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BREAKAWAY REGIONS

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Central Asia- Caucasus Institute
Silk Road Studies Program

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THE CENTRAL ASIA-CAUCASUS ANALYST

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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 1,100 and 1,500 words. The articles are structured as follows:

KEY ISSUE: A short 75-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 focus on a particular news event and what local people think about the event. Field Reports address the implications the event or activity analyzed for peoples' lives and their communities. Field Reports do not have the rigid structure of Analytical Articles, and are shorter in length, averaging ca. 700-800 words.

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

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MOSCOW MOVES TO DE FACTO ANNEXATION OF GEORGIAN BREAKAWAY REGIONS

Svante E. Cornell and David J. Smith

Moscow's promised response to the Kosovo settlement in the Caucasus appears to be materializing. For several weeks, Russian leaders from President Vladimir Putin down have taken new bold steps that encroach even further and more directly on Georgia's territorial integrity than is already the case. On April 16, Russia's outgoing president Vladimir Putin signed a decree moving toward the de facto annexation of Abkhazia and South Ossetia, removing the tiny fig leaf still present regarding Moscow's ambitions of direct control over Georgia's breakaway regions. These moves could trigger a spiral of instability in the wider region, unless a forceful western response is found.

BACKGROUND: Moscow departed from its usual practice in deciding against a declaratory, knee-jerk reaction to the western recognition of Kosovo's independence. Indeed, it is believed that Abkhaz, and perhaps also South Ossetian, leaders were disappointed by Moscow's failure to live up to earlier threats to move toward recognizing the independence of Georgia's breakaway regions. But far from moving toward recognition, Moscow has taken significant steps to further consolidate its own influence and control over these regions, culminating in the April 16 decree signed by Vladimir Putin, opening direct trade, transportation, and political links with the territories.

Moscow's first reaction to the Kosovo process, on March 6, was to unilaterally withdraw from the sanctions regime imposed by the CIS on Abkhazia, in place since 1996. This move removed all remaining halts on direct Russian economic relations with the breakaway province, ignoring the complex and contentious issue of property rights in a post-conflict situation involving the forced exile of half the region's population.

Russia has also been monopolizing on its long-standing argument of a "right" to protect Russian citizens in Abkhazia and South Ossetia; notwithstanding that the populations of these regions were provided with Russian citizenship in an illegal and unilateral manner only in the past several years. Hence a March 21 Duma resolution, which urges the government to consider granting recognition to the two territories, also supports moves to support Russian citizens in these regions.

On April 3, in the middle of the NATO summit in Bucharest, President Putin communicated by letter to the respective leaders of Abkhazia and South Ossetia, expressing strong support for them, addressing them as "presidents" and promising Russian support that would be "practical, not declaratory" in nature. Five days later, the Georgian Ministry of Justice receives a letter from its Russian counterpart, announcing that Russia would upgrade its direct relations with the two territories, featuring language such as "closely cooperate, hold talks and make legal-related decisions with the Abkhaz authorities". On the same day,

Russian Foreign Minister Sergey Lavrov explicitly stated Russia would “do everything” to stop Georgia and Ukraine from acceding to NATO.

These moves point to a an intensification of Russia’s already long-standing policy of creeping annexation of Georgia’s separatist provinces. These policies have to date included direct military support for the separatists; a consistent refusal to even discuss changes to the Russian-dominated peacekeeping and negotiation formats in the conflicts; the imposition of a discriminatory visa regime on Georgia excepting the

These policies are serious enough in terms of their destabilizing effects on Georgia, their contribution to undermining conflict resolution, and their open flaunting of international law. But these moves pale in comparison to steps taken on April 16.

As had been foreseen in an April 14 article in *Nezavisimaya Gazeta*, hardliners in Moscow were able to push through a decree whereby Russia will open “representations” in Sukhumi and Tskhinvali, capitals of the Georgian territories of Abkhazia and South Ossetia. While analogies with U.S. relations with

Taiwan have been made by Russian officials, Moscow’s plans go far beyond that. Employees of these “representations” would be active service Russian diplomats technically employed by the Russian Embassy in Tbilisi. Under the umbrella of this first “representation,” Russian state ministries and regions of Russia could open further “representations” in Abkhazia and South Ossetia, tantamount to treating the two Georgian territories as autonomous republics of Russia.

In an interview with *Nezavisimaya Gazeta*, Konstantin Zatulin, Deputy Chairman of the Duma Committee on CIS and Compatriot Affairs, suggested the draft presidential decree may be just the first step

toward Russian recognition of Abkhazia and South Ossetia. It is important to move now, said Zatulin, while Kosovo is still a fresh issue and well before the 2014 Winter Olympics in Sochi.

The next steps planned by Moscow include the opening of air and sea links between Russia and Abkhazia and South Ossetia. Meanwhile, Russia maintains a near complete embargo on Georgia, excepted only recently restored air passenger traffic. The stepwise net effect is to treat Abkhazia and South



two regions; the blanket extension of Russian citizenship to their populations; a total economic embargo on Georgia; bombings of Georgian-controlled territory in and around the conflict zones; and a growing tendency to directly interfere in the internal governance of the separatist regions, replacing native Ossetians and Abkhaz with Russians, often serving members of the security services, in government positions in the breakaway regions.

Ossetia as parts of Russia while maintaining barriers against Georgia. Further, Zatulin foresees a threefold increase (to the allowed maximum) of Russian peacekeeping forces in the territories.

A rationale for the timing of Russia's assertive moves in the conflict zones is put forward to *Nezavisimaya Gazeta* by an anonymous "Russian diplomat with extensive experience in Georgia", who makes it clear that the draft decree is aimed at *de facto* annexation rather than recognition. The Bush Administration is seen as being in its waning months and seeking to keep an image of good US-Russian relations; no US presidential candidate is seen as likely to become embroiled in this issue; the next American president is thought to need time to understand the issue upon being elected. Georgia's friends in Europe might complain, the diplomat says, but this will amount to little. An eventual military arrangement with Abkhazia is not ruled out, either.

The journalist's "sources" say that the MFA, which drafted the decree, recommends outright recognition of Abkhazia and South Ossetia only in case Georgia joins NATO or commits aggression against Abkhazia or South Ossetia. Again, this points toward *de facto* annexation, not recognition.

IMPLICATIONS : The decree signed by President Putin on April 16 is tantamount to making Abkhazia and South Ossetia, in practice, autonomous republics of the Russian Federation. By opening direct relations in the political and economic fields with unrecognized states, Russia is removing the remaining fig leaf of its long-standing efforts to directly control these territories, in flagrant violation of international law.

Meanwhile, Russia has opened lucrative contracts associated with the 2014 Sochi winter Olympics to contractors in Abkhazia. Abkhazia will be the main supplier of building materials for construction work in the run-up to the Sochi Olympic Games in 2014, *de facto* president of the breakaway region, Sergey Baghapsh recently said. Tenders for the construction of concrete factories have already been reported.

Moreover, the military buildup advocated by some Moscow hardliners has already begun—again, creeping along. Last November, Georgian State Minister for

Conflict Resolution David Bakradze detailed that additional T-72 tanks, *Grad* rocket launchers, APCs, and about 200 new Russian troops appeared in Abkhazia. In South Ossetia, Russian forces control both the north and south ends of the Roki tunnel, though the latter is in Georgian territory, thereby controlling all commerce between Russia and the Georgian territory.

It is indeed ironic that western leaders so far appear to turning a deaf ear to concrete Georgian proposals for both Abkhazia and South Ossetia. Georgian President Mikheil Saakashvili in late March detailed an offer of far-reaching autonomy for Abkhazia in Georgia, while Georgian State Minister for Reintegration Temuri Yakobashvili suggested a new negotiating formula (called 2+2+2) recognizing the interests of Russia and the *de facto* regime in Tskhinvali, including representatives of the Georgian-administered regions of South Ossetia as well as the European Union (the region's largest donor) and the OSCE.

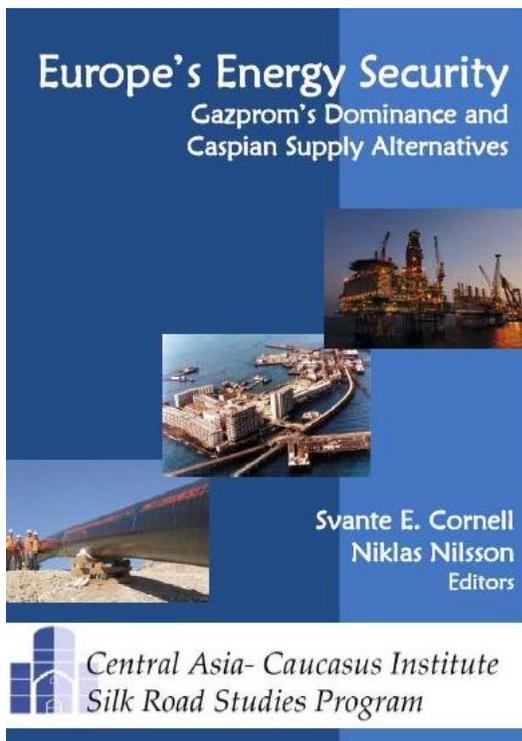
CONCLUSIONS: Russia's recent moves are certain to have a devastating effect on prospects for conflict resolution in the South Caucasus. Beyond this, they will affect negatively Georgia's stability, as well as the future of Abkhazia and South Ossetia. Indeed, the moves further curtail the ability of Abkhaz and South Ossetian separatist leaderships to take their own decisions based on their understanding of the national interest of their titular populations. Instead, it consolidates Moscow's influence over them, robbing them of a future opportunity to make peace with Georgia should they want to do so, or to develop relations with Europe. As such, these steps further undermine the possibility of building confidence and finding ways to a viable compromise between an increasingly European Georgia and these territories.

As the moves accelerate already acute Georgian fears that Russia is gobbling up Abkhazia and South Ossetia, they also have the potential to deal a strong blow to Georgia's efforts to put forward constructive thinking on the conflicts, and could instead strengthen militaristic attitudes and damage Georgia's reform process. As such, Moscow's moves have a strongly negative influence on the security of the wider region.

To what extent Moscow's plans are implemented is likely to depend in great deal on the reaction of the West. If the West turns a blind eye to these developments, Moscow may well sense an opportunity to further step up its aggressive actions against Georgia as well as Ukraine, which would wreck considerable damage to Western interests not only in Georgia but in the Black Sea region as a whole. Should the West react strongly, on the other hand, and make it clear that these Russian policies are associated with a tangible cost, the cooler heads in Moscow that understand the

potential damage of the steps currently being considered may well prevail.

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THE EUROPEAN UNION LOOKS TO CENTRAL ASIA FOR ENERGY

Robert M. Cutler

Turkmenistan's President Gurbanguly Berdymukhammedov recently signed a Memorandum of Understanding with the EU's External Relations Commissioner, Benita Ferrero-Waldner, during the trip of a very high-level EU delegation to Central Asia, providing for the export of natural gas from Turkmenistan to the EU but not specifying a route, which is nevertheless understood not to cross Russia. The 10 billion cubic meters per year (bcm/y) mentioned in the MOU amount is not very much of the estimated 500 bcm of natural gas that EU countries consume each year; however, for the EU it is an initial step towards diversification of supply.

BACKGROUND: At present, EU countries import 57% of their natural gas consumption. Reliable estimates forecast that this proportion will rise to 75% by 2020, increasing further to between 80% and 85% by 2030. Today Europe's natural gas imports from Russia constitute two-fifths of all gas imports, representing one-quarter of total gas consumption. (Almost all remaining gas imports come from Algeria and Norway in nearly equal proportion.) By 2030 it is expected that three-fifths of all gas imports may come from Russia, thus representing fully half of all gas consumption in the EU. Approximately 95% of Russia's gas exports (including exports of gas not originating in Russia) go to EU countries.

In the run-up to the G-8 summit in St. Petersburg in 2006, which had questions of energy cooperation as an explicit focus, Russia's President Vladimir Putin flatly rejected the Energy Charter Treaty's attempts to open Russia's domestic energy market to competition, broaden access to the country's energy transit infrastructure, and assure nondiscriminatory treatment for non-Russian firms. Today Gazprom continues to control over two-thirds of Russia's gas production and to enjoy a monopoly over exports.

Europe suffered energy shortages during the January 2006 Russian-Ukrainian gas crisis caused by Moscow's draconian and very public decision to cut

off supplies. Further cutoffs became a real possibility when Russia threatened to suspend supplies to Belarus during price negotiations later that same year. These two acts shocked the European political classes into recognizing that Russia will not be the savior of the European international order as it had been in 1849 when the Tsar's troops intervened in Hungary to repress the Kossuth democratic revolution against the Austrian Empire – a reminiscence still cherished in the collective memory of politically influential circles descended from the pan-European aristocracy.

While Germany has sought to resolve the problem by becoming Russia's monopsonistic natural gas distributor through the North European Gas Pipeline project (also known as Nordstream), the EU as a whole has sought to diversify its sources of natural gas, insofar as the continuing sovereignty of its member states over their national energy policies permits this. So it was natural that policy attention should turn to Central Asia, which exports to Europe anyway (but through the Russian pipeline system) and specifically to the question of escaping the potential Russian stranglehold.

IMPLICATIONS: In November 2007, Turkmenistan's President Gurbanguly Berdymukhammedov and his entourage visited Brussels, where they had wide-ranging discussions

with top-level EU officials and European businessmen, displaying an openness unthinkable during the reign of his predecessor Saparmurat Niyazov. This February saw the settlement of a long-standing conflict over payment of Azerbaijan's debt to Turkmenistan, and just last month full diplomatic relations between the two countries were restored.

Despite the marked improvement of relations between Turkmenistan and Azerbaijan, there has not yet been much concrete movement towards resolution of their disagreement (dating back to the mid-1990s) over ownership of the mid-Caspian field known as Kyapaz to Baku and Serdar to Ashgabat. This conflict has always been one of the principal political impediments to the construction of a Trans-Caspian Gas Pipeline (TCGP) for taking Turkmenistan's gas across the sea into Azerbaijan's pipeline system for transshipment via Turkey to Europe and consumption there.

Berdymukhammedov's need to consolidate his authority within Turkmenistan and, more important, to identify who is with him and who is against him, obliged him to retain certain policies and political symbols from Niyazov era. However, over the last year these have been revised or simply disappeared one by one. The Kyapaz/Serdar dispute is one such symbol. As time goes on, it will become easier to abandon such symbols and resolve the problems that they create and represent. The re-establishment of bilateral relations, for example, would have been unthinkable under the Niyazov regime and during the lifetime of Heydar Aliyev, who was president of Azerbaijan until his death in 2003.

The TCGP project, which failed in the 1990s due to Niyazov's insistence on personally leading Turkmenistan's negotiations and his inability to grasp the technical details of project planning and financing, is now integrated as an aspect of the Nabucco pipeline led by Austrian concerns. The route of the 2100-mile Nabucco pipeline would run from Turkey's eastern border (with Georgia and/or Nakhechivan, in two non-mutually exclusive variants) through Ankara and Istanbul into eastern

Greece, then northwards through central Bulgaria and western Romania, finally snaking across Hungary from southeast to the northwest and terminating at Austria's Baumgarten gas hub. The new MOU for the first time gives proponents of the Nabucco pipeline specific volumes of gas from non-Azerbaijani sources to consider.

However, the most optimistic estimate today for construction of the Nabucco pipeline is that it will be completed by 2013. How, then, is it that the MOU talks about Europe importing gas from Turkmenistan as early as 2009? There is only one possible answer. That is the interconnection of natural gas rigs from the Turkmenistani sector of the Caspian Sea to those in the Azerbaijani sector, which are already part of the international network of gas pipelines from the Caspian to Europe. The volumes involved would not be great, but this creation of facts on the ground would have enormous political significance and knock-on demonstration effects. It is perhaps no coincidence that Berdymukhammedov learned last November, on his visit to EU headquarters in Brussels, that Belgian companies in particular specialize in such technology.

For Turkmenistan, the MOU is an important bargaining chip as the country proceeds with negotiations with other potential partners: another flag in the ground in what we may call the ongoing War of the Memoranda. No MOU is legally binding; it only establishes some certainty in the business environment. The MOU with the EU is an agreement in principle, a declaration of intent and political support at the highest levels. It is up to companies and consortia to realize its intent on a market basis, knowing that favorable political will now exists.

For example, Turkmenistan also has an agreement to export 20 bcm/y to China, although it cannot be excluded that Turkmenistan's selection of a Russian company for the planning and construction of this project may introduce possibilities of delay in its realization. Meanwhile, the (re)construction of the Prikaspiy pipeline, announced with Russia and Kazakhstan last year with much fanfare, appears to

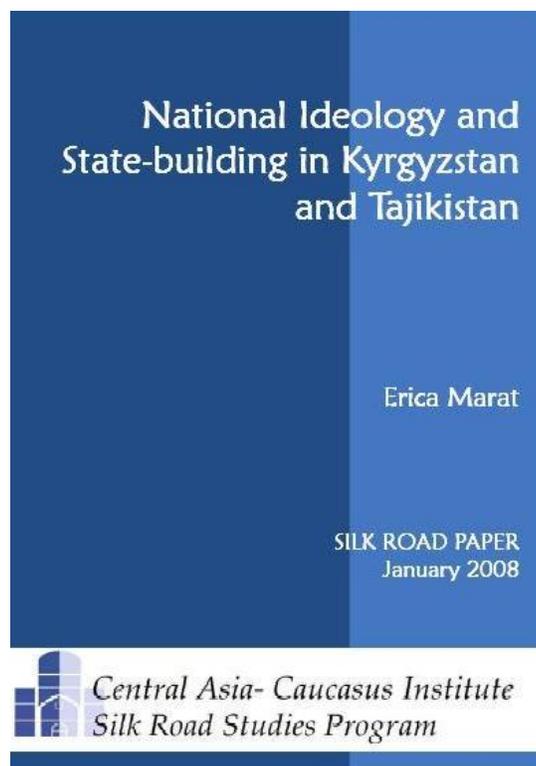
be at present on hold at least from the Turkmenistan side. It was rarely if ever noted, during all the commentary at the time, that the Prikaspiy agreement represented nothing other than yet another intergovernmental MOU. It did not even establish an international consortium to undertake the work; rather, each national government simply pledged to undertake the work on its national territory using available national means. This allowed Berymukammedov to placate the Russia, which is promised as much as 50 bcm/y by agreements inherited from the Niyazov era, while gaining breathing space during which to pursue further possibilities.

CONCLUSIONS: The major international energy companies have known for ten years that there is no technical obstacle to construction of an ecologically sound gas pipeline tracing a relatively shallow east-west undersea ridge between Turkmenistan and Azerbaijan. An arrangement such as interconnecting the two countries' offshore gas rigs would not require authoritative resolution of the

issue of delimiting the Turkmenistani and Azerbaijani sectors of the Caspian Sea subsoil resources. Any working agreement could easily include the provision that such an arrangement creates no legal precedent for resolution of the matter. Yet it is clear that the fact of practical cooperation would only have the potential to increase mutual trust and confidence, leading at a minimum to further working agreements.

Finally, the agreement is evidence that the EU is finally trying to implement a pro-active Central Asian energy policy. A British consulting firm is now undertaking an inventory of Turkmenistan's natural gas reserves so that a credible number will be available on which basis the international energy-financial complex can begin to evaluate actual projects.

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

POST-BUCHAREST: NATO'S PROSPECTS IN AFGHANISTAN

Richard Weitz

Improving military operations in Afghanistan was a central concern of this month's NATO summit in Bucharest. The summit communiqué characterized NATO's commitment to the International Security Assistance Force (ISAF) operating in that country as "our top priority." The allied governments and their ISAF partners also released a separate declaration of principles that described their long-term vision for Afghanistan: "an enduring stable, secure, prosperous and democratic state, respectful of human rights and free from the threat of terrorism." The numerous and longstanding problems NATO has encountered in its Afghan mission suggest that realizing these lofty objectives will prove difficult.

BACKGROUND: Although 40 countries have assigned some 47,000 soldiers to ISAF, NATO forces predominate. The American troop contingent is the largest within ISAF, amounting to some 17,000 service members, supplemented by 13,000 personnel under a separate command dedicated to special counterterrorist missions and training the Afghan Army. The United Kingdom, Italy, Canada, and the Netherlands also have assigned large troop contingents to ISAF.

Nevertheless, U.S. Department of Defense planners estimate that ISAF requires as many as 10,000 additional soldiers to accomplish its current missions, especially in the southern and eastern provinces most under threat from Taliban insurgents. The ISAF' commander, General Dan McNeil, has requested two more combat brigades and another brigade of trainers for the Afghan National Army and Police. Although the United States has committed to deploying an additional 3,500 Marines through the end of the year, Washington had hoped its NATO allies would provide an even greater number of reinforcements to make up the shortfall, at least until Afghan government forces are better able to contribute to their country's defense. On the eve of the summit, President George Bush told reporters, "We expect our NATO allies to shoulder the burden necessary to succeed."

Another problem is that ISAF contributors have continuously quarreled over burden sharing. Several NATO governments have imposed severe restrictions on where their troops can serve and under what conditions. ISAF commanders continue to complain about these national "caveats." Canadian Premier Stephen Harper, under fire at home for the high percentage of Canadian casualties, had threatened before the summit to withdraw Canada's 2,500 troops in Kandahar province unless other NATO countries provided at least 1,000 new troops.

IMPLICATIONS: On April 3, the heads of state and government of the countries participating in ISAF issued a "Strategic Vision" statement explaining their "guiding principles" for Afghanistan. The declaration calls for "a firm and shared long-term commitment; support for enhanced Afghan leadership and responsibility; a comprehensive approach by the international community, bringing together civilian and military efforts; and increased cooperation and engagement with Afghanistan's neighbors, especially Pakistan."

Securing "a firm and shared long-term commitment" on the part of the international community could prove problematic given the difficulties NATO has encountered in securing adequate troop commitments on the part of its members. The most significant development in this

regard was French President Nicolas Sarkozy's announcement that his government will increase the size of its 1,600-member military force in Afghanistan. Even so, it looks as though ISAF troop levels will never reach the levels deemed adequate to counter the insurgency.

Instead, the best solution to the numbers problem would be a dramatic increase in the size and effectiveness of the Afghan National Army and Police. In their vision statement, the NATO governments called for these institutions to "be in the lead and self-sufficient." At the summit, Afghan President Hamid Karzai reiterated his government's determination to assume greater responsibility for ensuring his country's security. He announced that the Afghan National Army would take charge of defending Kabul by August 2008. The allies also want to improve other elements of the Kabul government so that it can "extend the reach of good governance, reconstruction, and development throughout the country to the benefit of all its citizens."

According to U.S. intelligence, however, President Hamid Karzai's government controls only 30 percent of the country. The Taliban now dominate around 10 percent of Afghan territory, while tribal forces run affairs in the rest of the country. Despite international assistance, the Afghan government continues to suffer from widespread corruption, dependence on the support of local warlords, and weak judicial and law enforcement institutions. Although the Afghan National Army has become somewhat more effective, and enjoys widespread popular support, it still fields only 55,000 active duty soldiers and typically requires Western assistance to counter the Taliban. The Afghan National Police remains a major disappointment. Polls show most Afghans consider it corrupt and ineffective.

NATO governments recognize the importance of complementing their military operations with programs aimed at promoting Afghanistan's political and economic reconstruction. UN Secretary-General Ban Ki-moon, EU Commission President José Manuel Barroso, EU High Representative Javier Solana, and other world leaders attended the summit in order to underscore their commitment to Afghanistan's political and

economic recovery. Nonetheless, poor integration of their diverse reconstruction efforts has created unwelcome gaps and redundancies. The Taliban has exploited this situation to establish its own network of social services, creating a de facto parallel government administration in some localities.

For months, the international community had sought to improve the integration of its civilian and military operations in Afghanistan by appointing a single international civilian coordinator. Following protracted discussions, the Afghan government and its foreign allies agreed to designate Kai Eide as the UN Secretary-General's Special Representative for Afghanistan and Head of the UN Assistance Mission in Afghanistan.

It is too early to determine whether Eide will actually overcome the numerous weaknesses in these areas. Recent studies, for instance, have criticized both the Afghan government and the international community for failing to fulfill their pledges of economic reform and foreign assistance, respectively. The June 2008 Paris Conference on Afghanistan, aimed at strengthening international assistance efforts and further implementing the Afghanistan Compact, might provide an indicator of future trends.

NATO members have achieved equally mixed results in increasing cooperation between Afghanistan and its neighbors. The situation in Pakistan, the country singled out in the NATO vision statement, remains problematic. The new government in Islamabad appears to lack the will or capacity to dismantle the extensive cross-border networks supporting the Taliban insurgency.

The disorder in Pakistan have led NATO planners to worry about the security of their supply lines to Afghanistan. At present, most ISAF supplies pass through Pakistan. NATO leaders have long been trying to acquire other logistical routes, but this task has become more urgent as uncertainties regarding Pakistan's political stability have increased.

The Russian government has offered to allow NATO countries to deliver certain non-lethal goods to ISAF through Russian territory. In his address to the summit, Russian President Vladimir Putin highlighted Afghanistan as an issue on which he

would like to see greater NATO-Russian cooperation. In their summit communiqué, the NATO governments said they “appreciate” Putin’s decision. They also declared that, “We would welcome deepened NATO-Russia cooperation in support of, and agreed by, the Government of Afghanistan, and look forward to building on the solid work already achieved in training Afghan and Central Asian counter-narcotics officers.”

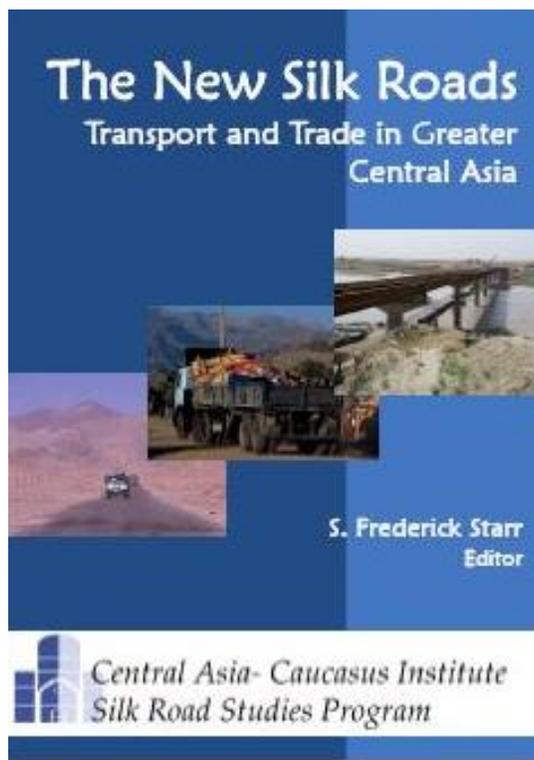
In addition, several Central Asian governments have indicated they would increase their levels of logistical support to ISAF. In this regard, the most interesting developments relate to Uzbekistan. Following U.S. criticism over the government’s use of force in Andijon in May 2005, Uzbek authorities ordered the U.S. military to cease using the large base at Khanabad to support operations in Afghanistan. Even so, they allowed German forces to continue operating from another base at Termez as part of NATO’s Afghan efforts.

The U.S. ambassador to Uzbekistan recently indicated that Uzbek authorities were now allowing U.S. troops to use the Termez base on a case-by-case basis. At the Bucharest Summit, Uzbekistan’s

President Islam Karimov offered to let NATO expand use of Termez as a transit hub for supplying ISAF. He also proposed including NATO in a revived series of 6+2 talks on enhancing Afghan stability. From 1997 to 2001, Afghanistan’s neighbors (China, Iran, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan), with Russian and U.S. participation, sought to negotiate a resolution of the Afghan civil war using this framework.

CONCLUSIONS: Despite the Bucharest Summit’s reaffirmation of NATO’s commitment to Afghanistan, the fundamental problems of inadequate overall troop levels, excessive restraints on their deployment, and recurring efforts at buck-passing remain. NATO’s best hope for realizing its ambitious vision for Afghanistan lies in enhancing the effectiveness of Afghan government institutions, especially the Army and Police, and developing new partnerships with other Eurasian countries that seem increasingly interested in such cooperation.

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LABOR MIGRATION AND ITS POTENTIAL CONSEQUENCES FOR CENTRAL ASIA

Kursad Aslan

Central Asia was a place of forced exile during the Soviet Era. Now, labor migrants are moving by their free choice to earn their livelihoods. While Kazakhstan is a major recipient, migrants from the poor neighboring countries of Kyrgyzstan, Tajikistan, and Uzbekistan seek livelihoods on construction sites, tobacco and cotton fields there and in Russia. The reintegration of Central Asia with the world after the Soviet Union creates a new structure in the region's political economy; and this is the forerunner of the further change in all aspects of societies and social life in the region.

BACKGROUND: Since gaining independence, the post-Soviet countries of the Southern tier have displayed political, social, and economic outcomes distinct from their Baltic and Slavic counterparts. Central Asian countries in particular are seen in the West to have shown frustrating political and economic performances in their regime and market transitions. After independence, Kazakhstan and Kyrgyzstan followed liberalization policies in their economies, while Turkmenistan and Uzbekistan opted for statist and gradualist economic transition policies. Tajikistan remained somewhat of an outlier because of its prolonged civil war, and its ethnic and social composition.

It is safe to say that most of the post-Soviet economies have still not fully recovered from the economic shock of the collapse of the Soviet system; however, some of them have remained far behind compared to their counterparts. The percentage of population under the poverty line reached 80% of Kyrgyzstan's, over 90% of Tajikistan's, and almost 50% of Uzbekistan's populations in the aftermath of the 1998 Russian crisis. And all countries of Central Asia, except Kazakhstan, have remained in the category of the seven-poorest countries of the CIS, known as the CIS-7. The direct outcome of the relative economic austerity was out-migration to search for livelihoods.

In Central Asia, a wide dichotomy has opened in later years: while southern Central Asian states are exporters of migrants, a World Bank report ranks Kazakhstan in 2007 as the world's ninth-biggest destination for labor migrants.

Keeping track of labor migration and migrants has been limited due to the existence of formal and informal procedures; however, according to Kazakh official registries at customs, the number of Uzbek migrants entering the country daily is 4,000. On the other hand, Russian officials estimate up to 2.5 million Uzbeks (from a population of 27 million), and 800,000 Kyrgyz (population 5 million) work in the Russian labor market. Based on information from regime insiders, the number of Uzbek labor migrants might be 5-6 million in total. The official website of the U.S. Department of State gives a similar figure: "Estimates range from lows of 3 million to highs of 5 million Uzbek citizens of working age living outside Uzbekistan, most in neighboring countries or Russia." Some estimates suggest that the magnitude of remittances might be as much as 30% of Kyrgyzstan's, and 50% of Tajikistan's corresponding GDPs. Most of these funds go directly to rural households. Then, the critical question is how those monies are spent.

IMPLICATIONS: The most important feature of the labor emigration is migrants' remittances along with all other potential material and immaterial

benefits to the households left behind and to the entire sending nations. On the positive side, out-migration brings about improvements to the well-being of migrants and their families, reduction of poverty in the sending regions, much needed capital in the form of money and goods, a safety net for households, increasing local savings and investment, and alleviation of unemployment and underemployment pressures, especially in the densely populated Ferghana Valley.

As is the case for all remittance-receiving communities and nations in the world, it is visible in the big cities of Central Asia that remittances are spent for construction or improvement of housing. In the urban centers, there are new patterns in the daily lives of people: increasing connection to the world through the internet, transportation, and communication, and new life styles. Walking the streets of the urban centers, one comes across many migration-related businesses: IP-phones or internet cafes to provide communication between migrants and their relatives; foreign exchange bureaus; firms that sell bus or airline tickets; and real-estate agencies that offer newly-built modern houses.

One crucial effect of external migration is the redistribution of wealth, and this might potentially change the balances in the so-called clan politics of Central Asia. Besides, labor migration is seen as an effective mechanism for the formation of a middle class in the entire post-communist area. Given the increasingly active role of migrants in the politics of their home or host countries, it is argued that they can come to push for political reforms. Diasporas can be mobilized to advance the interests of the sending country. Or in the reverse case, host countries, mainly Russia and Kazakhstan, may use the "migration card" as a bargaining chip in bilateral relations with sending countries. In the domestic realm, it is likely that out-migration might cause increasing conservatism. Arguably, migrants are likely to be able and open-minded, and their outflow might change the balance of domestic power in favor of conservative ideas and actors. Besides, increasing hostility towards migrants in the host countries may cause increasing nationalism and

nationalistic ideas among migrants and their families back at home. They may become either more religious or ultra-nationalistic or both (like Turkish migrants in the EU) and then spread these life patterns back to their home communities. For national politics, remittances through informal channels might be potential sources of terrorism, drug, and money laundering, since there is no effective control due to the ambiguity or nonexistence of jurisdiction in the global waters. Indeed, as reported in the 20 February issue of the CACI Analyst, this is one reason why Uzbekistan seeks to channel remittances through the bank system.

Another scope is the financial system. Considering that the percentage of bank customers to the population is very low in those labor-exporting Central Asia nations – and that for many rural people, receipt of remittances represent their first contact with the banking system – remittances have a strong potential to strengthen the banking sector if national governments prepare corresponding infrastructure to this cause.

Pessimists argue that migration and associated remittances bring nothing but dependency. Migration causes brain-drain, and remittances are spent for non-productive causes, especially for conspicuous consumption which distorts local economies; and create social inequality. Migrants lock themselves into a semi-permanent role of supplying labor for the dirty, difficult, and dangerous (3D) jobs in the receiving countries. Spending remittances for luxury items causes a growth in imports, inflationary pressures, appreciation of the local currency, diminishing export performance, and increasing land and real estate prices. Most remittance-taking families experience moral hazard problems, some entirely forgo productive activities, and tend to live lucrative and lazy lives. Migrants and their families become relatively rich; and they tend to move to urban areas. Urban-rural inequality further increases with the end result of social conflict due to relative deprivation. Moral hazard is also possible for the national or local governments. They escape from

the pressures for the urgently needed structural reforms; they tend to ignore economic imbalances (e.g. trade deficits), since remittance inflows do not require any conditionality, unlike the IMF.

CONCLUSIONS: Migration and remittances pose both prospects and challenges to the labor exporters. There is visible and statistical evidence to support the migration pessimists' arguments. One is that there is currently a shortage of skilled personnel in the labor exporting nations of Central Asia. In Bishkek, Tashkent, and Dushanbe, real-estate prices have increased significantly. However, remittances might still be part of the solution in the broader fundamental reforms in the labor exporters of Central Asia. There are good reasons to be hopeful

that sending countries would find ways to be connected with their citizens abroad. The main solution is the rationally designed and improved institutional context. Labor exporting nations should think about channeling remittance inflows to the SMEs; gradual transformation of rural and agricultural population to the urban and manufacturing jobs through broader national policies including education, strengthening banking and financial system, fostering job creation, raising productivity, improving public service delivery, spatial inequality especially between migrants non-migrants.

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FIELD REPORTS

KYRGYZ-KAZAKH BORDER DEAL STIRS UP DUST IN KYRGYZSTAN

Nurshat Ababakirov

No sooner had spring opened a new political season than President Kurmanbek Bakiyev was caught between his plan to give a push to the shuddered economy and its side effects, which could open a mainspring for the recovery of the opposition. The opposition blames President Bakiyev for “granting” historically important territory and four resorts on Issyk-Kul Lake to Kazakhstan. This colored the Kurultai (people’s council), organized by the opposition on April 12, with nationalistic statements and drove small youth groups to take to the streets despite governmental bans. Apparently, it is the price Bakiyev is ready to pay for economically vital support pledged by Kazakhstan.

In the meantime, President Bakiyev is preparing to pay an official visit to Astana on April 17-18. The two leaders will meet in the framework of the Intergovernmental Council comprised of the ministers of foreign affairs of Kyrgyzstan and Kazakhstan.

Bakiyev expressed big hopes for the Intrastate Single Union, which Kazakh president Nursultan Nazarbaev first mentioned in April 2007 during a visit to Bishkek. Bakiyev referred to it as a “quite real and reasonable idea, given the economic capacity of Kazakhstan.” Nazarbaev, in turn, vowed to invest about \$100 million into the Kyrgyz economy, while identifying thorny matters –

disputed territories and four resorts on the shores of Issykul Lake, and the unpredictable business climate in Kyrgyzstan – that could become stumbling blocks for closer cooperation between the states. Bakiyev promised to consider the offer as a potential investment into the energy sector, particularly into the construction of two large hydropower stations, Kambarata 1 and 2, which the Kyrgyz government is in no position to build independently. Expecting to turn Kyrgyzstan into an exporter of hydroelectric energy in the region, the stations, as President Bakiyev asserted, should ensure “a coordination of energy policy in the region.”

President Bakiyev should feel a special need for energy security this year. A harsh winter led to the overexploitation of the Toktogul hydropower station, and now left its reservoir with water levels falling to the dead point. This forced the government to introduce blackouts during the night throughout Kyrgyzstan for upcoming months. Experts predict filling the reservoir could take several years. Also, crippling inflation not only led to spiraling prices of basic products, petrol, and construction materials, but also pushed the government to raise prices of electricity by 12 percent and water by 20 percent.

On April 11, the ruling Ak Zhol party approved the Kyrgyz-Kazakh border demarcation agreement,

signed by the two countries' presidents in Astana in 2001, and granted ownership of four hotels on the shores of Issyk-Kul to Kazakhstan for 49 years. Although two minority parties, the Communists and the centrist-leaning Social Democrats, voted against it, fearing that such actions could provoke another "revolution" at a time of economic difficulties, and proposed to postpone the matter, their votes failed to make any difference. According to the agreement, Kyrgyzstan transfers 620 hectares of tract of mountainous grassland, Karkyra, to Kazakhstan in exchange for nearby 1,100 hectares of steppe land, which has already been in the disposal of the Kyrgyz citizens of the village of Santash for rearing livestock. Suspicions over the "fairness" of the deal arose from the fact that the Kazakh parliament ratified it in 2003, although the land Kazakhstan received was twice smaller than the land they were offering to Kyrgyzstan. Previous parliamentarians repeatedly postponed ratification, owing to periodic instability in the country, the existence of more pressing issues, and a fear of public discontent.

The government had to go through thorny ways to "convince" Ak Zhol of the wisdom of such a decision. Astana claimed the four resorts on the grounds that they had been built through Kazakhstan's resources during Soviet times. After independence, Kyrgyz authorities failed to declare ownership of these assets. But campaigning for ratification President Bakiyev instead presented the deal as a means of raising hotel standards and developing tourism. He assured repeatedly that it does not conflict with the national interest, since "buildings are theirs, but the land is ours." He argued that unlike Kyrgyz investors, Kazakhstan can, and would be obliged to, develop them into at least three-star hotels operating the entire year long, with 80 percent of their staff comprised of locals provided with decent wages.

When the presidential majority party appeared reluctant to take steps on the matter, many concluded that Bakiyev's image could be shaken in Astana. Some also saw a crack within the monotonous and amenable presidential party, which

enjoys a dominant majority in the parliament. Reportedly, parliamentarians from Issyk-Kul oblast were particularly bothered, apparently fearing the fury of Issyk-Kul residents.

For many, this case bears striking resemblances with the former regime's notorious experience with Uzengu Kuush, the territory transferred to China in 2001. In 2002, parliamentarian Azimbek Beknazarov was put in jail for his criticism of the government's "treacherous trade of Kyrgyz land." Specifically, he claimed that the Sino-Kyrgyz border must be kept behind the watershed mountain ranges so as to enable the Kyrgyz government to use the Sary Jaz and Uzengu Kuush rivers for economic purposes: building hydropower dams and selling irrigation water to China. Nationalistic fervor propelled deep-rooted discontent and resulted in clashes between protestors and law enforcement forces in Aksy village that left six civilians dead. It eventually added heat to dissatisfaction with the increasingly authoritarian rule of Askar Akaev and speeded his ouster from the presidency in the spring of 2005.

The opposition is able to skillfully play on the patriotic feelings of the Kyrgyz people. It depicts the Karkyra tract handed to Kazakhstan as an inseparable part of Kyrgyz history and equals its loss to an "absence of dignity." Importantly enough, Karkyra is associated with events that play a pivotal role in the formation of the Kyrgyz as a nation, according to the Manas epos, which former president Askar Akaev tried to use as the core element in national ideology during his tenure. Notably, on April 10, the opposition visited the memorial cemetery Atabeyit, a graveyard of Kyrgyz intellectuals murdered by Stalin in the 1930s as "enemies of the nation." Omurbek Tekebaev, one of the leaders of the opposition, said, "in so doing, we wanted to emphasize that there is no way back to authoritarianism and that no force can force the Kyrgyz people on their knees."

Although the opposition remains weak, some observers deemed the opposition's gathering relatively successful in the light of the continuous failures and rising "recklessness" of the government, which might precipitate public

sympathy for the opposition. The results of the controversial parliamentary elections have not yet been published, and judging by a statement by the speaker of parliament Adaham Madumarov that “the Central Election Committee is not obliged to”, doubts exist whether they ever will be. If the opposition’s demands are not met, they threaten to stage civil disobedience rallies and protests throughout the country no later than this fall.

It is likely that the government will underestimate the opposition’s categorical and radical statements voiced at the somewhat emotional kurultai. The

opposition’s lines has thinned, with some retreating from politics and others accepting government posts. Former office holders also joined the opposition, making it look less based on principle. Yet granting resorts and exchanging historically significant land to well-off Kazakhstan, added with social and economic hardships, rising prices, and increasing calls for privatization, generates distrust among grassroots regarding the government and its competence to effectively handle economic issues. It remains to be seen what President Bakiyev’s bold actions will bring.

PLANNED WAGE AND PRICE RISE IN UZBEKISTAN

Erkin Akhmadov

April 2008 marked the expected inflation round in Uzbekistan. The results of inflation are reflected in increased salaries and prices for goods and services. Under a presidential decree, salaries of employees of state-run organizations, stipends, pensions and public allowances increase by 12 percent from the beginning of April. Thus the minimal wage now would constitute \$16, pensions \$32, and allowances \$16-31. Simultaneously, the price of basic goods and services rose respectively.

According to calculations by social security employees, the pension payments increase in Tashkent city alone requires an extra US\$ two million from the state budget. The increase in salaries requires even greater funds. Therefore, there is an urgent need for the government of Uzbekistan to seek ways to enhance state budget revenues. Normally, these are derived from price hikes in basic goods and services.

The latest price hike in Uzbekistan was not insignificant. For instance, the cost of public transportation services is 20 percent higher from April 1; the price of bread increased by 25 percent and that of gas by 22 percent. Tariffs on cold and

hot water and electricity also increased from April 10.

The state budget and the off-budget Pension Fund under the Ministry of Finance are responsible for covering expenditures related to increases of salaries for employees of state-run enterprises, pensions and public allowances. Self-sustained enterprises and organizations, however, will have to raise wages for their employees through increases of in productivity and reduction of labor costs. In other words, the state takes care only of the state-run enterprises, while it is very unlikely that those working in private businesses and self-sustained enterprises will have any concomitant rise in their wages. It is notable that the number of people engaged in self-sustained enterprises is much greater than those working for the state. And price increases for goods will affect them in the same way as those who will get a salary rise.

Perhaps aiming to help its citizens deal with disproportionately high prices for basic goods, the government of Uzbekistan undertook several administrative measures. For example, the government recently announced its decision regulate prices for vegetable oil. The State

Committee on Demonopolization calculated the average price for retail trade of vegetable oil. From the beginning of April, it should be sold at prices 50 percent lower than its market price, equaling ca. \$1.50. The interest of private entrepreneurs and retailers that have to sell their goods at artificially low prices, and thus incur losses, appears not to be considered in this case.

Another speculative measure to enrich the state budget is provided by a presidential decree “On Additional Measures of Conditions for Deposit Liberalization and Provision of Guarantees for Population in Commercial Banks”. The decree allows citizens of Uzbekistan to be exempt from declaration and taxes on resources deposited in checking accounts between April 2008 and April 2009. There are no limits on the size of funds that could be either deposited in cash or transferred from other national or foreign bank accounts. Moreover,

no documentation confirming the origin or legality of resources is needed. Considering all restrictions and control over bank accounts exercised by banks in Uzbekistan, the measure may be interpreted in the context of the state’s urgent need to secure increased financial resources for the budget.

All in all, inflation “rounds” take place in Uzbekistan once or twice per year. Therefore, the rise of prices for goods and services does not catch Uzbek citizens by surprise. They are quite used to the fact that wage increases do not improve people’s welfare, but provide another reason to increase prices. Even measures directed at alleviating the situation leave large segments of the population – small retailers and private entrepreneurs – out of sight. One widespread saying about current situation among people is that “They give us one ruble more, but take away two”.

KYRGYZ OPPOSITION, GOVERNMENT SPLIT PUBLIC SUPPORT

Erica Marat

On April 12, the Kyrgyz opposition convened the second meeting of its shadow parliament. The shadow parliament was formed shortly after the controversial parliamentary elections of December 2007, and its first meeting took place this February. The structure is comprised of 50 members, but it plans to increase its membership to 90 people – the actual size of the Kyrgyz parliament. Most members of the shadow parliament are opposition leaders who were not able to gain either seats in the parliament or government offices after Kyrgyz president Kurmanbek Bakiyev promoted his political party, Ak Zhol, into key positions.

The shadow parliament came into place because of the new electoral system, which is based on the proportional vote system but added particular clauses that made it difficult for the opposition to

gain representation. Moreover, opposition forces have a harder time gathering crowds against the ruling regime. Unlike the majoritarian system that allowed individual candidates to seek support among their constituencies, the new electoral system allows protests to be voiced only through political parties. Therefore, several opposition parties chose a new way of showing their disagreement with the regime. Instead of staging mass protests on the street, the opposition decided to gather in one room to exchange ideas.

Besides the shadow parliament, the Kyrgyz opposition has also formed a shadow government with a ministerial cabinet. Both the shadow parliament and government are comprised of renowned political leaders who are supported by opposition members in the actual parliament.

Among them are the head of the Ata-Meken opposition party, Omurbek Tekebayev; Azimbek Beknazarov, head of the Asaba party; former Minister of Foreign Affairs Alikbek Jekshenkulov; former parliament speaker Abdygany Erkebayev; former MPs Doronbek Sadyrbayev and Temir Sariyev; former prime minister Amangeldy Muraliyev, and civic activist Cholpon Jakupova.

At the April 12 convention, the shadow parliament collected over a thousand supporters from across the country. At the convention, the shadow parliament appealed to emotive and populist slogans: the opposition declared its disagreement with Bakiyev's policies and cadre politics; it also criticized corruption in the government and the absence of policies to stop rapid inflation for food products and electricity. Furthermore, the opposition appealed to nationalist moods among the crowds, accusing the government of allowing Kazakhstan to increase its economic presence in the country.

Previously, the Kyrgyz opposition consolidated against the central state in periods, but split internally once some of its members were excluded from the political process while others were granted public positions. A majority of the opposition members in fact formerly belonged to Bakiyev's regime. Some of them were also part of former president Askar Akayev's team. But the current consolidation of the opposition represents a strong

alternative force to the current regime that is aiming at competing in the next presidential elections in 2010.

The fact that Bakiyev's government allowed the opposition to hold the meeting shows the president's inability to counter the opposition movement. At the same time, both the regime and the opposition remain far apart, with minimal constructive interaction between them at best. Some local analysts even speculate about a growing split in society because of the existence of two parliaments and two governments, a formal and an informal one.

Although the shadow parliament lacks the legitimacy of a real parliament, when compared to the actual parliament, its leaders are considerably more professional and enjoy genuine public support. But some members of the opposition argue the shadow parliament undermines the legitimacy of the real parliament because the government falsified the December 2007 elections results and the opposition had in fact won the elections by a wide margin.

After three years of numerous protests staged by various opposition forces, the formation of the shadow parliament represents a new technique for countering the ruling regime. It remains to be seen how long Kyrgyzstan's shadow parliament will continue its existence.

BAKU HOSTS GUAM CONFERENCE, AIMS AT CONFLICT RESOLUTION

Azer Karimov

On September 16, the Azerbaijani capital Baku hosted a major international conference, entitled "Basic principles for the settlement of conflicts in the territories of GUAM countries." The event was organized within the auspices of GUAM and the current Azerbaijani presidency of the organization. More than 100 government officials, legal experts

and representatives of international organizations arrived in Baku to participate in the work of this conference.

Opening the conference, Minister of Foreign Affairs of Azerbaijan Elmar Mammadyarov spoke about the recent socio-economic progress in the region and stated that the frozen conflicts in the region hinder

its further development. He praised GUAM members for showing solidarity in their approach to the resolution of conflicts in their respective territories and urged them to do more to inform the international community about the threats and dangers posed by these unresolved conflicts. "All of these conflicts [Nagorno-Karabakh, Abkhazia, South Ossetia, Transnistria] have common elements - ethnic cleansing, violent attempt of changing internationally recognized borders, the use of illegal force and gross violations of human rights," noted the Foreign Minister.

Other participants of the conference, such as deputy ministers of foreign affairs of Azerbaijan (Araz Azimov), Georgia (Dmitriy Mandchavidze), and Moldova (Ion Stevila) as well as the Ambassador of Ukraine to Azerbaijan Stepan Volkovetskiy also expressed their governments' interests and visions to resolve the conflicts in the post-Soviet space based on the principles of territorial integrity. The Honorary President of the Council of Europe Peter Schieder, and the Polish and Lithuanian deputy ministers of foreign affairs, Andrey Kremerand Yaroslav Neverovich, respectively, also addressed the event. Prominent lawyers, representatives of think tanks, human rights activists and civil society members were among the discussants in the panels of the conference.

By and large, the event represents the growing concern in the capitals of the GUAM member states about the recent declaration of independence by Kosovo and its recognition by large number of states in Europe and other parts of the world. Officials in GUAM countries fear that the unilateral and rather successful independence of Kosovo will become a very dangerous precedent for the resolution of conflicts in their respective countries. Although American and European officials claim that the Kosovo case will not and should not become a precedent for other conflicts, in reality it has already become one. Thus, attempting to inform the international community about the history and specific nuances of the conflicts in the

GUAM states and preventing a Kosovo-style resolution of these conflicts is the main foreign policy goal of GUAM states at the moment.

Speaking at the conference, the ambassador of Ukraine to Azerbaijan specifically highlighted this point, by denying any similarities between the Kosovo conflict and those in the post-Soviet space. "Every conflict has its own specifics and one can not apply one model for the resolution of conflicts to others," he concluded.

Azerbaijan has been a true locomotive of GUAM in recent months; this conference is not the first major event organized by official Baku within its GUAM obligations. GUAM members seem to believe that by sticking together they have much better chances for the resolution of the conflicts in their territories than by trying to seek individual and unique approaches to the violent separatism in their territories. It is not a coincidence that GUAM members unanimously supported Azerbaijan's recent resolution at the UN General Assembly, and previously co-sponsored a draft resolution at the UN calling for the international community to pay attention to these frozen conflicts and to resolve them on the basis of the international law and the principle of territorial integrity.

GUAM itself has in recent years become a very strong organization, playing an active role in regional politics and successfully moving from declarations to practical projects and initiatives. Speaking at the event, the Secretary General of GUAM, Valeriy Chechelashvili, talked about the growing trade among the GUAM members from US\$2 billion in 2006 to US \$3 billion in 2007 (with the forecast of US\$10 billion in five years) and praised the irreversible integration of these countries. "Separatism has no future. All of these conflicts will be resolved based on the sovereignty of our states. GUAM has yet to show its full potential," added Chechelashvili.

NEWS DIGEST

KYRGYZ PRESIDENT REJECTS PLANS TO SWITCH TO LATIN-BASED SCRIPT

3 April

At a meeting with Kyrgyz Education and Science Minister Ishengul Boljurova in Bishkek, President Kurmanbek Bakiyev said on April 3 that he has decided to reject plans to switch from the Cyrillic script to a new Latin-based one.

Bakiyev explained that his decision stems from the financial costs of such a switch, but added that he was also concerned that such a move would pose "a risk that the quality of education will worsen sharply in our country." Several prominent politicians, including the head of the state commission on developing the Kyrgyz language, Tashboo Jumagulova, have strongly advocated switching the Kyrgyz language to the Latin script, noting that Kyrgyzstan is in danger of becoming the only Turkic country in the world that uses Cyrillic. According to preliminary estimates by the Education and Science Ministry, the initial cost of a language switch would be about 5 billion soms (\$140 million). The ministry also argued that Kyrgyzstan "must switch over" from Cyrillic to Latin "gradually," however. (Itar-Tass)

TURKMEN, UZBEK PRESIDENTS ATTEND NATO SUMMIT

4 April

Speaking on April 3 at the NATO summit meeting in Bucharest, President Gurbanguly Berdimukhammedov stressed Turkmenistan's deepening ties with NATO, Turkmen Television reported. He also highlighted his country's "neutral role" but noted its "partnership" with NATO, pointing to cooperation in the areas of civil defense, counterterrorism, border security, and combating drug trafficking. Berdimukhammedov also hailed Turkmenistan's contributions to establishing "peace and security" in Afghanistan. Uzbek President Islam Karimov also addressed the NATO summit

on April 3, praising "NATO's progressive transformation into a political structure," which he said provided an "impetus to the further development and strengthening of Euro-Atlantic partnership," the Uzbek state-owned National News Agency reported. Karimov also noted that Uzbekistan is increasingly engaged in several "promising areas of constructive cooperation with NATO" and called for bolstering efforts to help stabilize Afghanistan, which he identified as "still a locus of threat to the world community." Uzbekistan has been working with NATO since 1994 within the framework of the Partnership for Peace program. (RFE/RL)

UZBEKISTAN CUTS GAS SUPPLIES TO TAJIKISTAN OVER UNPAID DEBT

7 April

Uzbekistan has begun cutting gas supplies to Tajikistan over unpaid debts. "Tajikistan's gas debt is \$7 million. Repeated requests to repay it have brought no result so we have begun to reduce supply in stages," a source in Uztransgaz told Interfax on Monday. Supply been slashed from 2 million cubic meters per day to 1.3 million cubic meters, the source said. During yesterday's talks with the leadership of Tajikgaz, Uzbekistan refused to increase gas supply before the redemption of the debt. "It was the same in January. We have been forced to resort to extreme measures, namely to cut supply. Only after that, our partners start paying," the source said. Under a bilateral gas agreement for 2008, Uzbekistan is to supply Tajikistan with 650 million cubic meters of gas at \$145 per 1,000 cbm. Last year the price was \$100. (Interfax)

KAZAKH PUBLIC FOUNDATION OPENS ANTICORRUPTION CENTER

7 April

The Kazakh public foundation Transparency Kazakhstan opened on April 7 a new anticorruption center in Almaty, intended to provide legal advice to citizens and consumers. Speaking at a press conference in Almaty, the chairman of the foundation's board of directors, Vitaly Voronov, said the new center "will receive reports from citizens about cases of corruption and provide them with legal consultations, protect their rights and interests," and he stressed that its services will also be provided to "corporate bodies and entrepreneurs." (Interfax-Kazakhstan)

KAZAKHSTAN APPROVES \$109.9/TONNE OIL EXPORT DUTY

8 April

Kazakhstan's government has decided to impose an oil export duty of \$109.91 per tonne. "The proposed export duty is set at \$109.91 per tonne, based on a global oil price of \$714.9 dollars per tonne in the first quarter of 2008," Industry and Trade Minister Vladimir Shkolnik said at Tuesday's Cabinet meeting. "Imposing the export duty on crude oil will boost budget revenues by \$1 billion by the end of this year, provided that this export duty comes into effect a month after the official publication of the government's decision," Shkolnik said. (Interfax)

CHINA BEGINS TO SUPPLY DRILLING RIGS TO UZBEKNEFTEGAZ

9 April

Chinese companies have begun to supply drilling rigs and seismic exploration equipment to enterprises of Uzbekneftegaz national holding company, a source in the ruling circles told Interfax. "This year, six ZJ DB320 drilling rigs have been supplied to Uzbekneftegaz, three of these have been launched," he said. Two drilling rigs are working in the bore holes on the Kokdumalak field and one is used for exploration work on the Chilkovar gas condensate field. Uzbekistan will get an additional 12 drilling rigs by late 2008 and five drilling rigs in the first half-year of 2009. According to earlier reports, in 2007-2011 Uzbekneftegaz will buy drilling rigs and 3D seismic exploration equipment for a total of \$274.2 million. In particular, in mid 2007, Uzgeoburneftegaz (Uzbekneftegaz subsidiary) signed a contract with China Petroleum Technology & Development Corp (CNPC subsidiary) to supply 23 drilling rigs in 2007- 2008 and special equipment for \$203 million, as well as

with China National Machinery Industry Corporation to supply 10 cementers for \$6.1 million. The funding of the contracts with Chinese companies will be implemented at the account of the Chinese Eximbank loan for \$177.6 million and Uzbekneftegaz own funds of \$31.5 million. Chinese Eximbank extended its loan in July 2006 for 15 years including a five-year preferential period with 3.5% yearly interest. In terms of the project, Uzbekneftegaz will also purchase an extended range of equipment for 3D seismic exploration work for \$65 million. It is planned to purchase ten digital telemetric seismic stations for seismic exploration. The purchases will be funded with Uzbekneftegaz own funds. One drilling rig's yearly boring will make 5,500 meters, the average seismic work for one unit of seismic exploration equipment is 252 square meters. Uzbekneftegaz plans to increase the reserves of hydrocarbons in Uzbekistan by 512 million tonnes of equivalent fuel. Uzbekneftegaz is a monopoly operator of Uzbek oil and gas sector, it was created in 1998 and includes six share-holding companies. In 2007, Uzbekneftegaz reduced production of liquid hydrocarbons by 9% to 4.928 million tonnes as compared with 2006. (Interfax)

ARMENIAN PRESIDENT-ELECT CONFIRMS CHOICE OF NEW PREMIER

9 April

In an announcement in Yerevan, Armenian President-elect Serzh Sarkisian officially confirmed on April 8 his plan to appoint Armenian Central Bank Chairman Tigran Sarkisian (no relation) as the country's next prime minister, RFE/RL's Armenian Service reported. The candidacy of the prospective prime minister was approved earlier the same day by the governing council of the ruling Republican Party of Armenia (HHK), according to party spokesman Eduard Sharmazanov, who added that the vote was unanimous. The 48-year-old Sarkisian has served as the head of the Central Bank since 1998 and is widely seen as a strong proponent of free-market policies, lending credence to his reputation as a favorite of the West and international financial institutions, such as the International Monetary Fund (IMF) and the World Bank. According to the terms of recent amendments to the Armenian Constitution, the prime minister is presidentially appointed but must be confirmed by the parliament. The confirmation comes a day after Gagik Tsarukian, the leader of the pro-government

Prosperous Armenia Party (BHK), disclosed the planned nomination. (RFE/RL)

ARMENIAN PRESIDENT GIVES NATIONALLY TELEVISED FAREWELL ADDRESS

9 April

Speaking in a nationally televised address, Armenian President Robert Kocharian bid farewell on April 8, the last day of his second and final term as president, according to RFE/RL's Armenian Service. Kocharian hailed the last several years of double-digit economic growth, asserting that "progress in the country's modernization is obvious, and the life of citizens has improved considerably." He claimed that "few countries in the world" could match Armenia's "pace of development," but went to "apologize to those whose life has not improved during these years" and to "those whose expectations have not been lived up to, whose dreams have not been realized." In a reference to President-elect and outgoing Prime Minister Sarkisian, the 53-year-old president said he trusts in his successor's "ability to govern the country effectively." Earlier in the day, presidential spokesman Victor Soghomonian revealed that the country's April 9 presidential inauguration will open with a special official ceremony before the Armenia parliament before moving to a public ceremony. (RFE/RL)

NEW ARMENIAN PRESIDENT INAUGURATED

10 April

In a formal inauguration ceremony held amid tight security in Yerevan, Prime Minister Serzh Sarkisian was on April 9 formally sworn in as the new Armenian president, RFE/RL's Armenian Service reported. In his inaugural address, Sarkisian vowed to strengthen democracy "where everyone is equal before the law" and called for national reconciliation and unity, referring to the "wounds" from a postelection crisis that culminated in a violent March 1 clash between opposition demonstrators and riot police in Yerevan. As part of his appeal for national reconciliation, Sarkisian reached out to all citizens by saying that "a part of our people supported other candidates, and I now appeal to them: it was your right to vote for someone other than me, but I do not have the right not to be your president," adding that "even if a wall of misunderstanding stands between us, I urge you to join us in eliminating that wall." Immediately

following the ceremony, the authorities opened a large military parade as several thousand baton-wielding police blocked major streets to prevent opposition supporters from staging demonstrations. Instead, a group of nearly 1,000 protesters skirted police units and held a spontaneous demonstration about a kilometer from the city center and voiced demands for a rerun of the February 19 presidential election controversially won by Sarkisian. (RFE/RL)

RUSSIA BANS NURJULAR INTERNATIONAL RELIGIOUS ORGANIZATION

10 April

The Russian Supreme Court has banned the activity of the Nurjular international religious organization on Russian territory and pronounced the organization extremist, by request and of the Prosecutor General's Office. The court held the meeting in camera, and the media was allowed to listen only to the judgment. Nurjular, which is not registered in Russia, spreads the ideas of Turkish thinker Said Nursi. The Moscow Koptevo District Court called extremist the Russian translation of 14 books from Nursi's collection named Risale-i Nur in May 2007. The Moscow City Court upheld the verdict in September. The books were banned. Nursi (1876-1960) is an Islamic theologian from Turkey. He lived in Russia for several years and was the imam of a Kostroma mosque. He wrote Risale-i Nur in prison, where he was put over a conflict with Turkish authorities. (Interfax)

FORMER ARMENIAN PRESIDENT CALLS FOR END TO HUNGER STRIKE

11 April

In a statement released in Yerevan, former Armenian President and opposition leader Levon Ter-Petrossian called on April 10 for an end to an ongoing hunger strike by a group of about two dozen of his supporters, appealing to them to spare themselves for a "further struggle," RFE/RL's Armenian Service reported. The former president added that while he recognizes "the importance of this extreme means of political struggle" and "deeply appreciates the feat of those who resorted to hunger strikes," they must end their strikes because their "health, unbending will, and determination will be required for a more effective contribution to the popular struggle at later stages." According to Arsen Babayan, a spokesman for the Justice Ministry's Department of Penitentiaries, some 23 people in custody are currently on hunger strike,

including parliamentarian Hakob Hakobian, former Deputy Speaker of Parliament Karapet Rubinian, former customs chief Yerjanik Abgarian, and former Deputy National Security Minister of National Gurgun Yeghiazarian, among others. (RFE/RL)

TBILISI OUTRAGED BY PRIEST'S DEPORTATION FROM ABKHAZIA

13 April

Tbilisi has announced that the Abkhaz authorities detained Georgian priest Father Pimen (Roman Kardava), after which he was deported from the Gali district. "We cannot leave this just like that. We are urging all international organizations, which usually promptly react to such violations, to be quick with their response in this case as well, so that such arbitrariness be stopped once and for all," Georgian State Minister for Reintegration Temur Yakobashvili said at a news briefing on Friday. Georgia views the forcible deportation of Father Pimen from Abkhazia as an outrageous violation of all international conventions, laws, and the constitution, he said. Yakobashvili also blamed Russian peacekeepers for not preventing the deportation. "If they cannot even prevent violence against a priest, then this format does not work, and in this case the peacekeepers must be either withdrawn, or their format should be changed," he said. Father Pimen belongs to the clergy of the St. Trinity Cathedral in Tbilisi. He has served in Abkhazia since March 2008. Before being ordained, he regularly traveled to Abkhazia to visit his frail mother living in the Gali district. (Interfax)

TALEBAN ATTACK KILLS 11 POLICEMEN

14 April

Taleban insurgents have attacked a police post in the southern Afghan province of Kandahar, killing at least 11 policemen, an official has said. The attack took place in the Arghandab district on Sunday night. Police vehicles and weapons were also seized by the attackers, the senior police officer said. In a separate incident, two British members of the Nato force have been killed in an explosion in southern Afghanistan. The blast happened on Sunday, said a spokesman from the International Security Assistance Force (Isaf), and two other soldiers were injured. Also during the weekend, a suicide bomber struck a road construction crew in the Khashrod district of the south-western Urozgan Province,

killing two Indian engineers and their Afghan driver. Taleban insurgents in Kandahar have been fighting some of their fiercest battles against international and Afghan forces. Hundreds of policemen have been killed by militants in the province in the last year. Analysts say police are often easy targets because they have less training and weaponry, and work in smaller teams than Afghan or Nato soldiers. Violence involving the Taleban and other armed groups is having an impact on the humanitarian situation in the south of the country, according to the president of the International Committee of the Red Cross. (BBC)

UZBEKISTAN, CHINA TEAM UP FOR GAS PIPELINE CONSTRUCTION

14 April

Uzbekistan and China have established a joint venture to build a gas pipeline from the Central Asian state to its eastern neighbor, Uzbekistan's national oil and gas company Uzbekneftegaz said Monday. The joint venture, Asia Trans Gas, established by Uzbekneftegaz and China National Petroleum Corporation (CNPC), will be responsible for the design, construction and operation of the Uzbekistan-China gas pipeline, a spokesman for Uzbekneftegaz said. The route of the pipeline, intended to pump gas from energy-rich Uzbekistan to energy-hungry China, will be approved by April 20 while project funding will be determined by June 1, the spokesman said. The first leg of the pipeline is expected to be built by December 31, 2009 and put into operation in January 2010. The second stage is planned for completion by December 31, 2011, the spokesman said. Tenders for the delivery of equipment and contractual work for the pipeline construction are scheduled to be announced in April. (RIA Novosti)

KYRGYZ OFFICIAL ANNOUNCES PLANNED ELECTRICITY RATIONING

14 April

In an announcement to reporters in Bishkek, Kyrgyz Deputy Minister of Energy and Industry Akylbek Tyumenbaev said on April 14 that a new electricity-rationing regime will be introduced for at least six months. He added that the regime will impose new restrictions on electricity for homes and "places of entertainment," cutting all electricity for seven hours every night. A less restrictive electricity-rationing regime was introduced last month that reduced the daily supply of electricity to consumers, and cut off all electricity to consumers

who have incurred debts for power supplies, as well as to saunas and some other businesses. The rationing is intended to offset a dramatic decrease in the water level of the Toktogul reservoir, which provides 40 percent of Kyrgyzstan's hydroelectric energy, and to deal with the effects of record cold weather. Over the longer term, the government intends to supplement hydroelectric power with electricity generated from coal and oil to meet domestic energy needs. (AFP)

KAZAKHSTAN IMPLEMENTS RFID TECH AT BORDERS

14 April

Kazakhstan-based Science Technical Center says it will implement radio frequency identification cargo monitoring technology at Kazakhstan border checkpoints. Science Technical Center, or NTC, has been contracted to install the cargo monitoring technology based on a platform designed by Maryland-based RFID sensing and control solutions developer Hi-G-Tek. NTC officials will implement the Automatic Delivery Control System, incorporating Hi-G-Tek outdoor data readers, handheld readers and reusable Hi-G-Locks, at several Kazakhstan border checkpoints between China and Russia. The RFID cargo monitoring instillation is an effort by the Customs Control Agency of Kazakhstan to crack down on black market theft. The security initiative is also an attempt to increase commercial cargo traffic through the checkpoints and reap revenues through associated tariffs. With \$2 billion in goods passing through the country each year, Kazakhstan is becoming a major commercial trade route between China and Europe.

"To expedite cargo traffic between China and points west, Kazakhstan understood that it needed to streamline the customs process, while securing the trade routes against black market theft to attract additional commercial traffic," Rashid Abderzakov, an NTC spokesman, said in a statement. "After evaluating several RFID solutions, only Hi-G-Tek met the requirements set forth by the Customs Control Agency. With its advanced wireless trade lane security solutions, Hi-G-Tek and NTC were able to deliver a solution that has led to cargo-related crime reduction in the region." (UPI)

AZERI SERVICEMAN DETAINED IN NAGORNO-KARABAKH

14 April

The state commission of the self-proclaimed

republic of Nagorno-Karabakh for POWs and missing in action has reported that an Azeri serviceman was detained in the territory of the republic. "Servicemen of the Nagorno-Karabakh army detained an Azeri serviceman entering the territory of Karabakh near the village of Yusifjanly on April 11," Interfax was told at the commission on Monday. "The detainee did not carry any ID and introduced himself as a serviceman of the 190th brigade of the Azeri army born in 1989 in the village of Kholmani, Shemakha district," a commission spokesman said. "The relevant authorities are looking into the motives and circumstances of defection of the Azeri serviceman," he added. The offices of the OSCE and the International Committee of the Red Cross in Karabakh have been notified about the incident, the spokesman said. (Interfax)

KAZAKHSTAN: THE GOVERNMENT TOOK DECISION TO INTRODUCE THE PROHIBITION FOR WHEAT EXPORT

15 April

According to the Press-Service of the Prime-Minister of Kazakhstan, on the today's meeting of the Government they took decision about introduction of the prohibition for wheat export for the period till September 1, 2008, that is till the first harvest, without limitation of flour export. The reason for this decision is necessity of providing food safety for the country, non-admission of the negative consequences for the local market due to the prices growth on the world grain market and deficit of milling grain in the world. According to the report of the Press-Service, the rates of the Kazakh grain export reached the record level - over 1.1-1.4 mln tonnes monthly. From the yield of 2007 Kazakhstan has already exported 8 mln tonnes of grain including flour in grain equivalent and the volumes of shipments almost reached the level of the initially planned export possibilities of the country in the volume of 9 mln tonnes. As for April 10, 2008, the grain stocks totaled 8.1 mln tonnes, including milling grain - 4.7 mln tonnes. According to estimates, deducting grain volumes necessary for the local use (taking into account the carry-over stocks), currently, the export potential totals about 1.2 mln tonnes of milling grain, that at the current rates of shipping can be exported within a month. Under these circumstances, the acceptance of the urgent measures on regulation of the foreign trade of wheat was necessary. At that, free volumes of

grain can be exported in the form of flour that is economically expedient as allows loading the capacities of the flour-milling enterprises as well as saving markets of the Kazakh wheat. (agrimarket.info)

AZERBAIJAN ANNOUNCES 53 PCT RISE IN ARMY SPENDING

15 April

Ex-Soviet Azerbaijan, in a tense armed standoff with neighbour Armenia, is to increase military spending by 53 percent this year, state media quoted President Ilham Aliyev as saying on Tuesday. Azerbaijan fought a war in the 1990s with Armenia over the territory of Nagorno-Karabakh. The two countries have never signed a peace treaty and Azerbaijan has not ruled out using force to restore its control over Nagorno-Karabakh. "In the past 4-5 years the military and defence budget of the country has risen from \$150 million to \$1.3 billion. However Azerbaijan's state budget over this period has risen ten-fold," the Azerbaijan newspaper quoted Aliyev as saying. "I believe that in the context of an overall increase in government spending, defence spending should be increased from \$1.3 billion to \$2 billion in 2008. Azerbaijan has great military potential and must strengthen this," he said. Nagorno-Karabakh is internationally-recognised as part of Azerbaijan. Since the war it and surrounding districts have been controlled by ethnic Armenian separatists who receive assistance from Armenia. The International Crisis Group, a Brussels-based think tank, said in a report last year the fragile truce could be under threat, in part because Azerbaijan is using cash from energy exports to beef up its military. Azerbaijan reported gross domestic product growth in 2007 of 25 percent, driven by revenues from the export of oil and gas. BP is a major investor in Azerbaijan's energy sector. Up to 16 people were killed last month in fighting between Azeri troops and Armenian forces along the heavily-militarised ceasefire line that separates the two sides, the biggest loss of life in a single clash for several years. (Reuters)

SHOOT-OUT REPORTED BETWEEN RIVAL CHECHEN MILITIAS

15 April

Members of Chechen Republic head Ramzan Kadyrov's bodyguard and the Vostok battalion headed by Sulim Yamadayev engaged in a protracted shoot-out on April 14 following a collision between their

respective columns of vehicles in the town of Gudermes, Russian media reported. Both sides summoned reinforcements. Regnum.ru described the clash as verging on an all-out battle, but Russian media failed to report any casualties. The Chechen resistance website kavkazcenter.com, by contrast, cited unconfirmed reports that two Vostok members were killed in the car crash and four more in the shoot-out, together with six of Kadyrov's bodyguards and an unspecified number of passers-by. It claimed that up to 27 people were injured. Kadyrov, who was in Moscow on April 14 to attend the Unified Russia congress, has called several times in recent months for the Vostok battalion, which is subordinate to Russian Military Intelligence, to be disbanded on the grounds that its members routinely defy police and engage in human rights violations. (RFE/RL)

NATO TROOPS KILLED IN AFGHANISTAN

16 April

Two Nato soldiers have been killed in an explosion in southern Afghanistan, the alliance said in a statement. Two soldiers have also been wounded in the attack which took place on Wednesday morning, it said. The statement did not reveal the names or nationalities of the soldiers, who were killed in Kandahar province. Large numbers of Afghan and foreign troops are fighting the Taliban in the volatile south of Afghanistan and they are often targeted by the insurgents. At least 24 international soldiers have been killed in Afghanistan this year. (BBC)

KAZAKH BANK TO BORROW \$1.2 BLN DESPITE CREDIT WOES

16 April

Kazakhstan's Halyk Bank plans to borrow up to \$1.2 billion this year on the global debt markets, its chief executive said on Wednesday, dismissing fears surrounding a global liquidity squeeze. A conservative borrowing strategy has helped Halyk emerge relatively unscathed from the global credit crisis which hit other Kazakh banks hard in mid-2007, leaving many short of cash and raising concerns about their ability to repay debt. Halyk Chief Executive Grigory Marchenko said he believed the regional credit situation was improving gradually, reopening opportunities to borrow abroad and branch into new markets beyond Europe and the United States. "I think we can talk about a certain improvement in the markets. At least for companies from our regions," he told reporters. "We

plan one syndicated loan, one deal in Islamic funding." "Theoretically in the autumn there might be something on the east Asian markets, either samurai bonds or kimchi bonds," he added, referring to debt denominated in the Japanese yen and the South Korean won. Marchenko said he saw total borrowing this year at around \$1.0-\$1.2 billion, including a \$500 million, 5-1/2-year Eurobond which Halyk, Kazakhstan's third-largest bank, placed earlier this month. "If we get one big syndicate then we will not need further deals," Marchenko said. He gave no further details of the funding plans. Halyk's net income jumped 49 percent last year to \$336 million, but the bank has said it sees slower growth of 30 percent this year. Some of its rivals like Kazkommertsbank and Alliance have bleaker

outlooks for this year, projecting no growth or even a decline in assets and loans due to the need to repay foreign debt. Marchenko said he sought to diversify his bank's investor base gradually by forging closer relations with players in new and relatively insulated credit markets such as east Asia and the Middle East. "We intend to develop relations with potential investors in east Asia and the Middle East because there is a lot of money there," he said. "We need ... to diversify our investor base and attract investors from these two regions on top of our traditional investors from Europe and North America." (Reuters)