

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

VOL. 10 NO. 6

19 MARCH 2008

Searchable Archives with over 1,500 articles at <http://www.cacianalyst.org>

ANALYTICAL ARTICLES:

KING COTTON FREEZES TAJIKISTAN

Don Van Atta

KOZAK'S NEW PLANS FOR DEVELOPING REGIONAL ECONOMIES: IMPLICATIONS FOR THE NORTH CAUCASUS

Kevin Daniel Leahy

RUSSIA AND CENTRAL ASIAN GAS: RECENT TRENDS AND THEIR IMPLICATIONS

Stephen Blank

TBILISI WITHDRAWS FROM THE JOINT CONTROL COMMISSION; PROPOSES NEW FORMAT FOR SOUTH OSSETIA

Niklas Nilsson

FIELD REPORTS:

AZERBAIJAN STRENGTHENS RELATIONS WITH VATICAN, OPENS CATHOLIC CHURCH

Azer Karimov

EMOMALI RAHMON VISITS RUSSIA

Sergey Medrea

LABOR MIGRATION: CURSE OR BLESSING?

Nurshat Ababakirov

A THAW IN RELATIONS BETWEEN WEST AND UZBEKISTAN

Erkin Akhmadov

NEWS DIGEST



Central Asia- Caucasus Institute
Silk Road Studies Program

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING
VOL. 10 NO. 6
19 MARCH 2008

Contents

Analytical Articles

- KING COTTON FREEZES TAJIKISTAN** 3
Don Van Atta
- KOZAK'S NEW PLANS FOR DEVELOPING REGIONAL ECONOMIES:
IMPLICATIONS FOR THE NORTH CAUCASUS** 6
Kevin Daniel Leahy
- RUSSIA AND CENTRAL ASIAN GAS: RECENT TRENDS AND THEIR IMPLICATIONS** 9
Stephen Blank
- TBILISI WITHDRAWS FROM THE JOINT CONTROL COMMISSION;
PROPOSES NEW FORMAT FOR SOUTH OSSETIA** 12
Niklas Nilsson

Field Reports

- AZERBAIJAN STRENGTHENS RELATIONS WITH VATICAN,
OPENS CATHOLIC CHURCH** 14
Azer Karimov
- EMOMALI RAHMON VISITS RUSSIA** 15
Sergey Medrea
- LABOR MIGRATION: CURSE OR BLESSING?** 16
Nurshat Ababakirov
- A THAW IN RELATIONS BETWEEN WEST AND UZBEKISTAN** 18
Erkin Akhmadov

- News Digest** 20

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 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

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

KING COTTON FREEZES TAJIKISTAN

Don Van Atta

An unusually harsh winter led the Tajik government to appeal for urgent international assistance to prevent a humanitarian catastrophe of cold and hunger. The danger was real and urgent. However, the crisis was predictable. The weakness of the Tajik government, and its commitment to continuing cotton production at all costs, are largely responsible for the situation. Unless the government fundamentally changes its policies in rural areas – a change that will be very difficult because much of the Tajik elite benefits from those policies – such crises will recur and worsen, increasingly threatening the stability of the country.

BACKGROUND: Almost eighty percent of the seven million citizens of Tajikistan live in rural areas. Despite a formal land reform, land tenure and employment patterns remain as they were in Soviet times. Non-agricultural rural employment hardly exists. Agricultural employment means either cultivating a subsistence plot or working for a large soviet-style farm. Neither alternative pays much. As a result, much of the countryside has been drained of adult men, who have gone to the cities, Kazakhstan or Russia to seek employment. Tajikistan has requested a guest worker quota of 800,000 from the Russian Federation for this year.

Tajikistan is mountainous and arid. The six percent of

its surface area that is suitable for cultivation requires expensive land reclamation and irrigation. Those systems, engineered to support large-scale cotton production, were heavily damaged in the 1990s civil war and in any case decay quickly if they are not regularly used and maintained. According to the annual report of the Tajik Agency on Land Management, Geodesy and Cartography, as of January 1, 2007, the country had just 0.67 hectares of total agricultural land, including pastures, and only 0.1 hectare of arable land, per capita. In 2006, 263,000 of the country's total 498,000 hectares of irrigated arable land (0.04 hectares per capita) were officially reported as sown to cotton. Only 0.062 hectares of arable per capita could be devoted to all other crops, including food and animal feed.

Rural households retain household plots, supplemented by lands granted by the state in the late 1990s, for their own food production. However, rural residents – predominantly female – are expected to provide cheap labor at sowing, weeding, and harvesting of the cotton crop. (One official speaker at a recent seminar in Dushanbe commented that he was happy that the issue of rural women living on remittances from their husbands abroad had been brought up. When that happened, he said, women were no longer willing to pick cotton. Such resistance was, he said, simply



unacceptable.) So female-headed households often need simultaneously to take care of the family, work on the cotton farm, and try to get their own subsistence crops in. It is no surprise that the World Food Program's large-scale 2004 survey found that households' food supplies were least secure in Tajikistan's cotton-growing regions.

Despite government pressure to produce, Tajikistan's cotton output since 1991 has been poor. According to Ministry of Agriculture statistics, total annual production of seed (unginned) cotton since 1991 have been at the levels of 1963, and yields per hectare are now no higher than they were in the late 1930s.

The large cotton farms have become hopelessly indebted. Although the government officially ended state support of agriculture in 1997, the National Bank of Tajikistan continued to finance agriculture through a number of "private" companies that supplied production inputs in return for the farms' cotton. Members of the country's elite, including several people close to President Rahmon, control these "investor" firms. By January 1, 2007, the investors claimed that the farms owed them some US\$400 million for financing cotton production. The factors, who say they are also losing money but have been willing to throw good money after "bad" for a decade, claim that they owe about \$250 million to foreign lenders. In 2000-2006, Tajikistan officially reported cotton exports of US\$931 million. It appears that a lot of money is being made in the cotton trade but not going to the farmers.

The International Monetary Fund ended support to Tajikistan in 2006, after the country borrowed US\$1 billion from China following confirmation of substantial debt forgiveness from the IMF and World Bank under the Highly Indebted Poor Countries program. But the Tajik government has for several years conducted negotiations with the Asian Development Bank and the World Bank seeking assistance in paying off the farms' debt to the cotton companies. At the end of 2007 those negotiations came to a climax. The government was driven to admit that funds borrowed abroad to finance cotton production had carried an implicit sovereign guarantee since the National Bank had been involved in the negotiations.

The authorities asked for renewed IMF assistance to resolve the debt problems. These negotiations have clearly not been successful.

The long-serving chairman of the National Bank, who reportedly had substantial interests in cotton investors, was replaced at the end of January 2008 and made deputy prime minister, apparently with responsibility for cleaning up the cotton debt mess. On March 5, 2008, the IMF board found that Tajikistan had improperly received funding under its Poverty Reduction and Economic Growth Facility up to 2006 because it had not included the cotton obligations in its reported sovereign debts. The IMF required that Tajikistan repay about \$25 million obtained under false pretenses to the fund, which the NBT has announced it will do. According to an IMF staff member quoted by the *Financial Times*, the IMF would have required a greater repayment, but the balance of the improperly obtained support has already been written off under the HIPC.

IMPLICATIONS: Precise information on domestic food production is difficult to obtain since so much of it is produced for household consumption on small plots. The statistics reported are what they "should be" according to the national agricultural plan – now called, in deference to the foreign community, a "forecast" but still enforced by the state. However, it appears that less than half the country's essential food needs are domestically produced. The imports that make up the difference normally come from Kazakhstan and Russia. The cotton investment firms apparently control much of the food import business.

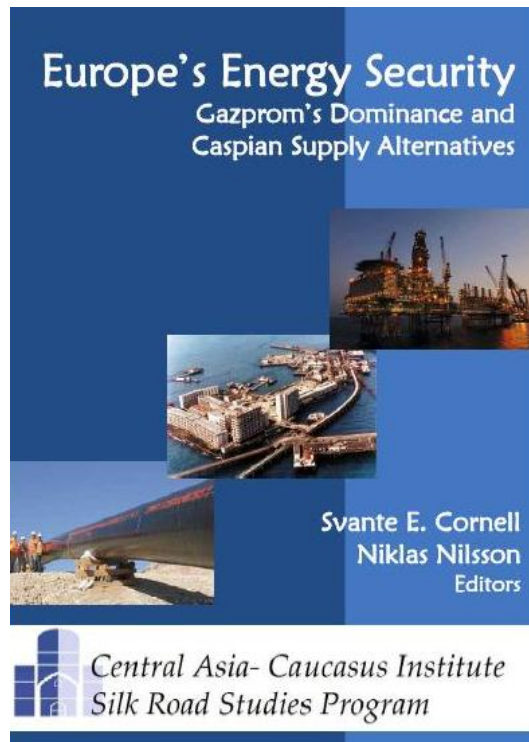
Food price increases accelerated in mid-2007, and the country's cities began experiencing noticeable supply difficulties at that time as well. Although the authorities promised that price controls and government action would prevent food shortages, prices sharply increased, food supplies disappeared in some areas – meat disappeared from the market in Khujand the day after price controls were announced – and price increases have not ended. Although Kazakhstan promised and delivered 100,000 tons of wheat at a below-market price and offered to sell a similar amount at the world price to Tajikistan in the fall of 2007, export controls in Russia and Kazakhstan, the debt problems made it more difficult to finance

imports, while the problem was compounded by logistical difficulties and a government refusal to admit and confront the difficulties occasioned by food shortages by the end of the year.

CONCLUSIONS: The Tajik government has presented the current severe difficulties as a humanitarian crisis occasioned by unexpectedly severe winter weather and energy problems. All of that is true. However, the underlying problem is the continuation of Soviet-era policies that force the country's overwhelmingly rural population to produce cotton rather than allowing them to farm for themselves or even to adequately supply themselves with food. Tajikistan cannot produce enough cotton to dictate its own price even in the best of circumstances, and changes in world food markets are increasing the country's food costs very rapidly. The root cause of the country's current crisis is the government's insistence

on cotton production at all costs. Unless that is finally addressed, crises like the one the country is currently undergoing will recur. Given the other threats the government faces, including regional separatism, narcotics trafficking and radical Islamic insurgencies, failure to change the country's rural policy will lead to increasing instability.

AUTHOR'S BIO: Don Van Atta has written widely on the political economy of post-Soviet agriculture. In 2006-2007 he was policy advisor on the European Union TACIS-funded "Support to the Development, Implementation and Evaluation of Agricultural Policy of the Republic of Tajikistan" technical assistance project in Dushanbe. The views expressed in this article are entirely his own, and should in no way be taken as representing those of the European Union.



New Book!

***Europe's Energy Security: Gazprom's Dominance
and Caspian Supply Alternatives***

**168 pages, Edited by Svante E. Cornell
and Niklas Nilsson**

With contributions by Pavel Baev, Zeyno Baran, Robert Larsson, Nicklas Norling, Volkan Özdemir, Vladimir Socor, Elin Suleymanov, Mamuka Tsereteli, and Temuri Yakobashvili.

The volume is freely available online
through www.silkroadstudies.org.

KOZAK'S NEW PLANS FOR DEVELOPING REGIONAL ECONOMIES: IMPLICATIONS FOR THE NORTH CAUCASUS

Kevin Daniel Leahy

Dmitri Kozak, Russia's recently-appointed minister for regional development, has set about his new job with characteristic vigour. Like the majority of Russia's ruling elite, Kozak sees the promotion of business interests and the investment of private capital as means for resuscitating depressed regional economies. As Kozak sees it, the main obstacles to the successful implementation of such an economic regime in the North Caucasus and elsewhere are latent corruption and the absence of initiative on the part of local and regional leaderships and their bureaucracies.

BACKGROUND: In July 2005, in a key-note speech delivered to a gathering of Russian businesspeople, Vladislav Surkov, one of Vladimir Putin's closest advisors, spelt out a plan for rejuvenating the economic situation in the regions. This treatise identified the North Caucasus as Russia's most problematic region. Surkov promoted collaboration between business interests and the leading United Russia party with a view to addressing the region's economic and political travails. This theme has since been taken up by other leading members of the Putin administration; not least by Dmitri Kozak, a former presidential representative to the Southern Federal District (YuFO) who was appointed minister for regional development last November. Kozak's arrival in the Russian cabinet room is one of two reliable indicators that under President Medvedev, political responsibility for the North Caucasus will rest predominantly, if not exclusively, with the government – the other being Vladimir Putin's projected position at the cabinet's head.

From an ideological standpoint, Medvedev, Surkov and Kozak are virtually indistinguishable from one another. All three emphasise the redemptive potential of private capital investment and regard corruption, bureaucratic red-tape and the over-reliance of regional leaders on directives from the federal centre as the main impediments to the establishment of a functioning market-based

economy in the country at large. Surkov touched on the dependent nature of centre-periphery relations in his July 2005 speech. Peripheral actors, he argued, were relying too much on directives from the centre: "The conception that there is a telephone above, the second telephone below, and the third far lower, is stupid. Unfortunately, many of our bureaucrats base themselves on those principles."

In a speech he delivered to the Krasnoyarsk Economic Forum earlier this year, Medvedev reiterated the need to enliven and motivate the state bureaucracy at all levels, as well as the need to encourage greater economic initiative from leading regional actors: "The new economy calls for a completely new approach: incentives for innovation and not directives issued from above." Medvedev and Surkov both acknowledge the presence of corruption in Russian society. Indeed, Surkov listed corruption as one of the main internal threats to Russia during a lengthy press-conference in June 2006. The former tends to refer to it as an insidious phenomenon associated with the potential (or lack thereof) for economic growth. The latter, meanwhile, tends to contemplate corruption mainly within the context of national security, emphasizing the corrupting influence of anti-government oligarchs, Islamic radicals and extreme right-wing activists on Russian society in general.

Despite this difference in emphasis, Surkov is unlikely to have disagreed with Medvedev's recent

statement that economic corruption is a “serious disease” afflicting Russian society. Of the three, Kozak is perhaps best aware of the bureaucratic inertia and rampant corruption affecting the North Caucasus. Having served for three years as Putin’s representative to YuFO, he is intimately familiar with the socio-economic problems in the region generally, as well as its considerable economic potential.

IMPLICATIONS: In September 2006, while Kozak was still working in YuFO, President Putin convened a gathering of representatives of leading Russian companies including Lukoil, TMK, Interros, Renova, RAO and Gazprom. Putin’s message to these companies was clear and concise: do not be afraid to invest in the Southern Federal District. In the month prior to this summit Kozak had been addressing the same theme, stating that there were signs of an economic breakthrough in the region while noting that the local crime rate was 40% lower than the national average.

According to the National Agency for Direct Investments, in the eleven months following this meeting, some 321 billion roubles were invested in the region’s economy by various companies. In September 2007, Putin praised these investors, revealing that capital investment in YuFO had risen by 15%. But securing increased investment in the regional economy is not the panacea some make it out to be. Kozak seems to realise this. The old formula of the federal centre parcelling out financial subsidies to regional governments has demonstrably failed. The tendency of central subsidies to mysteriously disappear *en route* to their intended destination has been well documented, particularly in relation to the North Caucasus. Kozak highlighted this problem soon after his appointment as presidential representative to YuFO in September 2004. Indeed, he identified the very nature of this flawed financial relationship as one of



the primary causes of instability in locales such as Chechnya and Dagestan.

Since his return to Moscow late last year, Kozak has busied himself with the formulation of what he calls “A new concept for regional politics”. This concept provides for the division of Russia into ten distinct economic jurisdictions, or “macro-regions”. These macro-regions will loosely conform to the jurisdictional contours of the existing federal districts. According to Kozak’s plan each macro-region will be allotted its own particular economic niche by Moscow. For example, the economic profile of one macro-region might be geared towards tourism while that of another might focus on agriculture. It is not yet certain what economic priority will be allotted to the North Caucasus, but recent remarks by Igor Vdovin, head of the

forementioned National Agency for Direct Investments, suggest that the possibilities are manifold with industries such as tourism, machine production, metallurgy, chemical and lumber production and information technology among the contenders.

Kozak’s new concept also seeks to address what he has called the “chaotic” manner in which federal subsidies were disbursed in the past. His new initiative envisages a scenario whereby the local leaders who show the greatest economic prudence and resourcefulness will receive more authority to set their own economic priorities in the future.

CONCLUSIONS: Kozak’s latest initiative is clearly rooted in carrot and stick-type logic. Regional actors who are content to rely solely on federal subsidies will be subject to greater federal interference in their affairs. Conversely, regional leaders who actively court investment in their jurisdictions independently of the federal authorities will have greater input in deciding how their respective domains are to develop economically. Meanwhile, the federal government will do what it

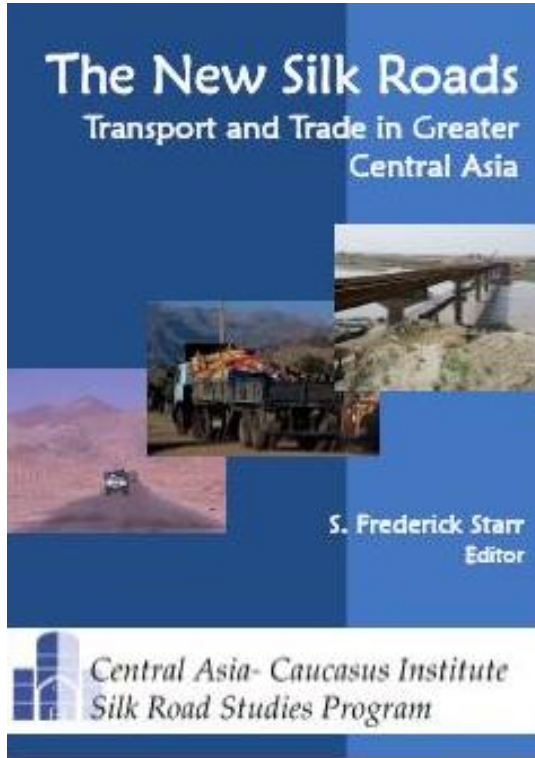
can to attract outside investors and will undertake to improve the region's notoriously poor transport infrastructure – a prerequisite for the smooth functioning of any economy. Kozak realizes the importance of roads, railways and air-travel in supporting regional businesses and has not been above misrepresenting the quality of the region's transport infrastructure when talking with potential investors.

Tourism, in particular, has been cited by certain regional leaders, namely Arsen Kanokov of Kabardino-Balkaria and Ramzan Kadyrov of Chechnya, as a regional proto-industry with enormous potential. While this argument is not without merit, emphasis must be placed on the word "potential". A rebel insurgency is still raging in the North Caucasus, while the so-called "frozen conflicts" in Abkhazia and South Ossetia remain a potential source of unrest. Indeed, comments by Sergei Lavrov, Russia's foreign minister, to the affect that Chechnya was not yet safe for foreigners

to visit unaccompanied would seem to dispel the notion that Russia's "anti-terrorist" operation is at an end—especially given that Chechnya is presently one of the quieter republics in respect of rebel activity. Potential investors should study Lavrov's remarks with concern.

These are hardly ideal conditions for businesspeople interested in investing in the region's tourist infrastructure or, indeed, in any other industry. There is also the reality that many elements indigenous to the region will regard wealthy Russian and foreign investors as targets for extortion. The fact that a large percentage of these would-be extortionists have cocooned themselves inside local government structures over the past two decades does not bode well for viability of Kozak's plan.

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



New Book:

***The New Silk Roads:
Transport and Trade in Greater Central Asia***

This 510-page volume containing 14 chapters examining the role of Eurasian countries from Turkey to China and Russia to India in the development of trade in Greater Central Asia is Edited by S. Frederick Starr.

The volume's chapters can be downloaded free at www.silkroadstudies.org. Hardcopy requests should be addressed to Katarina Lesandric at katarina@jhu.edu.

RUSSIA AND CENTRAL ASIAN GAS: RECENT TRENDS AND THEIR IMPLICATIONS

Stephen Blank

On March 11, 2008, Russia and Gazprom announced that beginning in 2009 Russia would buy gas from Kazakhstan, Uzbekistan, and Turkmenistan at world market prices, i.e. between \$200-300/tcm. Western commentary has centered on Russia's efforts to retain its status as "gatekeeper" to Central Asian energy exports to the West, and that Ukraine and Europe will likely be the losers, and that this is the first episode of Central Asian cooperation vis-à-vis Russia. But there are deeper insights to be gleaned from this event, and important implication.

BACKGROUND: It is widely known that Russia has sought to monopolize Central Asian gas exports to the world, making itself the arbiter of the price differential between the very low prices it paid to import this gas and the price of gas it sells to Ukraine and Europe. Russia either sold Central Asian gas on at global prices (thus pocketing the differential) or used it to provide for its subsidized domestic energy market at below market prices. Given the centrality of energy to Russia's politics and economics, it can thus be said that Russia's economics and politics are inherently neo-colonialist in nature, depending on that price differential from Central Asia and its submission to those prices in order to satisfy all its customers, avoid domestic reforms, and leverage its energy power in the CIS and Europe. Hitherto it has been able to do so by virtue of its monopoly over export routes. However, that monopoly has been eroding, most prominently because of China's success in signing deals with Central Asian states, specifically Turkmenistan and Kazakhstan, where it agreed to pay higher prices than did Moscow – although they were still below global prices. China's heightened interest in Central Asian energy stems in part from its frustration with Moscow, which cannot provide it with sufficient oil or gas at the lower prices that China wants. Beijing's success in Central Asia has undoubtedly alarmed Moscow, not least because it

gives Central Asian regimes much greater leverage than has ever been the case.

Equally importantly, as analysts have noted, this episode marks a watershed in Central Asian regional cooperation. Whether it came at Kazakhstan's initiative or from the unheralded work of U.S. diplomats, not only did Kazakhstan, Turkmenistan and Uzbekistan cooperate to leverage their market power to force Moscow to pay ever higher prices since 2006; Turkmenistan also succeeded at this time in getting Moscow to release closely held Soviet geological data. It also has moved far to overcome its differences with Azerbaijan and recently awarded a British firm the contract to conduct an independent audit of its gas resources.

Ashgabat's recent moves have been particularly noteworthy: It has worked to improve ties not only with Russia but also with its fellow producers; and it has shown confidence of having the assets to sell to Russia, China, and potentially South Asia and Europe as well. In this context, this example of regional cooperation could be the first of many future cases that could also include Azerbaijan and lead to a new bloc of powerful energy producers acting independently of both Moscow and Beijing. Clearly, these states can already compel Russia to pay more for gas than has hitherto been the case, and if they invest the proceeds wisely, they can also

enhance their domestic stability – something that remains to be seen except possibly for Kazakhstan. Such cooperation could in the future contribute to reinvigorating the Nabucco pipeline and a Trans-Caspian pipeline, which would dramatically alter the geopolitical situation on both sides of the Caspian.

IMPLICATIONS: Moscow's fear of such independence could lie behind its ongoing proposal for an energy club in the Shanghai Cooperation Organization (SCO). This proposal, dating back several years, evidently has as one of its motives regulation of the Russo-Chinese competition for influence and energy access in Central Asia. In other words, Russia wants to solidify its ties with China in Central Asia at America's expense or to ensure its exclusion from the region's energy market. It does not want to expand that rivalry but minimize or regulate it and consolidate its partnership, if not alliance, with China. In so doing, of course, it would consolidate as well its dominance over Central Asian energy. Unchecked competition with China leads not only to the greater independence of Central Asian producers in choosing their partners and pipeline routes, it also places Russia's political economy under severe pressure and undermines the tie with China which is fundamental to Russian foreign policy in Asia and globally.

This leads to the third, unanalyzed outcome of this deal. There is no doubt that Russia will now seek to charge Ukraine and other European customers much higher prices, up to \$400/tcm as Gazprom announced, on March 14. Moscow apparently believes it has the monopoly power to do so. But its actions are revealing that for all the talk of Medvedev's so-called liberalism, we are unlikely to see any sign of it. This deal actually shows how weak the impulse for reforming Gazprom is. It should be recalled that Moscow still subsidizes its domestic energy economy and is putting enormous strain on it by its wasteful use of gas, subsidies and extensive plans for increased electricity and gasification of key industrial sectors – as is well

described by Edward Lucas in his recent book, *The New Cold War*.

The government's control of Gazprom and other major players in the energy sector has led to a situation where money is not invested in finding new fields, or improving existing ones, or for that matter infrastructure. Companies like Gazprom and Rosneft are not only not producing enough to meet demand, they also have serious debt-to-earning problems and could even need a bailout soon, incomprehensible as that may seem. Clearly, the answer is to reform these behemoths, put them under efficient management, and stop using them for rent-seeking and openly political purposes. In other words, to prevent the looming crisis, major reforms are called for.

Doing so means less reliance on Central Asian imports, which are designed to have Central Asia subsidize wasteful Russian and Ukrainian consumption – another sign of the inherently neo-colonial relationship that lies at the heart of the Putin regime. It would also entail driving through the price rises on energy in the domestic Russian market that have regularly been proclaimed but from which the regime has refrained from imposing to the full degree necessary.

The March 11 deal indicates that Putin, Medvedev and their cronies at Gazprom have opted for empire over domestic reform. They have continued to rely on Central Asian imports even though Russia is paying an ever higher price to keep Central Asian energy under its control. They evidently believe they can impose these higher costs on Ukraine and Europe and retain Central Asia in a subordinate position vis-à-vis global markets. This decision also shows that Gazprom, and probably other companies, will not be reformed and forced to perform under truly efficient and market driven conditions. In other words, faced with a choice between reform and empire, Medvedev, Putin, et. Al. fell back on the imperial and anti-reform option.

This failure to utilize or exploit the opportunity and need for reform all but ensures that Russia itself will fail to generate or produce enough energy to cover

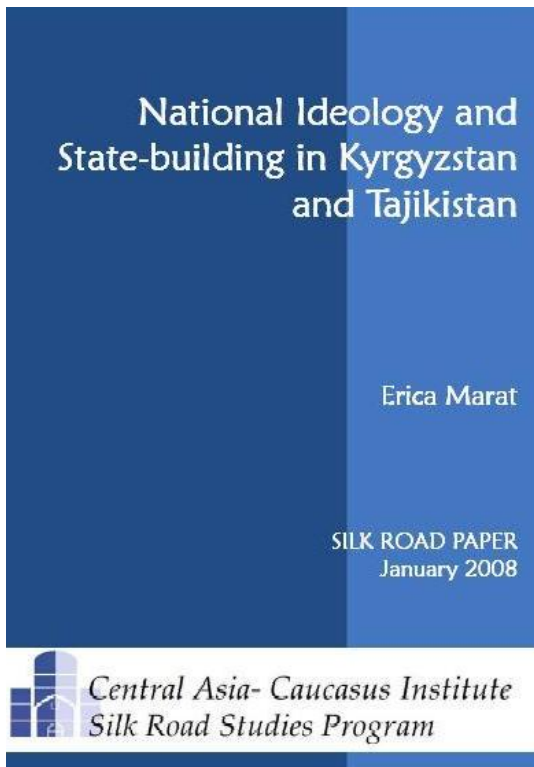
its three markets – Europe, Asia, and its domestic market – under conditions of continuing rising demand.

The failure to reform the domestic market in Russia and the energy sector there virtually ensures growing dependence upon Central Asian imports, which can only heighten that region's importance, and the likelihood of successful cooperation in the long run among Central Asian producers. The futility of empire is increasingly visible from the fact that it is costing Russia ever more to maintain this neo-colonial posture vis-à-vis Central Asian producers, while they are becoming stronger market players and now have the experience of successful cooperation against Moscow which will surely not be the last such case of such cooperation.

CONCLUSIONS: It should not be mechanically assumed that Ukraine and Europe will merely and

mEEKLY accept Russia's demands to have them subsidize its empire without finding alternatives over time. Nor should it be assumed that Russia can maintain its neo-colonial posture in Central Asia as that is costing it ever more money, even as its own domestic economy is failing to maximize the opportunities presented by the worldwide spike in energy prices. However, given the real economic trends in Russia and Central Asia, it is increasingly clear that thanks to this and other such decisions, Russia will have neither reform nor empire.

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



New Silk Road Paper:

***National Ideology and State-Building in
Kyrgyzstan and Tajikistan***

This 99-page Paper discusses the policies adopted, and the challenges confronted, by the weak and multi-ethnic states of Kyrgyzstan and Tajikistan to build national ideologies catering both to the titular nationality and to the inclusion of ethnic minorities.

The Paper can be downloaded free at www.silkroadstudies.org. Hardcopy requests should be addressed to Alec Forss at aforss@silkroadstudies.org.

TBILISI WITHDRAWS FROM THE JOINT CONTROL COMMISSION; PROPOSES NEW FORMAT FOR SOUTH OSSETIA

Niklas Nilsson

For several years, Georgia has attempted to change the negotiation and peacekeeping formats in the conflicts in South Ossetia and Abkhazia. Following the recent government shakeup, Georgia's new Minister tasked with the conflict zones, Temuri Yakobashvili, announced Tbilisi's decision to pull out from the Joint Control Commission, a setup heavily biased against it, and replace it with a new structure with much greater international involvement. As could be expected, Russia and South Ossetia strongly rejected this move, while Western powers have yet to respond.

BACKGROUND: Both in Azerbaijan and Georgia, frustration has been growing in recent years with the inadequate and unsuccessful formats for conflict resolution and peacekeeping in the conflicts over Abkhazia, South Ossetia and Nagorno Karabakh. In the Nagorno Karabakh case, there is at least an internationalized mechanism in place: the OSCE Minsk Group. In the case of Georgia's conflicts, Moscow dominates both the peacekeeping and negotiation structures, and no internationalized format for conflict resolution exists. Because of this, as well as Russian growing intervention in the conflict zones since the 2003 Georgian Rose Revolution, Tbilisi has with much greater vigor than Azerbaijan sought to gain international support for its goal to alter the existing structures. In South Ossetia, specifically, Tbilisi has been successful in changing the balance on the ground, managing to regain the loyalty of a major force in the South Ossetian separatist movement. This force, led by Dmitry Sanakoyev, is now the head of a Tbilisi-loyal provisional administration, exercising power over the almost 50 percent of South Ossetia's territory controlled by Georgia.

On March 4, Georgia's new State Minister for Reintegration, Temuri Yakobashvili, announced Georgia's decision to no longer participate in the Joint Control Commission (JCC), tasked with

monitoring the cease-fire in South Ossetia since 1992. The announcement came a few days after Mr. Yakobashvili's proposal to replace the JCC with a new format for the South Ossetian conflict resolution process. The JCC has until now formally consisted of four main parties: Georgia, the South Ossetia *de facto* authorities, Russia, and the Republic of North Ossetia. The OSCE also participates in the JCC, but is lacking a role in negotiations. Negotiations on South Ossetia have been deadlocked ever since the inception of the JCC and the fact that both Russia and North Ossetia are clearly biased in favor of South Ossetia has led Tbilisi to repeatedly call for an internationalization of the format. In the words of Mr. Yakobashvili, "existing formats are yet another mechanism to keep the frozen conflicts frozen. Close examining shows one Georgian side and on the other, the same side cloned in three versions. Even the North Ossetian [peacekeeping] battalion is staffed by South Ossetians ... and [South Ossetian *de facto* president Eduard] Kokoity's government includes people seconded by the Russian Federation". Instead, Tbilisi proposes a 2+2+2 format, replacing North Ossetia with the Tbilisi-backed provisional government of South Ossetia under Dmitri Sanakoyev, established in 2007, and adding the EU and OSCE. This proposal would allow for direct

negotiations between the Tbilisi- and Moscow backed parts of South Ossetia, between Tbilisi and Moscow, and with international involvement in the form of the EU and the OSCE. This would, according to Mr. Yakobashvili, provide “a formula encompassing the real players: the provisional government, which exists and delivers public goods, as well as the EU which is the largest donor to the region”.

IMPLICATIONS: The proposal can be seen as a logical continuation of Tbilisi’s efforts of winning the hearts and minds of Ossetians, through changing the situation on the ground and providing a visible alternative to the secessionist authorities on South Ossetian territories under Tbilisi’s control. These efforts have included establishing the aforementioned provisional administration under Mr. Sanakoyev, and providing the region with significant financial assistance, in large part made possible through EU funding. Mr. Yakobashvili underlines Tbilisi’s commitment, regardless of whether the proposed new format is accepted or not, to continue providing the means for economic development to the region and its population. Additional projects will be created to improve the social and economic life of the population, including establishing food processing factories and providing inhabitants of South Ossetia with opportunities for education in the Baltic States and Ukraine. “What is important is not the political process, but the living conditions of the people”, Mr. Yakobashvili states.

Tbilisi’s proposal was immediately denounced by the South Ossetian *de facto* authorities, claiming they would refuse attending negotiations involving Mr. Sanakoyev. On a visit to Tbilisi on March 6, the Russian chief negotiator on South Ossetia, Yuri Popov, stressed the importance of retaining negotiations within the JCC format, and that Tbilisi’s proposal would, if realized, result in the immediate withdrawal of the South Ossetian side from the negotiating process. Further, Popov stated that Georgia’s withdrawal from the JCC also requires its withdrawal from the 1992 Georgian-Russian Dagomis accords (or Sochi agreement) on

peacekeeping in South Ossetia. Mr. Yakobashvili, however, maintained that the proposed change of format would take place within existing agreements.

Russia has in the aftermath of Kosovo’s declaration of independence further reinforced its support for South Ossetia, as well as Abkhazia, stressing the importance of Kosovo as a precedent for other ethnic conflicts. On March 6, Russia withdrew from the 1996 CIS treaty imposing economic sanctions on Abkhazia and has subsequently held discussions in the State Duma on the prospects for recognizing the independence of the two regions. Russia’s envoy to NATO, Dmitry Rogozin, has also sought to connect these decisions to the outcomes of the Bucharest NATO summit in April, where a verdict will likely be cast on Georgia’s prospects for obtaining a Membership Action Plan within NATO. Several NATO members oppose a MAP for Georgia due to the implications Georgia’s unresolved conflicts and its troubled relations with Russia may have for the alliance.

CONCLUSIONS: Whether the same logic applies to western views on the conflicts in Georgia may prove decisive to Tbilisi’s new proposal for internationalizing the negotiation format over South Ossetia. Several EU and OSCE member states are likely to oppose participation in the negotiation process in light of Russian resistance to any change of the format; but at the same time, the inadequate character of the current structures for peacekeeping and negotiations in the South Caucasus – dating back to the realities of the early 1990s – is gaining growing acceptance. South Ossetia may be the most obvious example, but by no means the only one. Whether this growing understanding will be enough to provide Tbilisi with traction in the West is another matter.

AUTHOR’S BIO: Niklas Nilsson is a Researcher with the Central Asia-Caucasus Institute & Silk Road Studies Program Joint Center, based in Stockholm.

FIELD REPORTS

AZERBAIJAN STRENGTHENS RELATIONS WITH VATICAN, OPENS CATHOLIC CHURCH

Azer Karimov

On March 8, the state secretary of the Vatican, Cardinal Tarcisio Bertoni visited Azerbaijan and met a number of state officials, including President Aliyev, Prime Minister Artur Rasizadeh, and Minister of Foreign Affairs Elmar Mammadyarov, as well as religious organizations. In his meeting with President Aliyev, the Cardinal discussed the general situation of religious minorities in Azerbaijan and the constantly improving conditions for Catholics in the country. President Aliyev informed the visiting official that Azerbaijan is and will continue to be a multi-ethnic and multi-religious country, where diversity is valued and maintained with all efforts of both the state and society. "The fact that representatives of ethnic and religious minorities live all together in one country like one family only strengthens our state. We will continue to show care for these minorities," said President Aliyev.

Cardinal Bertoni also met with the head of the Spiritual Board of Muslims of the Caucasus, Azerbaijan's chief religious cleric Allahshukur Pashazade as well as heads of the Orthodox Church and the Mountain Jewish community in Azerbaijan. During this meeting, it was stressed that Azerbaijan will continue to be home to many religious groups and tolerance remain the primary value in the Azerbaijani society.

"I have witnessed that Azerbaijan is a free, liberal and tolerant country, in which many religions are followed," said Cardinal Bertoni in his meeting with journalists. He noted that he is leaving the country with positive impressions and thanked President Aliyev for showing care for the Catholic community in Azerbaijan.

One of the main events during Cardinal Bertoni's visit was the opening of the first Catholic Church, named after the Virgin Mary, in Baku, built in 2007. The decision to build this church came during the visit of late Pope John Paul II to Azerbaijan in 2002. At that time, Azerbaijan's late President Heydar Aliyev promised the Pope to allocate a piece of land in central Baku for the construction of this church. The piece of land came in the form of a gift from the state of Azerbaijan to the Vatican. Although a majority Muslim country, Azerbaijan and its leadership showed to the catholic community both inside and outside country that the rights of ethnic and religious minorities are highly observed and valued.

"Azerbaijan never had, and will never have, problems and conflicts on a national or religious basis," said President Ilham Aliyev at the opening ceremony of the Catholic Church. "The opening of this church is a big holiday for the Catholics in Azerbaijan, because it restores the historical justice. This church, built in the nineteenth century, was

destroyed by Bolsheviks in the early twentieth century [1931].”

The opening of this church, which was built with funding from the Vatican, indeed marks a very significant milestone in the relations between the Vatican and Azerbaijan. Earlier in 2007, Polish President Lech Kaczynski also visited Baku and paid tribute to this newly opened church. He presented the church with new bells, brought especially for this church from Poland.

Azerbaijan has a long history of a Jewish community existing in the country, with nearly 8,000 Jews living in the capital city of Baku and the Krasnaya Sloboda village of the northern Quba region. Other main religious groups are Russian Orthodox and Buddhists. The catholic community

consists of about 250 persons, and is mainly concentrated in the Baku and Khanlar regions of Azerbaijan. Most of these Catholics are Germans from the Volga region of Russia, who were resettled to the south Caucasus by Catherine the Great. Two months ago, the old German church in Khanlar region was newly renovated and opened for public use. The Soviet government had been using this church as a sport complex for youth. There are also some 250 Catholics among the expatriate foreigners working in Azerbaijan.

After the opening of the church, Cardinal Bertoni also conducted the first mass in the church. More than 200 representatives of the government, diplomatic missions and international organizations attended the opening of this church.

EMOMALI RAHMON VISITS RUSSIA

Sergey Medrea

On February 21, Emomali Rahmon had an official visit to Russian Federation, to participate in the informal CIS summit. Over the last months, relationships between Russia and Tajikistan appeared to be getting cold, with both countries showing dissatisfaction with each other. Rahmon attended three major events, the most significant being a meeting with the Tajik community in Moscow. Rahmon's visit to Russia was no ice-breaking event, but rather pointed out that Tajikistan needs to find a firmer position in pursuing its national interests.

Rahmon met representatives of the Tajik community, labor migrants and the "Union of Tajiks in Russia", an organization assisting Tajik labor migrants in Moscow. The meeting lasted several hours, throughout which the different pressing problems of labor migrants were discussed. Rahmon gave a short speech where he summarized the work the Tajik government is doing to assist labor migrants. He suggested that very often, labor

migrants cannot find a proper job in a foreign country because they go as unskilled labor. Thus, one thing that Tajik government is currently focusing on is short-term vocational courses, as well as courses to improve one's knowledge of Russian, to learn more about labor rights and etiquette.

Rahmon mentioned with bitterness that in the last few years, about 60,000 Tajik citizens were deported from Russia and banned from entering the country for five years. Between 2003 and 2008, about 1,800 Tajiks are officially recorded to have died while working in the Russian Federation. Ending his speech, Rahmon mentioned that Tajikistan has started to realize 53 investment projects amounting to \$4 billion. Rahmon called on the Tajik diaspora to participate in the Tajik economy and invest in the development their own country.

Throughout the meeting, Rahmon informed the public that he had asked Russia to increase to 800,000 the quota of labor migrants for Tajikistan

for 2008. Initially, Russia set the quota at 200,000, part of a central plan of decreasing the labor quotas for labor migrants to Russia (two million for 2008, as opposed to six million in 2007); in this context, it is doubtful whether Moscow will agree to Rahmon's request. Representatives of the Russian Federal Migration Service were not present during the meeting, which in turn means that authorities did not give much attention to the event. Expert assessments, even hopeful ones, set the labor quota increase by around 50-100,000 people.

Before partaking in the CIS summit, Rahmon had a meeting with Vladimir Putin, during which conditions and perspectives of Tajik-Russian relations were discussed. Rahmon reported that economic damage brought to Tajikistan by the uncommonly cold winter, according to tentative data, amounts to more than \$1 billion. He said the only way out of such a disastrous winter situation is the construction of large hydroelectric power stations on trans-boundary waters, given Tajikistan's deficit in electric power of 20.5 billion kWh. In turn, Putin said that Russia tried to react to the evolving crisis in Tajikistan and send emergency products, diesel oil and other goods to Tajikistan to ease the situation. In fact, when Tajikistan just last week was crying out for international support, Rahmon officially asked for help from Iran, Kazakhstan and Turkmenistan, but not Russia.

Some experts explain that the currently frosty relations between Tajikistan and Russia mainly owe to Russia's support for Uzbekistan's position on the construction of hydroelectric stations on the trans-boundary waters. Earlier in February, Islam Karimov visited Russia and came to an agreement reflected in 17 points. Point 11 dealt with trans-boundary construction schemes to which both Russia and Uzbekistan agreed on. It stipulates that there is a necessity to take into consideration the interests of all countries that depend on the trans-boundary rivers of Central Asia, when different construction schemes of hydroelectric stations are to be undertaken, as well as noting the necessity to comply with international law. This has led to suspicions that Russia will refrain from supporting the construction of substantial hydroelectric projects that are vital for Tajikistan.

Russia's influence in Central Asia is significant, and when two countries like Tajikistan and Uzbekistan cannot agree on a regional issue of water cooperation, both go to Russia to complain about the other and ask for Russian support, using various economic and political bribes. For now, it seems that Tajikistan needs a better negotiating position in pursuing its interests with Russia, such as expanding its relations with Iran or Western countries that have an interest in the region.

LABOR MIGRATION: CURSE OR BLESSING?

Nurshat Ababakirov

Over the last several months, eleven Kyrgyz labor migrants fell victim to brutal murders in Moscow and St. Petersburg, all of which had racist undertones. The Kyrgyz government, concerned with the frequent murders, appealed to Moscow to incite its law enforcement authorities to investigate the murders and provide security for labor migrants. Nevertheless, these alarming cases appear to serve more as a reminder for the Kyrgyz government to

revise its policies on migration and engage on a long-term strategy, as the flow of labor migrants to Russia and Kazakhstan does not seem likely to subside anytime soon.

The Kyrgyz leadership has so far viewed labor migration through a positive prism, and downplayed its negative consequences. It was mainly considered as a means of reducing social

tension, ridding the country of its surplus of labor, and keeping the national economy afloat, which since independence has seen little progress comparing to the booming economies of Russia and Kazakhstan. Officials often underline the fact that remittances sent by labor workers almost equal the annual state budget, US\$750 million. It also serves to cover the trade deficit of the country, which results from the considerable amount of imported construction materials and foodstuff, especially felt in 2007. This in turn helps considerably to keep the national currency, the *som*, appreciating against the US dollar.

The National Bank estimated that remittances, sent by labor migrants in the first nine months of 2007, equaled \$710 million. The sum has increased over the last years: in 2004, the figure was \$530 million, and in 2005 \$750 million. Nevertheless, the real sum may be higher, given the difficulties in keeping records on hand-to-hand transfers, which are still popular among labor migrants.

The prospect of earning decent money attracts an increasing number of people, including teachers, doctors, and engineers, especially in rural areas, who remain extremely susceptible to economic setbacks. Although the State Committee on Migration and Employment acknowledges that there are about 300,000 Kyrgyz citizens in Russia and Kazakhstan, the actual number may exceed one million, or one fifth of the total population, during the spring and summer times, the peak of seasonal work.

Earlier flows of labor migrants were primarily comprised of shuttle traders, who so far were able to establish businesses and now keenly attract their relatives from Kyrgyzstan. However, the “second” flow of migrants, which started after 2000, is believed to be coming mainly from the rural areas, which enjoy the least of economic and social benefits, resulting in less educated and unemployed youth. These are 18-30 of age, the bulk born at the twilight of the Soviet period and the early years of independence. These migrants, partly owing to large Russian exodus after independence, now speak poor Russian.

Labor migrants usually prefer to go to big cities like Moscow and St. Petersburg, where payment is relatively high and menial jobs such as construction and street cleaning are usually unoccupied. On January 15, 2007, Russia adopted an initial package of laws establishing a differentiated quote on labor migrants, which, according to observers, was primarily designed to prevent labor migrants from entering overly populated cities.

This allows the Russian government to set quotes based on profession, qualification, social and economic criteria, and the labor market of a particular region. Notably, the Russian Federal Migration Service announced that in 2008, the quote for labor migrants from non-visa states would be decreased by a factor of three from 6 million to 2 million, while reserving a quota for potential “deficiencies.”

As a result, in an attempt to legalize their businesses and gain immunity from burdensome bureaucratic procedures and troublesome inquiries of police, many labor migrants were forced to apply for Russian citizenship. For example, in 2007, 18,000 Kyrgyz citizens, mainly the children of migrants, changed their passport names from the traditional style to the Soviet style, with ‘ov’ and ‘ova’ endings, apparently hoping to receive Russian citizenship faster and easier. According to the Kyrgyz State Committee on Migration and Employment, about 50,000 Kyrgyz citizens have acquired Russian citizenship in the last couple of years.

As substantial growth remains to be seen in the Kyrgyz economy, vulnerable layers of people, mostly youth, who annually add 50,000 people to the workforce, leave their homes. As the average salary is ca. \$100, a lack of skilled and professional workers for state projects and schools and hospitals in rural areas is becoming increasingly tangible. On average, 70 percent of remittances go to the rural areas of southern Kyrgyzstan, where level of poverty is higher than in the relatively industrialized north.

Only up to 10 percent of remittances is invested into business development, whereas the rest is being

largely spent on daily needs (60 percent) and for purchase of home appliances and cars. In a way, this inflames inflation, which in December 2007 by various estimations reached 30 percent, partly due to shortages of wheat in the country. The land available for farming has decreased over the years, which will make it problematic to deal with wheat shortage in the country effectively.

So far, the Kyrgyz government has failed to come up with a long-term strategy on massive labor migration and is not willing to discuss its pros and cons. The Kyrgyz leadership was keen on adopting dual citizenship as the main measure to attract labor migrants back, believing this would ensure the smooth integration of workers upon return. However, it is more of a unilateral attempt, since Russia refused such a measure. Also, in an effort to control the growing number of highly competitive workforce and businessmen from China entering local markets, the State Committee on Migration and Employment set up a restrictive quote on

foreign migrants to 10,000 people. It also proposed other less successful measures such as laws impeding Kyrgyz citizens from accepting foreign citizenship.

In general, the problems of migration are closely intertwined and require a broader view. The outflow of labor is difficult to prevent, and there is a potential for seasonal migration turning permanent, as the country's capacity to provide the younger generation with jobs remains seriously limited. In the short run, there are problems such as the gap of legal knowledge concerning working and residence requirements. In the long run, it is increasingly apparent that only a very limited number of the recent labor migrants have a specialized skill and are able to speak good Russian, signaling the need for mirroring education programs to the needs of the market. Remittances are barely used for the development the country's business sphere, making Kyrgyzstan a potential remittance-addicted country.

A THAW IN RELATIONS BETWEEN WEST AND UZBEKISTAN

Erkin Akhmadov

After a three-year freeze in the relationship between Uzbekistan and the Western world, the situation seems to undergo a substantial thaw. Relations with the United States, severely spoiled in the aftermath of the Andijan events in 2005, are gaining particular momentum. In fact, the U.S. has taken a number of steps to rebuild relations and resume cooperation. The visit of the head of the U.S. Central Command, Admiral William Fallon to Uzbekistan on January 24, 2008, was marked by a discussion on substantive issues in areas of mutual interest and regional security. The last advance was the announcement by Robert Simmons, NATO's special envoy for the Caucasus and Central Asia] on March 5 that troops of NATO countries, and specifically the U.S., will soon be able to use the southern airbase in the city of Termez.

The military airbase at Termez is a facility on the border of Uzbekistan and Afghanistan. Like the Karshi-Khanabad airbase that was used by American troops for conducting military operations in Afghanistan during 2001-2005, the Termez facility provides logistical support for ongoing allied military operations in Afghanistan. Up until now, however, it was exclusively used by German soldiers.

Recently, a new agreement was signed between Uzbekistan and the U.S., granting America the right to limited use of the airbase at Termez. Specifically, Americans attached to International NATO headquarters can use the German air bridge from Termez to Afghanistan to conduct operations. However, every individual will be considered "on a case-by-case" basis. In this respect, the U.S. State

Department informed that “the U.S. has no direct bilateral access to any military facilities on the territory of Uzbekistan”.

The U.S. needs Uzbekistan’s assistance because of the country strategically important location. Also, as the U.S. Ambassador to the UN, Zalmay Khalilzad, announced at a UN Security Council meeting devoted to the situation in Afghanistan, America plans to send 3,200 additional naval infantrymen to Afghanistan. Therefore, good relations and close cooperation with Uzbekistan continue to be important for America’s success in Afghanistan.

Observers claim that the U.S. has been persistently engaged in attempts to resume friendly relations and cooperation with Uzbekistan. They were not crowned with much success, though. That is why Uzbekistan’s recent positive response to American requests received considerable attention. It is especially noteworthy because after 2005, Uzbekistan radically turned away from the West, leaning closer to then trustworthy and supportive Russia and China. It did not show any willingness to comply with demands of Western states to tackle human rights issues. During the past three years, these claims were gradually settled: Europe eventually lifted sanctions against Uzbek officials, and America no longer insists on conducting an independent investigation of the Andijan events.

Against such a background, there are, however, signs of rapprochement from the Uzbek side as well. Recently, several human rights activists were granted amnesty. NGOs like Human Rights Watch

and the International Red Cross and Red Crescent Society are about to resume their activities in the country. Perhaps in response to these actions, the Human Rights Report for 2007 on Uzbekistan, prepared by the US State Department, makes no allegations of the Uzbek government as corrupt. In addition, during the Uzbek-American forum “Law Enforcement, Human Rights and Security” organized by the U.S. Embassy in Tashkent on March 13, 2008, there was no serious criticism of the regime, past elections or human rights situation, but notes of “certain positive progress”.

Several explanations of Uzbekistan’s interest in resuming assistance to the U.S. military operations in Afghanistan could be cited. One way of interpreting this move is fear of instability in Afghanistan. If American troops leave Afghanistan, Uzbekistan will be the first state to be affected by it. Other explanations suggest it is a part of Uzbekistan’s multi-vector foreign policy – an attempt to reduce Russian and Chinese influence in Uzbekistan. As the West is stepping back from the earlier demands, the improvement of spoilt relations would secure an improved position for Uzbekistan on the world arena.

Uzbek government officials did not make any official statements either confirming or denying Simmons’ comments. If accurate, the return of U.S. forces to Uzbekistan would mark a great leap forward in the effort to restore a strategic relationship that went into deepfreeze mode following the Andijan events.

NEWS DIGEST

TURKMENISTAN AND AZERBAIJAN INK DEAL ON GAS DEBT REPAYMENT

6 March

Azerbaijani Deputy Prime Minister Yagub Eyyubov and Deputy Chairman of Turkmenistan's Cabinet of Ministers Khydir Saparliyev have struck a deal on Azerbaijan's repayment of the debt for gas supplies delivered from Turkmenistan in the early 1990s. Eyyubov noted Leaders of Azerbaijan and Turkmenistan tasked the governments of both countries to prepare for signing the agreement. The deal was signed thanks to the compromises from both sides. First Deputy Prime Minister thanked the Turkmen Cabinet of Ministers and expert group for the work done. Saparliyev expressed hope that both countries will step up cooperation in the economic and humanitarian fields. (Azertag)

KAZAKHSTAN TOOK PART IN SEMINAR NATO PA ON SECURITY IN CASPIAN REGION

7 March

The seminar of NATO Parliamentary Assembly Rouz-roud on Security in the Caspian region, where the representatives from Kazakhstan took part for the first time, was held yesterday in Baku, the agency reports. 101 delegates took part in the work of the seminar from 25 countries cooperating with NATO. The representatives of Uzbekistan, Tajikistan and Turkmenistan as well as Kazakhstan participated in the work of the seminar for the first time. During the seminar that will last till March 8, the participants will consider the questions of safety in the Caspian region and Central Asia, military-political conditions, energy security, Central Asia relations with the West, as well as the issues of development of democracy and human rights. Opening the event, the speaker of milli mejlis of

Azerbaijan Oktay Asadov noted that cooperation with NATO is one of the main priorities of foreign policy of Azerbaijan, and "the country plans to contribute to development of the economy and democracy on the Euro-Atlantic space. The President of NATO Parliamentary Assembly Jose Lello noted that the seminars Rose Roth have been held in the Southern Caucasus since 2002. As of today, six similar events have been held, two of which - in Baku. "NATO PA plays a key role in preparation of the countries-candidates, their parliaments for the introduction into the Alliance. We focus on the countries of Balkan Peninsula, Southern Caucasus, Central Asia, Afghanistan and the Near East. Associated membership in PA NATO allows these countries to show their worth and learn what they can offer the Alliance and what NATO can give them," J. Lello said.

Azerbaijan has been cooperating with NATO within the limits of the program the Partnership for Peace since 1994. In August, 2005 the plan of individual actions was signed. Since 2002 Azerbaijan has been an associated NATO PA member. As it was informed earlier, Kazakhstan joined the program the Partnership for Peace in May, 1994. On January 23-24, 2008 Kazakhstan took part in the work of the annual symposium on planning programs the Partnership for Peace, "which took place in Oberammergau (Germany). Kazakhstan Vice Minister of Defense Bolat Sembinov took part in the work of the symposium. (Kazakhstan today)

TREASON TRIAL OPENS IN KYRGYZSTAN

10 March

Several senior officers of the Kyrgyz National Security Committee and the Ministry of Defense went on trial for high treason on March 10 at the

Bishkek army garrison. Defendants Valeriy Patsula, Vladimir Berzhnoy, Maksat Mamyrganov, and Dmitriy Grib face up to 20 years in prison if convicted at the closed trial, presided over by Judge Abdurazak Borombaev. The men are charged with allegedly "passing on confidential information" to an unidentified foreign intelligence service. They were arrested in June 2007 after an internal investigation by the National Security Committee reportedly uncovered evidence of espionage. In another treason trial that ended last month, treason charges against Kyrgyz parliamentary staff member Jypargul Arykova were dismissed for lack of evidence, although she was convicted on a lesser charge. Arykova was arrested in Bishkek in June 2007 along with a Chinese national, allegedly "in the act of passing classified information." (www.24.kg)

TAJIK OPPOSITION PARTIES OFFER 'WAY OUT' OF SOCIOECONOMIC CRISIS

11 March

In a joint statement, three leading Tajik opposition parties vowed on March 11 to provide a "way out" of what they defined as the "socioeconomic crisis" in the country. The Democratic, Social-Democratic, and Socialist Parties expressed their shared concern over "the present political and socioeconomic situation in the country," which they attributed to what they called "flourishing" crime and corruption in Tajikistan. The parties proposed a national referendum on amendments to the country's constitution that would expand the size and power of the parliament and reduce the power of the presidency. They also suggested that specific state functions, including authority over the Agency for State Financial Control and Combating Corruption and the Prosecutor-General's Office, should be granted to the parliament. They further demanded a "transparent and critical report on all international humanitarian aid, loans, and grants provided to the country." Two other main opposition parties, the Islamic Revival Party and the Communist Party of Tajikistan, refused to sign the joint statement, arguing that they would instead work within

parliament to address the problems raised in the statement. (Asia-Plus)

NEGOTIATIONS OF PRESIDENTS OF UZBEKISTAN AND TURKMENISTAN FINISHED

11 March

The negotiations of the Presidents of Uzbekistan and Turkmenistan Islam Karimov and Gurbanguly Berdymuhamedov and the delegations of two countries have come to the end in the presidential residence Durmen, the agency reports. Following the results of the meeting, the leaders of two states signed the joint communique, the report on exchange of documents on ratification of the Contract on further strengthening of friendship and widespread cooperation between the Republic of Uzbekistan and Turkmenistan signed in Ashkhabad on October 18, 2007. The Minister for Foreign Affairs of Uzbekistan Vladimir Norov and Vice Chairman of the Cabinet of Ministers, the Minister for Foreign Affairs of Turkmenistan Rashid Meredov signed the intergovernmental cooperation agreement in the field of governmental communication and the protocol between foreign policy departments. The intergovernmental cooperation agreement in the field of operation and carrying out of repair and reconstruction works of economic objects of Uzbekistan and Turkmenistan located in the frontier territories of the states-parties was signed by Vice Prime Minister Ergash Shoismatov and Vice Chairman of the Cabinet of Ministers of Turkmenistan Hodzhamuhammet Muhammedov. The Minister of Agriculture of Uzbekistan Sayfiddin Ismailov and the Minister of Agriculture of Turkmenistan Esenmurad Orazgeldyev signed the intergovernmental cooperation agreement in agricultural sphere. (Kazakhstan Today)

KAZAKHSTAN, TURKMENISTAN, UZBEKISTAN TO HIKE GAS PRICES

11 March

Kazakhstan, Turkmenistan, and Uzbekistan are poised to start selling natural gas at the price equal to that in Europe in 2009, Gazprom's press office reported today. The announcement was made by the chiefs of KazMunaiGas,

Uzbekneftegaz, and Turkmengaz during a meeting with the Russian giant's President Alexei Miller. The executives of these companies explained that their decision was based on national interests and incorporated the countries' obligations regarding energy supplies. According to Gazprom's estimates, the average price of gas will amount to \$354 per 1,000 cubic meters by mid-2008, while experts from Morgan Stanley name \$360 as the possible figure. The increase in prices for natural gas supplies from Middle Asia could result in the rise in gas prices for Ukraine, which is currently purchasing gas from Gazprom for \$179.5 per 1,000 cubic meters. (RBC)

ARMENIAN LAW-ENFORCEMENT AGENCIES TO BRING CHARGE AGAINST LEVON TER-PETROSYAN?

11 March

Law enforcement agencies of Armenia are preparing to bring charges against ex-presidential contender, first president of the republic Levon Ter-Petrosyan, minister of justice of Armenia Gevork Danielyan stated to France Press. "According to the today's situation, the law-enforcement agencies have sufficient grounds to start criminal proceedings regarding Levon Ter-Petrosyan," the minister said. "The investigation will show, what exactly the charge is going to be," he said, adding that ex-president has moved from the political field to the criminal one. Meanwhile, the justice ministry's spokeswoman Lana Mshetsyan explained in an interview to REGNUM that the minister, while answering the FP question, stressed that the subject was not in his competence. "However, he has pointed out as a lawyer that there are grounds for starting criminal proceedings, whereas the investigation will show the rest," Mshetsyan commented. "Whether the persecution is being prepared or not, is not in the competence of the minister, and Gevork Danielyan has not spoken on that," she said. (Regnum)

MORE OPPOSITIONISTS ARRESTED IN ARMENIA

11 March

Former Armenian Foreign Minister Aleksander Arzumanian and Ararat Zurabian, the former chairman of former President Levon Ter-

Petrosian's now defunct Armenian Pan-National Movement, were arrested on March 10 and taken to the headquarters of the National Security Service, RFE/RL's Armenian Service reported. Their lawyer, Hovik Arsenian, said they are likely to be charged with seeking to seize power in the wake of the disputed February 19 presidential ballot in which Ter-Petrosian claims to have polled 65 percent of the vote; official returns gave him 21.51 percent, compared to 52.8 percent for Prime Minister Serzh Sarkisian. Also on March 10, police launched a search for parliamentarians Sasun Mikaelian and Khachatur Sukiasian and for Nikol Pashinian, editor of the pro-Ter-Petrosian paper "Haykakan zhamanak," all of whom are reportedly in hiding. (RFE/RL)

RUSSIA, U.S. CALL FOR DIALOGUE, LIFTING ARMENIAN STATE OF EMERGENCY

11 March

Russian President Vladimir Putin telephoned Armenian Prime Minister Sarkisian on March 10 to congratulate him on his election as president, RFE/RL's Armenian Service reported quoting Sarkisian's press service. Putin also stressed the need to resolve the postelection standoff between the Armenian authorities and opposition through "dialogue." Also on March 10, U.S. charge d'affaires in Yerevan Joseph Pennington told RFE/RL that while Washington recognizes that there came a point during the standoff between police and Ter-Petrosian supporters on March 11 when "order needed to be restored," the state of emergency outgoing President Robert Kocharian imposed in response should now be lifted, as should restrictions on the media. Pennington also said the United States has warned the Armenian leadership against "political arrests" of persons "who may have expressed views that were bothersome to the authorities." (RFE/RL)

DEFEATED ARMENIAN PRESIDENTIAL CANDIDATE VOWS TO CONTINUE PROTESTS

12 March

Former President Levon Ter-Petrosian told journalists in Yerevan on March 11 that he plans to continue to challenge the official results of the February 19 presidential ballot, in which he claims

to have polled 65 percent of the vote, RFE/RL's Armenian Service reported. Official returns gave Ter-Petrosian 21.51 percent of the vote compared to 52.8 percent for Prime Minister Serzh Sarkisian. Ter-Petrosian added, however, that he will not convene unsanctioned protest meetings, and he predicted that the Armenian authorities will extend the state of emergency imposed on March 1 by outgoing President Robert Kocharian until after Sarkisian's inauguration on April 9. Kocharian said last week he sees no need to extend the state of emergency (see "RFE/RL Newline," March 6, 2008). Ter-Petrosian added that while he refuses to acknowledge the legitimacy of Sarkisian's election, he is nonetheless ready for "dialogue" with the authorities, whom he accused of sabotaging any such talks. Meanwhile, U.S. Deputy Assistant Secretary of State Matthew Bryza, who met in Yerevan last week with Ter-Petrosian, Sarkisian, and Kocharian, told AP on March 10 that the police crackdown on Ter-Petrosian supporters late on March 1 was "deplorable," "harsh and brutal," and that it is "crucial" that the Armenian authorities refrain from arresting any more Ter-Petrosian supporters. During talks in Yerevan with Armenian Foreign Minister Vartan Oskanian, Bryza also criticized as "unacceptable" the formal submission by Azerbaijan to the UN General Assembly on February 26 of a draft resolution "On the Situation in the Occupied Territories of Azerbaijan," *news.az* reported on March 11 quoting Armenian Foreign Ministry acting press spokesman Tigran Balayan. (RFE/RL)

U.S. PRAISES UZBEKISTAN FOR RIGHTS IMPROVEMENT

13 March

The United States praised Uzbekistan's "small but significant" steps to improve human rights on Thursday, days after the State Department said it was a systematic rights violator. In its 2007 report published on Tuesday, the State Department criticized the rights situation in Uzbekistan, with senior State Department official Jonathan Farrar calling it one of the world's "most systematic human rights violators." On Thursday, Richard Norland, U.S. ambassador to Uzbekistan, told a group of rights activists and reporters in the

capital Tashkent that Uzbekistan has shown more willingness to improve. "We have seen since January 2008 that the government is making small but significant steps to improve the human rights situation such as releasing political prisoners," he said in Russian-language remarks. "And we will encourage the government at every opportunity to continue with this progress." Uzbekistan's relations with Washington have been tense since 2005 when the United States and other Western nations condemned its handling of a protest in the town of Andizhan. In Andizhan, witnesses said hundreds of people were killed when troops opened fire on a demonstration in May 2005. Karimov blamed the violence on Islamist rebels. He put the number of dead at 187 and said most were terrorists or security forces. Uzbekistan evicted U.S. troops from a military airbase after the Andizhan events. Many Western rights groups have left Uzbekistan citing official harassment. In a possible sign of political relaxation, Uzbekistan's government -- under fire in the West for tolerating little dissent and cracking down on basic freedoms -- has pardoned six jailed human rights activists this year. President Islam Karimov, who has ruled Central Asia's most populous nation since 1989, has also promised to liberalize the country's rigid financial system and softened his critical stance towards the West. In a further sign of rapprochement, the International Committee of the Red Cross said it had resumed visits to detainees in Uzbekistan after more than three years of negotiations with the authorities. Some Tashkent diplomats have linked the shift in Uzbekistan's stance to Karimov's bid to emerge from global isolation. (Reuters)

UZBEKISTAN GIVES RED CROSS ACCESS TO ITS PRISONS

13 March

Uzbekistan has reopened its prisons for checks by Red Cross officials after Western criticism of the ex-Soviet republic's human rights record. The Central Asian state barred the International Committee of the Red Cross (ICRC) from visiting its prisons after hundreds of demonstrators were shot dead by government troops at a 2005 peace protest in Andijan. "We will be able to talk with detainees in private...and

have access to all the premises in the places of detention," Yves Giovannoni, the regional head of the ICRC, said in a statement on Thursday. Uzbekistan was subjected to harsh Western criticism over its handling of the 2005 protests. An arms embargo and other sanctions were imposed against the country and Uzbekistan ousted a U.S. airbase in response. However, Uzbekistan has recently moved to improve relations with the West. Last week, it released several opposition activists from prison. (RIA Novosti)

GEORGIAN GUERRILLA FORCE VOWS TO RESUME HOSTILITIES

13 March

The "Georgian Times" on March 13 quoted Zurab Samushia, leader of the White Legion guerrilla organization that systematically targeted Russian peacekeepers in Abkhazia in the late 1990s, as saying his fighters will again take up arms in response to last week's unilateral decision by Russia to waive the economic sanctions imposed on Abkhazia in January 1996. "Vremya novostei" on November 26, 2007, estimated that the White Legion has 300-500 members. Samushia was also quoted as vowing to do everything in his power to prevent the 2014 Winter Olympic games from taking place in Sochi as planned. On March 12, regnum.ru quoted political commentator Aleksei Vashchenko as telling a round-table discussion on the Olympics that the Russian government's decision to lift the sanctions on Abkhazia was taken in response to pressure from construction firms that have secured contracts to build Olympic facilities and hope to increase their profits by purchasing construction materials in Abkhazia rather than transporting them to Sochi from elsewhere in the Russian Federation. (RFE/RL)

RUSSIA SLAMS U.S. OVER RIGHTS REPORT

13 March

The Russian Foreign Ministry issued a statement on March 12 in which it sharply criticized the U.S. State Department's annual report on human rights, published on March 11, mid.ru reported. The statement charged that the report used a condescending tone to present "a hackneyed

collection of claims regarding Russia, such as departure from the principles of democratic government, the harassment of dissenters, and restrictions on freedom of speech and of the press. Many passages are copied from previous reports." The ministry charged that the U.S. document "abounds in groundless accusations, quotes from unverified and obviously biased sources, mistakes, and the juggling of facts, particularly in regard to [unspecified] recent events." Moscow accused Washington of hypocrisy and "double standards," and of avoiding mention of its own failings. It argued that the United States "essentially legalized torture, applies capital punishment to minors, denies responsibility for war crimes and massive human rights abuses in Iraq and Afghanistan, and refuses to join a series of human rights treaties...[while] disregarding systemic problems within its own country." The Russian statement added that "we did not expect from the State Department's latest opus an objective assessment of the human rights situation in Russia. After all, the United States has long regarded human rights as a foreign policy tool." (RFE/RL)

UKRAINE, TAJIKISTAN AGREE ON ENERGY PLAN

14 March

Ukraine and Tajikistan have signed an energy action plan for the coming fiscal year. The document was signed by presidents Viktor Yushchenko and Emomali Rakhmon in Dushanbe, the Moscow Daily News Bulletin reported. The action plan involves measures to enhance cooperation in fuel and energy as well as trade and the economy, transport, military industry and cultural relations. The two countries will work to develop energy and construction cooperation, as well as encourage Ukrainian companies to take part in large-scale projects in the hydroelectric field. In addition to completing hydroelectric plants, both countries need help to repair and reconstruct both large and small hydroelectric plants, and power transmission lines.

Under the agreement, Ukrainian equipment will also be supplied to Tajikistan, including turbines and various hardware products. About 80 percent of the equipment at Tajik hydroelectric plants

needs to be upgraded, Ukrainian Fuel and Energy Minister Yury Prodan said. (UPI)

EU WARNS WATER SHORTAGE IN CENTRAL ASIA COULD SPARK CONFLICTS

15 March

The severe impact of climate change in Central Asia is causing water and food shortages that could lead to regional conflicts, EU foreign policy chief Javier Solana warned. Solana delivered a climate change and security report from the High Representative and the European Commission to leaders at the European Union summit held on Thursday and Friday. "An increasing shortage of water, which is both a key resource for agriculture and a strategic resource for electricity generation, is already noticeable" in Central Asia, the report said. "The glaciers in Tajikistan lost a third of their area in the second half of the 20th century alone, while Kyrgyzstan has lost over a 1000 glaciers in the last four decades. There is thus considerable additional potential for conflict in a region whose strategic, political and economic developments as well as increasing trans-regional challenges impact directly or indirectly on EU interests." Climate change topped the agenda at the summit in Brussels. In the 27 leaders' final declaration, they urged world powers to sign up to an international agreement to cut greenhouse gas emissions, and threatened to impose sanctions on nations that boycott an agreement. The climate change report concluded: "The impact of climate change on international security is not a problem of the future but already of today and one which will stay with us. Even if progress is made in reducing the emissions of greenhouse gases, weather patterns have already changed, global temperatures have already risen and, above all, climate change is already being felt around the globe." (RIA Novosti)

SEVEN TALIBAN MILITANTS KILLED IN AFGHANISTAN: OFFICIALS

16 March

Seven Taliban militants have been killed in Afghanistan at the weekend after two separate attacks on police posts in the south and east, officials said Sunday. In eastern Nangarhar province, four militants were killed in an

exchange of fire early Sunday after attacking a police post near the border with Pakistan, provincial spokesman Noor Agha Zwak told AFP. Three others were killed on Saturday in the former Taliban stronghold of Musa Qala in restive Helmand province, police said. "They attacked our police post. Our guys returned fire and three Taliban were killed," provincial police chief Mohammad Hussein Andiwai told AFP. Taliban rebels stormed and captured Musa Qala early last year, making it their biggest military base from where they directed attacks on Afghan and foreign troops across the war-ravaged country. Afghan and NATO forces recaptured the remote town in a large-scale operation involving thousands of troops in December. Two NATO soldiers were killed in the fighting. Elsewhere, the US-led coalition, which has thousands of troops fighting here alongside a 40,000-strong NATO-led force, said it had killed "several" militants on Friday in an operation in eastern Khost province. "A number of armed militants were killed when they posed a credible threat to coalition forces," the military said in a statement. Five other militants were captured, it added. The Taliban, ousted from government in 2001 in a US-led invasion, are waging an insurgency to topple the US-backed government in Kabul and oust tens of thousands of foreign troops based here to fight them back. Last year was the deadliest of their campaign, with more than 8,000 people killed, according to a report delivered to the UN Security Council this month. About 1,500 were civilians, it said. There were about 160 suicide attacks last year, up from 123 the previous year. (AFP)

AZERBAIJAN MAY REVIEW ITS RELATIONSHIPS WITH MINSK GROUP CO-CHAIRING COUNTRIES

16 March

Azerbaijan may review its relations with the OSCE Minsk Group co-chairing countries. The statement came from the Azerbaijani deputy foreign minister Araz Azimov after French, Russian and American co-chairs of the Group voted Friday against the resolution "On the situation in the occupied territories of Azerbaijan" which was adopted at the UN General Assembly. Azimov said the international

community's supporting the resolution once again proves that the Nagorno-Karabakh conflict can be resolved only in accordance with the principle of Azerbaijan's territorial integrity. "Armenia and its supporters must realize that the talks can be continued only in accordance with international legal norms", Azimov added. (Azertag)

TURKMENISTAN PICKS GAS RESERVES AUDITOR - REPORT

17 March

Central Asia's top natural gas producer, Turkmenistan, has hired a British firm to audit its gas reserves as it seeks to increase production and exports of the fuel, local media have reported. The Caspian Sea nation, which sells most of its natural gas to Russia's gas export monopoly Gazprom, has ambitious plans to supply China, Pakistan and India but needs to confirm its massive reserves before embarking on new projects. Turkmenistan has never officially disclosed its gas reserves, but government sources say they might be as high as 22.4 trillion cubic metres, much more than the 2.9 tcm estimated by BP in its annual statistical review. For comparison, the world's top gas producer, Russia, has 47.65 tcm of gas reserves and Iran has 28.13 tcm. Turkmenistan, isolated under the 21-year rule of late President Saparmurat Niyazov who died in 2006, hopes to attract international majors to help it develop its gas fields, which might be difficult without an international resources audit. Turkmen state news agency on Saturday quoted Turkmen president Kurbanguly Berdymukhamedov as saying that country had picked British firm Gaffney, Cline & Associates for the audit. The British firm outbid much bigger auditor Degolyer & MacNaughton. "We chose the British company, which has already audited a number of deposits in Central and Eastern Turkmenistan," Berdymukhamedov was quoted as telling a cabinet meeting. Turkmenistan produced 72.3 billion cubic metres of gas last year and plans to increase output to 81.5 bcm this year. It exports about 50 bcm a year to Russia's Gazprom, which then resells it to Ukraine.

The country is building a pipeline, with an annual capacity of up to 40 bcm, that will take its gas to

China bypassing Russia. It is also discussing gas pipelines through Afghanistan to export gas to Pakistan and India. Analysts have questioned Turkmenistan's ability to produce enough gas for all the pipelines. (Reuters)

THREE NATO SOLDIERS KILLED IN AFGHANISTAN BLAST: ISAF

17 March

The NATO-led force in Afghanistan lowered to three the number of its soldiers killed in an explosion in southern Afghanistan Monday that police said also killed three civilians. The International Security Assistance Force (ISAF) said earlier that four of its soldiers died in the explosion. It would not release the nationalities of the soldiers, leaving this to their home nation. Another four ISAF soldiers were wounded in the attack in the southern province of Helmand, an officer in the ISAF media section in Kabul said. She would not give her name as she was not an official spokeswoman. Helmand province police chief Mohammad Hussain Andiwal said earlier that three Afghan men were killed in the blast, caused by a suicide car bomb, and seven civilians were wounded. The hardline Taliban movement waging an insurgency against the government said it carried out the suicide blast. (AFP)

GEORGIA TO COMPLETE TALKS ON GAS IMPORTS

17 March

Georgia said it will end talks on import of Azerbaijani gas. "The talks on the import of gas from Azerbaijani will end in the near future," Georgian Energy Minister Aleksandr Khetaguri said. "At present, the talks are being held on the price of the natural gas, as well as on the technical details." He said Rovnag Abdullayev, the head of the State Oil Co. of Azerbaijan, will visit Tbilisi this week and additional talks will be held, TrendCapital reported. Georgia and Azerbaijan have been in talks on a new agreement on gas supply. The contract will be signed with SOCAR. Azerbaijan has said it can supply Georgia with 500 million cubic meters of gas per year. Georgia's needs are between 1 billion and 1.5 billion cubic meters a year. In 2008 the price of Azerbaijani gas for Georgia will be increased to \$180-\$190 for 1,000 cu. m. from the current \$120. (UPI)

KAZAKH GOVT TO BID FOR TV CHANNEL STAKE - OFFICIAL

18 March

The shares are due to be sold to the highest bidder as a single lot. "I don't think any private entity would be able to compete with the state in terms of money," Yertysbayev said. (Reporting by Raushan Nurshayeva; Writing by Olzhas Auyezov; Editing by Quentin Bryar) - ASTANA, March 17 - The Kazakh government wants to buy a further 50 percent stake in Kazakhstan's top television channel Khabar at an auction this week, a senior government official said on Monday. The Kazakh government currently owns a 50 percent plus one share in Khabar, while the rest belongs to unidentified private investors who are due to auction off their stake on Friday. "Of course the state will seek to buy out," Information and Culture Minister Yermukhamet Yertysbayev told Reuters on Monday. "I am not involved, I know the intention is there."

Rakhat Aliyev, the former son-in-law of Kazakh President Nursultan Nazarbayev, had said before he and his ex-wife Dariga Nazarbayeva have a stake. Aliyev has since fallen out with the president and left Kazakhstan, where he was sentenced in absentia to 20 years in prison for kidnapping and other crimes.

It remains unclear what has happened to his stake and whether he and his wife still own it. The shares are due to be sold to the highest bidder as a single lot. "I don't think any private entity would be able to compete with the state in terms of money," Yertysbayev said. (Reuters)

GEORGIA DENIES GEORGIAN PLANE SHOT DOWN BY ABKHAZIA

18 March

Georgia's Defense Ministry dismissed as "deliberate misinformation" allegations by the government of the country's breakaway Abkhazia region that Abkhaz air defenses shot down a Georgian reconnaissance airplane over Abkhaz

territory on Tuesday. Earlier, Abkhaz President Sergei Bagapsh confirmed a Georgian plane had been shot down. "Yes, it is true that an aircraft has been shot down. We have repeatedly warned the Georgian side and have demanded an end to reconnaissance flights over Abkhaz territory," he told Interfax. "All Georgian air targets will continue to be destroyed," Bagapsh said. The Abkhaz Defense Ministry told Interfax that the alleged plane was an unmanned aircraft and that it was destroyed while flying over the sea off the coast of Abkhazia's Gali district, which borders Georgia. "This is not the first time that deliberate misinformation about alleged flights by Georgian unmanned aircraft over Abkhazia is being disseminated. Last year, the separatists announced that such an aircraft had been shot down in the Kodori Gorge, but no debris were found then either," the Georgian Defense Ministry told Interfax. (Interfax)

CENTRAL ASIAN PRODUCERS TO AGREE 2009 GAS CONTRACTS WITH GAZPROM IN A MONTH

18 March

Central Asian gas producers plan to conclude gas contracts for 2009 with Gazprom within the month, a source in the Kazakh government told Interfax. "New export prices on Central Asian gas will be announced in the near future. Within the month a contract with Gazprom will be signed," the source said. So far the sides have been discussing one-year contracts, he said. It was reported last week that the heads of the gas production companies in Turkmenistan, Kazakhstan and Uzbekistan announced they would raise prices on the gas they export to the levels prevailing in Europe. Gazprom currently pays \$180 per 1,000 cubic meters for gas from Kazakhstan's Karachaganak field, \$130 per 1,000 cubic meters for gas from Turkmenistan (it will pay \$150 in the second half), and \$130 per 1,000 cubic meters for gas from Uzbekistan (\$160). Switching to European levels would mean price hikes of between 50% and 100%. (Interfax)