitution into Kyrgyz language. As the

correspondent informs, according to the new constitution, powers of the branches, principles of electing judges, forming the parliament were changed. From now on the parliament will be elected under party tickets. The new constitution maintained the official status of Russian. Article 5 says: "Kyrgyz is the state language of the Kyrgyz Republic; Russian is used in the Kyrgyz Republic as an official language." (regnum.ru)

U.S. SOLDIER KILLS CIVILIAN EMPLOYEE AT KYRGYZ BASE

6 December

A U.S. serviceman at the U.S. air base in Kyrgyzstan shot and killed a local employee, a Kyrgyz national of Russian descent, on December 6. The Manas Air Base public affairs office released a statement saying that the shooting occurred "in response to a threat." The report identified the man killed as Aleksandr Ivanov, an employee of a fuel company. A co-worker told AP that Ivanov was fatally shot at a checkpoint after getting out of his truck, which was reportedly carrying fuel. U.S. Ambassador Marie Yovanovitch met later on December 6 with officials at Kyrgyzstan's Foreign Ministry, who gave her a note expressing concern and requesting clarification, akipress.org reported. For her part, Yovanovitch expressed regret and vowed a full investigation. (AP)

AZERBAIJANI FOREIGN MINISTER IS NOT ENTHUSIASTIC ON NAGORNO KARABAKH CONFLICT SETTLEMENT PROCESS

6 December

Discussion of question of status by the whole Nagorno Karabakh population is possible at a certain stage of the Nagorno Karabakh conflict settlement process, Azerbaijani Foreign Minister Elmar Mammadyarov said speaking at a session of the OSCE ministers' council in Brussels. "Being guided by democratic standards, legal norms and human rights, we believe that the process of determining the status will be carried out on the basis of equality with direct and equal participation of the region's population, which includes two communities, Azerbaijani and Armenian ones, so the Azerbaijani population should return under safe conditions to the paces of their original living in Nagorno Karabakh region," he said. "After that opening of communications for mutual use by the parties in both directions, restoration of the relations between the two communities and normal life in the region, of cooperation between the communities in humanitarian sphere, implementation of special educational and tolerance programs, establishment of trust between the people and the nations will follow," the minister stressed. Meanwhile, the Azerbaijani

foreign minister said that "despite intensified activity shown this year by OSCE Minsk Group co-chairs, OSCE chair-in-office and the parties in the conflict, we have not come to a final decision yet." At that Elmar Mammadyarov noted that he was not enthusiastic on the whole settlement process. (Day.Az)

DUMA: RUSSIA SHOULD RECKON WITH S. OSSETIAN REFERENDUM RESULTS

6 December

The State Duma insisted on Wednesday that Russian policy reflect the results of a November 12 referendum in the Georgian breakaway region of South Ossetia in which 98% of voters backed the proposed independence of the region. "The State Duma believes that, in shaping its policy, the Russian Federation should, in keeping with international legal standards and the precedents and legislation of the Russian Federation, take account of the free expression of will by the people of South Ossetia in the course of the referendum," the Duma said in a statement. The statement said both the referendum and a South Ossetian presidential election also held on November 12 had been based on South Ossetian law and "complied with internationally recognized democratic principles and standards." (Interfax)

BISHKEK WANTS TO STRIP U.S. SOLDIER OF IMMUNITY

7 December

The Kyrgyz Foreign Ministry has put forward a number of demands to the U.S. embassy in Bishkek in connection with the killing of a local employee by a U.S. soldier of the anti-terrorist coalition deployed in the country. In a verbal note of protest to the U.S. embassy following the December 6 tragic incident at the Manas international airport, the Kyrgyz Foreign Ministry urged the U.S. to strip serviceman Zachary Hatfield, who shot dead a Kyrgyz citizen, of his immunity in compliance with international norms and bilateral treaties, the ministry's press service said in a statement circulated on Thursday. The ministry also wants Hatfield not to leave Kyrgyzstan, in the interest of an objective and comprehensive investigation of the incident. "The Kyrgyz side reserves the right to demand full compensation," the statement says. (Interfax)

KYRGYZ STATE SECRETARY CRITICIZES 'U.S.' DEMOCRACY

7 December

Adakhan Madumarov told professors and students at Kyrgyz State University in Bishkek on December 6 that U.S.-style democracy has not brought tangible

benefits to Kyrgyzstan. Madumarov said, "Kyrgyzstan's friends in the person of the United States are pushing the country toward democracy, where freedom of speech reigns, but we are not getting richer or better-fed from this democracy." Comparing the situation in Kyrgyzstan with neighboring Kazakhstan, Madumarov commented, "For example, in Kazakhstan there is discipline, while democracy reigns in Kyrgyzstan." Madumarov also alleged that the media in Kyrgyzstan are "shattering the process of strengthening statehood" with their insistent focus on killings and scandal. (RIA Novosti)

RUSSIA AND KAZAKHSTAN LAUNCH URANIUM JOINT VENTURE

7 December

A joint venture between Russia and Kazakhstan produced its first tonne of uranium in Kazakhstan on Thursday in a move that helps Russia secure cheap supplies of the radioactive metal. Home to a fifth of global uranium reserves, Kazakhstan wants to be the world's No.1 uranium producer by 2010, surpassing Australia and Canada. The Central Asian state has signed a string of deals this year with foreign partners to boost uranium production, of which Thursday's venture with Russia was the latest. The Zarechnoye mine, near Kazakhstan's border with Uzbekistan, is at the centre of Russia's plans to secure control over nuclear mines across the ex-Soviet world as demand for the radioactive metal continues to rise on the global market. "We're working together to enrich uranium," Sergei Kiriyyenko, head of Russian atomic energy authority Rosatom, told reporters. "The uranium mining enterprise should produce up to 6,000 tonnes a year." The Zarechnoye mine itself will produce 1,000 tonnes a year by 2009, officials said. In the next four years Russia and Kazakhstan plan to exploit a further 5,000 tonnes a year in nearby deposits, Rosatom officials said. Russia has floated the idea of enriching nuclear fuel for countries like Iran that say they want nuclear power but where other states fear clandestine weapons programmes. The Zarechnoye joint venture - which will send uranium to Russia for enrichment - is not explicitly part of that proposal, but it will give Russia more enriched uranium to market. Kazakhstan needs outside help to fully exploit its abundant supplies of uranium. Russia, on the other hand, needs new nuclear fuel sources as its reserves get depleted. "We have to unite and work together," Kazakh Prime Minister Danial Akhmetov said at the opening ceremony. The presidents of the two countries signed an agreement in January to jointly mine and enrich uranium and to jointly build a nuclear reactor, the Kazakh atomic energy agency Kazatomprom said in a statement. The Zarechnoye mine has estimated

reserves of 19,000 tonnes of uranium. Kazatomprom holds 49.33 percent in the venture, Russia's state-run Tekhnabexport holds 49.33 percent and a Russian and a Kyrgyz company each hold 0.67 percent. Kazakhstan plans to triple annual uranium production to 17,500 tonnes by 2015. Kazatomprom also has joint ventures with France's Areva, Canada's Cameco and Japanese Sumitomo Corp and Kansai Electric Power Co. (Reuters)

SOVIET COLLAPSE WAS ONLY RIGHT DECISION – SHEVARDNADZE

7 December

The agreement on the disintegration of the Soviet Union signed by the presidents of Russia, Ukraine and Belarus in 1991 was the only correct decision at that time, former Georgian president Eduard Shevardnadze told Interfax ahead of the document's 15th anniversary. "Presidents Boris Yeltsin, Leonid Kravchuk and Stanislav Shushkevich [who served as chairman of the Belarussian Supreme Council in 1991] kept everything secret and publicized the document only after it had been signed. It was the only correct decision because the party dictatorship was gaining momentum and could have staged a counter-revolution, flooding the whole of the Soviet Union with blood," he said. "Indeed, every day mattered then. The so-called Politburo old guard was ready to resort to any methods to nip the first aspirations for democracy in the bud," Shevardnadze said. "I have to confess that [former Soviet president] Mikhail Gorbachev acted like a real hero then. He could have led a counter-revolution and stayed in power through bloodshed. But he did not do that," the ex-Georgian president said. Delays with the Soviet collapse could have led "to unpredictable tragic events that would have affected the entire world immediately," he said. (Interfax)

AZERBAIJANI OFFICIAL HINTS THAT PRESIDENTIAL TERM MAY BE PROLONGED

7 December

Mubariz Qurbanli, deputy executive secretary of the ruling Yeni Azerbaijan Party, told the website day.az in a December 7 interview that he considers incumbent President Ilham Aliyev a young, talented, and energetic leader and a worthy successor to his deceased father and predecessor Heydar Aliyev. For that reason, Qurbanli argued, it is expedient to consider, as parliamentarians proposed earlier this week, the possibility of either abolishing the article of the constitution that bars anyone from serving more than two-consecutive presidential terms, or alternatively prolonging the presidential term from five to seven years. (RFE/RL)

SUKHUMI THREATENS TO CUT ELECTRICITY SUPPLIES TO GEORGIA

8 December

The Abkhaz authorities may cut electricity supplies to western Georgian districts if Tbilisi fails to release head of the administration of the village of Bargebi in the Gali district Fridon Chakaberiya, Abkhaz President Sergei Bagapsh said. "The detention of Chakaberiya is an act of provocation to intimidate the Georgian population of Abkhazia's Gali district that cooperates with the Abkhaz authorities. We closed a checkpoint on the border with Georgia, and if the head of administration is not released, I do not exclude that electricity deliveries to western Georgian districts may be cut or other similar measures may be taken," the president of the breakaway republic told Interfax by phone on Friday. (Interfax)

PUTIN RULES OUT ADYGEYA-KRASNODAR MERGER

7 December

President Putin met in Moscow on December 7 with Aslancheryy Tkhakushinov, his proposed candidate to succeed Khazret Sovmen as Republic of Adygeya president, Adygeya parliament speaker Ruslan Khadjibiyokov told journalists in Maykop on December 8. Khadjibiyokov, one of several alternative presidential candidates, said Putin thanked Sovmen for his work as president; praised and stressed his support for Tkhakushinov; and characterized Adygeya as one of the most stable North Caucasus republics in terms of interethnic relations. Putin further affirmed that the issue of subsuming Adygeya into surrounding Krasnodar Krai "is not on the agenda" as "we understand perfectly well that posing such a question is unacceptable, especially in the Caucasus." Shortly before their meeting with Putin, the Adygeya delegation met with Kozak to complain about the subordination of unnamed Adygeya government agencies to the Krasnodar administration and the liquidation of the Adygeya customs authorities. (regnum.ru)

PROTESTS OVER SHORTAGES REPORTED IN UZBEK CITY

11 December

Protests have taken place in the Uzbek city of Andijon in recent days over reported shortages of natural gas and power. On December 9, 50 women blocked Bobur Prospect demanding that their homes be heated, uznews.net reported. Andijon Governor Ahmad Usmanov met with the protesters and promised to ensure gas supplies to their homes. But an unidentified protester told ferghana.ru that gains are often temporary. "After our protests on the city's streets,

electricity is provided efficiently for a time and the natural gas pressure is normal," the demonstrator said, adding, "But after a bit, they turn off the gas and electricity again and problems start." Gasoline for automobiles is also in short supply in Andijon, sparking price increases. (ferghana.ru)

NAGORNY KARABAKH PASSES SEPARATIST CONSTITUTION

11 December

Azerbaijan's breakaway region of Nagorny Karabakh has overwhelmingly approved a constitution declaring itself an independent state, according to official results. More than 98 percent of participating voters in the unrecognised republic voted "yes" in Sunday's poll, preliminary results from the central electoral commission showed. "Based on these preliminary results, we can already say that the constitution has been adopted," Sergei Nasibian, the electoral commission chairman. The government of oil-rich Azerbaijan has condemned the vote, which came exactly 15 years after the province's ethnic-Armenian majority voted to separate from Azerbaijan, preceding a war that killed about 25,000 people and drove about a million people, mostly Azeris, from their homes. Nasibian said 87.2 of the 90,000 registered voters took part. Although a ceasefire took effect in 1994, years of negotiations have failed to resolve the dispute between Azerbaijan and the Nagorny Karabakh separatists, who are closely backed by Armenia. (AFP)

AZERBAIJAN, GEORGIA, TURKEY FAIL TO AGREE ON GAS QUOTAS

11 December

During talks in Tbilisi on December 8, the energy ministers of Azerbaijan, Georgia, and Turkey failed to accede to the Georgian government's request to increase the amount of gas Georgia will receive in 2007 from Azerbaijan's off-shore Shah Deniz field, which recently came on stream, echo-az.com reported on December 9. Under the original agreement, Georgia will receive 250 million cubic meters of gas from Shah Deniz in 2007. Georgia's annual requirement is 1.8 billion cubic meters, and it has asked for 1.5 billion of Turkey's 3 billion cubic meter allocation, rather than pay the increased price of \$230 per 1,000 cubic meters that Gazprom will charge as of January 1, 2007. It is not clear what price Georgia has offered. Turkey has reportedly agreed to waive its claim, on condition that it receives the 1.5 billion cubic meters in question at an unspecified later date, according to "Nezavisimaya gazeta." Faced with the same steep increase in the price of imported Russian gas, Azerbaijan wants to retain more Shah Deniz gas than originally planned for domestic consumption. (RFE/RL)

FORMER AZERBAIJANI MINISTER'S PROPERTY CONFISCATED

12 December

An Azerbaijani court has given the green light for the confiscation of former Economic Development Minister Farhad Aliyev's property, even though the investigation against him has not been completed and he has not been tried and found guilty of any crime. The Prosecutor-General's Office has also barred the sale of any property belonging to Aliyev's relatives. Aliyev was arrested in October 2005 and charged with plotting a coup d'etat. He has rejected those charges as politically motivated and continues to protest his innocence. (RFE/RL)

KAZAKHSTAN RATIFIES ROAD LINKS ACCORD WITH UZBEKISTAN

12 December

Kazakh President Nursultan Nazarbayev has signed the law "On the ratification of an agreement between the governments of Kazakhstan and Uzbekistan on international road links", the presidential press service said last week. As reported, the goal of the agreement is to create a legal basis for further developing cooperation in international road links and simplifying the procedure for road transportation between the two countries. The Kazakh and Uzbek presidents signed the agreement in Tashkent in March 2006. (Asia Pulse)

KAZAKH PRESIDENT NURSULTAN NAZARBAYEV SIGNS LAW ON BUDGET FOR 2007

12 December

President Nursultan Nazarbayev of Kazakhstan has signed the law on the republican budget for 2007. The text of the given document was published in the republican press on Tuesday. The Kazakh budget for 2007 envisages revenues in the sum of 1.9 trillion tenge (15.5 billion dollars) and expenditures - - in the sum of 2.1 trillion (16.6 billion dollars) or 1.2 percent of the gross domestic product (GDP). Kazakhstan's GDP is foreseen at the level of 11.8 trillion tenge (92.8 billion dollars). (Itar-Tass)

SUICIDE BOMB, US FORCES KILL 13 IN AFGHANISTAN

12 December

A suicide bomber has blown himself up at a governor's house in southern Afghanistan killing eight people, while US-led security forces shot dead four militants and a teenage girl. The violence came as President Hamid Karzai attended a high-level security conference in Kandahar, the birthplace of the Taliban

regime, to urge foreign forces to do their best to avoid civilian casualties. Six bodyguards, a district chief and a civilian were killed when the suicide bomber sneaked into the heavily guarded residence of the governor of troubled Helmand province, provincial police chief Mohammad Nabi Mullahkhil told AFP Tuesday. More than 30,000 NATO-led troops are currently hunting Taliban insurgents and their Islamic extremist allies, mainly in southern Afghanistan. Another 10,000 US-led troops are operating in the conflict-ridden country. Separately on Tuesday, the US-led coalition and the Afghan army killed four suspected Taliban militants in eastern Afghanistan, the coalition said in a statement. A 13-year-old girl was killed and an eight-year-old girl injured in the incident, when the soldiers raided a house near the village of Darnami in restive Khost province where the alleged insurgents were hiding out, it said. The wounded girl was taken to a coalition hospital, escorted by a family member, the coalition said. There were no casualties among the Afghan soldiers or coalition troops. Karzai said he discussed the issue of civilian casualties when he held a meeting on security and reconstruction with NATO and US commanders, key foreign diplomats and government ministers in Kandahar, which borders Helmand. "We discussed it. It was one of the very serious and main topics. We take it very seriously. NATO takes it very seriously," the president told reporters after flying into the restive city by US helicopter. (AFP)

KARZAI SAYS PAKISTAN WANTS TO ENSLAVE AFGHANISTAN

12 December

Afghanistan's president accused the Pakistani government of trying to turn his countrymen into "slaves", in his strongest comments yet blaming Islamabad for a wave of violence. Hamid Karzai said he was the only person able to prevent Afghans angered by an insurgency which has claimed nearly 4,000 lives this year from "coming after" Pakistani President Pervez Musharraf. "Pakistan still hasn't given up the hope of making us slaves. But they cannot," Karzai said in a speech at a boys' high school in the southern city of Kandahar, the birthplace of the Taliban. "This tyranny against our people is not by the nation of Pakistan, it is by the government of Pakistan," he added to cheers from a crowd of around 500 students, teachers and local dignitaries. Karzai -- who on Tuesday for the first time publicly accused the Pakistani government of fostering militancy in Afghanistan -- linked a recent spate of suicide bombs to a visit by Pakistani Foreign Minister Khurshid Kasuri. "Before his arrival they wanted to scare me off, they wanted me to surrender. But I'm not scared," Karzai said on Wednesday. "They wanted to make me accept to become their slave. But even if they kill 25 million people (in Afghanistan) I won't become their slave." Karzai took office in late 2001, after a US-led coalition toppled the fundamentalist Taliban. He had sheltered in Pakistan's southwestern border city of Quetta for several years previously. Pakistan strongly denies supporting the Taliban, the movement that it fostered during the 1990s, but Afghan officials have in the past two years made progressively stronger comments linking Islamabad to the current bloodshed. (AFP)

