

Central Asia-Caucasus Analyst

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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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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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RUSSIA AND ABKHAZIA DISPUTE BORDER DELIMITATION

Emil Souleimanov

A territorial dispute has recently worsened the relationship between Moscow and its committed ally in the South Caucasus, Georgia's separatist republic of Abkhazia, whose independence was recognized by the Russian authorities less than three years ago. In an attempt to delimitate its state borders with Abkhazia, Moscow recently came up with a plan envisaging the de facto annexation of ca 160 square kilometers of Abkhaz soil, an initiative fiercely opposed by official Sukhumi. While Moscow would benefit from such territorial expansion ahead of the Sochi Olympics, forcing Abkhazia to cede territory could damage Moscow's relations to Abkhazia as well as its other allies in the South Caucasus.

BACKGROUND: The dispute concerns a piece of land in Abkhazia's northwestern district of Gagra around the highland lake Ritsa. Part of this territory, the village of Aigba, is situated along the shores of the borderline river Psou. Since Soviet times, Aigba has been divided into two parts, the southern part belonging to autonomous Abkhazia in Georgia and the northern part situated within the administrative borders of Russia's Krasnodar region. The Abkhaz side insists on maintaining border delimitations made during the Soviet period. In May 2010, the Abkhaz Parliament even adopted a legal act to this end. Yet according to Russia's most recent claim, the question of to whom those territories in the Gagra area should belong was discussed as early as in the 19th century and that they must be accepted as part of Russia. According to centrally placed sources, the Russian side did not make overly serious efforts to underpin its territorial claim by either legal or historical arguments during the Abkhaz-Russian negotiations taking place in Moscow in March.

In the interwar period, Abkhazia's unique combination of a lovely Black Sea coastline and Caucasian mountains coupled with a mild subtropical climate made it a favorite relaxation

resort for prominent members of the Communist Party and the top brass of the Soviet Army. Over the last decade, the interest in real estate in Abkhazia has been rising within the Russian elite, especially since it is far less expensive than the overpriced neighboring Sochi area where property is almost twice as expensive as in Moscow. Yet attaining land in Abkhazia is legally prohibited for foreigners.

In fact, the main value of the disputed area is its location only 15 kilometers from the village of Krasnaya Polyana, the core location of the 2014 Sochi Olympics. In addition, Russian officials informally argue that securing control of this piece of land would further enhance the security of the Sochi Olympics, which will be a tough task for federal security forces over the years to come (see the 04/13/11 issue of the CACI Analyst).

IMPLICATIONS: The Russian initiative had the effect of an exploding bomb among Moscow's partners south of the Psou River. There is a general consensus within Abkhaz society that not a single inch of Abkhaz soil may be passed over to either Russia or Georgia, since the Abkhaz people has paid too high a price for it. Importantly, the regime of



President Sergey Bagapsh lacks the public support to justify such a transfer, especially since that piece of land has historically been considered Abkhaz. Whereas agreeing to the Kremlin's demand of last year to give up the dacha resorts of Stalin, Beria, Khrushchev, Gorbachev and others, in total comprising over 600 hectares, was largely justifiable for the Abkhaz authorities since "after all, it has always belonged to them", the current requirement is hardly acceptable to Abkhaz society.

The Abkhaz are generally aware of the immense support Russia provided for them in the early 1990s, helping them to overthrow what they considered Georgian occupation. They are also grateful for Moscow's assistance in the brief 2008 warfare in the Kodori valley and the Gali district, the remaining Georgian strongholds in Abkhazia, which resulted in what they consider the final liberation of the Abkhaz homeland. As of today, around 70 percent of Abkhazia's budget is made up of direct Russian investments, and the remainder of Abkhazia's economy relies on the tourist business heavily oriented toward Russians and the export of a limited agricultural produce to

Russian markets. All natural gas and oil is imported from Russia. It is believed that 80 percent of Abkhazia's population and almost all Abkhaz of productive age possess Russian passports and Abkhaz pensioners routinely attain their pensions from Russia. Russian currency is used within Abkhazia's borders.

Russian army and intelligence officers are in command of the Abkhaz army which depends entirely on a supply of military equipment and ammunition from Russia. Importantly, Russian military bases reside on Abkhaz soil and there is a general consensus in Abkhaz society that Russia's backing is instrumental in preventing Georgia from attempts to restore control over the breakaway territory.

Yet it would be an oversimplification to state that the Russia-Abkhazia relationship is harmonious. Many Abkhaz are increasingly dissatisfied with Moscow's ruthless interference in "independent" Abkhazia's internal affairs, an attitude revealed especially during local elections when the Kremlin frequently took rigorous steps to ensure that its favorites lead the country. Instead of its desired independence, Abkhazia increasingly resembles a Russian autonomous province as the country's economy, politics, and social life are dominated by Russia. The Russian language has regained its Soviet-time status of lingua franca in the country, including in its official sphere, and an increasing share of Abkhaz youth are unable to speak their native tongue. Importantly, a

certain level of tension exists between Abkhaz and Russian tourists and newcomers, whom the former consider as arrogant and lacking respect for the natives. In addition, many young Abkhaz return to their homeland from work and studies in Russia having experienced significant anti-Caucasian sentiments.

For the Abkhaz, their one-sided orientation toward Russia is born out of necessity. They claim that their fear of renewed Georgian aggression and subsequent reprisals is what forces them into Russia's firm embrace. In off-the-record talks about the bitter collective memories of the late Soviet period and the 1992-1993 war, Abkhaz generally confess that for them, being a *de facto* part of a larger "Russian Empire" where their distinct ethnicity and indigenous roots in the area are at least recognized would be a lesser evil than being a part of a smaller "Georgian Empire" with its strong nationalism and attempts at assimilation. For the Abkhaz, a people of around 100,000 whose share in the current ethnic composition of Abkhazia makes up perhaps one third even following the expulsion of the vast majority of ethnic Georgians from the republic, this seems to be the most compelling argument.

CONCLUSIONS: Some Abkhaz claim that the time has come to pay the Russians for their support in the struggle for independence. For independence from Tbilisi, not Moscow, others add skeptically as it is obvious that Abkhazia in its isolation from the outside world and commitment to preventing a Georgian comeback depends completely on Russia. Indeed, should Russia cut the supply of energy, budget support, or close its borders with

Abkhazia, the latter would face state collapse overnight. This fact is very well understood in both Sukhumi and Moscow. It is therefore likely that some sort of face-saving compromise might be achieved, perhaps by granting Russia an exclusive land loan of the disputed area for a few decades, a step that might be rhetorically motivated by Russia's security concerns related to the North Caucasus insurgency.

The Kremlin's most recent enterprise vis-à-vis Sukhumi is a warning signal not only to Abkhazia but also to South Ossetia and Armenia, Russia's other allies in the South Caucasus, indicating Moscow's readiness to strong-arm even its closest partners. In this perspective, unlike the opinion of some Abkhaz commentators, Bagapsh's recent visit to Turkey cannot be viewed as an attempt by Abkhazia's elite to create a multifaceted foreign policy. Without Russian approval, the Russian citizens Bagapsh and his colleagues would not have been technically able to leave Abkhazia or enter Turkish soil. Thus, the visit did not aim to reduce Abkhazia's dependence on Russia, but was perhaps part of a prospective wider deal with Moscow. In fact, Moscow had no clear reason to raise territorial claims against Abkhazia, and even if they prove successful, this kind of attitude toward its remaining allies in the region will hardly be beneficial in the long run.

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RUSSIA'S GEORGIA QUANDARY

Stephen Blank

With the Russian Federation nearing the finish line in its marathon race to join the World Trade Organization, Moscow has restarted negotiations with Georgia. They will have a full agenda stemming from Russian actions before and during the war with Georgia in 2008. These talks are taking place because the Georgia is in a position to use its veto as a member of the WTO to blackball Russia's membership. Russia therefore needs Georgia's assent to join the WTO. The negotiations are therefore about both the consequences of the Russo-Georgian war and overcoming them to obtain a way for Georgia to approve of Russia's candidacy to the WTO.

BACKGROUND: Russia forcibly amputated Georgian sovereignty over the two disputed provinces, Abkhazia and South Ossetia, in the wake of the 2008 war. It declared them independent states, recognized them, encouraged its friends and partners to follow suit, and subsequently signed a raft of agreements with these provinces that predictably turned them into Russian protectorates dependent on Moscow for their defense and ruled by Russia's agencies. Since 2008, Moscow has made it abundantly clear that it will not countenance retreating from its declaration of independence for Georgia's provinces while Georgia continues to insist on its sovereignty, a sovereignty that is overwhelmingly accepted across the globe. Russia must now deal with Georgia in a way that it has refused to do since 2008 in order to surmount the last hurdles for WTO membership.

Much rides on Russia's WTO membership. Undoubtedly it is the biggest single economic gain that could accrue to Russia in the process generated by the Obama Administration's reset policy and would be a significant inducement to U.S. and other foreign investors to invest in Russia. That is something Moscow clearly desires as the bilateral ties with the U.S. suffer

grievously from the fact that there is no true economic relationship between the two states. On the other hand, Georgia has its own immediate demands. It wants a role in the customs administration in Abkhazia and South Ossetia as a legal-political sign of its continuing sovereignty over those provinces, which Russia refuses to recognize. Georgia may also want international observers on the Russian side of the border resembling the European Union's monitoring mission based outside the separatist region of Transnistria in Moldova. Alternatively, Georgia could demand an end to the sanctions imposed by Russia upon its trade to Russia in 2006 even though Georgia successfully compensated for this embargo by developing new markets for its products. In any case, Georgia now has an unexpected leverage in the negotiation process with Russia because Moscow badly wants Georgia to abstain from using its veto to block its membership in the WTO.

Until now the negotiations have gone badly. They are deadlocked over Abkhazia and South Ossetia. And more recently, Russia stated that it could join the WTO even if Georgia vetoed it. That statement triggered a Georgian response threatening to veto Russian entry. Georgia has also benefited from the fact that



while the U.S. had officially adopted a neutral stance on the WTO issue, Deputy Assistant Secretary of State for European and Eurasian Affairs Tina Kaidanow recently conceded that Georgia has legitimate trade concerns that must be addressed in the WTO negotiations, presumably meaning Russian sanctions, and possibly customs administration in its provinces.

IMPLICATIONS: Trade and sovereignty issues are clearly linked in these negotiations. But in the larger sense, this episode underscores that Russia too lost the 2008 war. Even before the war in 2008, Russia's Ministry of Foreign Affairs denied any interest in recognizing Abkhazia and South Ossetia, mindful of the precedent that could be used and is now being employed against Russia in the North Caucasus which is on the verge of being out of control due to its homegrown Islamist insurgency. Nevertheless, the Russian military demanded that these Georgian provinces be severed from Georgia so that it could maintain bases in them and Prime Minister Vladimir Putin undoubtedly wanted to humiliate Georgian President Sakaashvili, if not drive him out of office.

However, what Moscow has done is to create a permanent irredentist situation in Georgia. Although it will be exceedingly difficult for Georgia to reincorporate Abkhazia and South Ossetia into Georgia, no Georgian political leader will accept that fact until Georgian sovereignty over these territories is restored.

Thus the present situation, despite the disparity in power between Russia and Georgia, resembles the relationship between France and Germany after the 1870 Franco-German War over the German annexation of Alsace-Lorraine. Russia now has a permanent enemy that it did not need to acquire and two territories it must defend that add nothing to its power, position or status. In the meantime, the attempt to detach them from Georgia can conceivably cost Moscow a much greater price, membership in the WTO and the benefits thereof.

Having created a permanent enemy in Georgia and equally permanent regional tension, Russia has unsettled the security of the South Caucasus while failing to secure the North Caucasus. Neither does Russia benefit even if it is fortifying its forces in these provinces in defiance of international agreements and law. What has become clear is that Russia, due to its abdication of true civilian control over its armed forces and its thirst for territory and revenge on Georgia and Sakaashvili, has created a permanently unstable condition on its frontier that has leeches into its interior. As

long as Russia holds on to these two provinces it cannot have security either in the South Caucasus or in the North Caucasus. Although growing numbers of Russians may think that the best solution is to leave the North Caucasus, Moscow cannot do that and remain – or even pretend to be – a South Caucasian, let alone Middle Eastern power. If its lines of communications southwards are blocked, the geopolitical ramifications of that situation are vast and quite negative. All this was reasonably clear in 2008. Therefore, the prerequisite of a stable and legitimate security situation in the South Caucasus should have been clear to Moscow. In 2008, Moscow could simply have ejected the Georgian army from South Ossetia and restored the *status quo ante*. Then the door would have been open to stabilizing the region. That is no longer the case. Thus today the tables are turned and Moscow needs Tbilisi's assent.

CONCLUSIONS: Tbilisi now has an opportunity to score some points in its campaign to restore its recognized and legitimate authority over Abkhazia and South Ossetia pending resolution of the long-standing conflicts in these provinces with Georgia. But a truly statesmanlike approach on both sides would not confine these talks to haggling over the points listed above, which remain important for bilateral relations and must be resolved. Although either a stalemate or a mutually acceptable compromise are equally possible as outcomes of the WTO negotiations, the parties also have a third option before them.

The parties should see in these talks the possibility for both sides to take the first steps towards a broader reconceptualization of the

security problems of the South Caucasus and begin moving from a state of war or frozen conflict to something approaching a state of non-belligerency if not genuine peace. If the two parties were to take this broader view, they could simultaneously move towards a solution that removes sanctions from Georgia, exposes the Russian economy to greater contact with global standards embodied in the WTO, and makes acceptable progress towards resolving the complex issues of sovereignty for Georgia's rebellious provinces. Russia must come to realize that its territorial conquests will never be legitimated regionally or internationally and therefore will continue to provide a source of never-ending tension and instability in the South Caucasus. Georgia must come to understand that its relationship with its rebellious provinces can only be sustained on the basis of much greater legitimacy than has hitherto been the case. Moreover, until it resolves that problem it is unlikely to gain its greatest objective, membership in NATO and eventually the EU. As is now clear, both sides lost the war in 2008. Will they realize that the current stalemate hurts them both or will they merely go on plowing the same disputed acres to no result? If they follow this second course of action, the results are more of what we already see. But if they both want a chance for real peace and security, they should take advantage of this opportunity to build for the future and not for the past.

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WILL THE 'PEOPLE'S IPO' HELP ADDRESS SOCIAL POLARIZATION IN KAZAKHSTAN?

Rafis Abazov and Dilara Istybayeva

The recently announced "People's IPO", a new round of public offerings by Kazakhstan's largest and most profitable corporations and companies was designed to address one of the country's most divisive and contentious issues – the rise of extreme inequality between the very small class of nouveau riches who acquired former state companies for a song, and the large class (up to 70–80 percent) of impoverished citizens. The new 'People's IPO' immediately became the center of heated public debate in Kazakhstan. The main question is whether this bold and innovative act by Kazakhstan's government can address the fundamental problem of social inequality.

BACKGROUND: The main streets of Almaty and Astana today are the best examples of a successful transition from the centralized Soviet economy, infamous for its shortages, to a mid-income market-oriented economy with a rising middle class and growing prosperity. Yet, Kazakhstan is a place of sharp contrasts and disparities. For example, the special (Kazakhstan edition) issue of glossy *Conde Nast* magazine is full of stories about the lives of the so-called "new Kazakhs", a term reserved for a class of nouveau riches in Kazakhstan. The magazine runs front reports about a top Italian jeweler moving to Almaty and selling diamond bracelets and necklaces for a half a million dollar apiece, about high-end parties with a price tag of US\$ 200,000–300,000 per night and about social clubs in Almaty where it is a must for women to display the most expensive clutch-bags in the world to avoid "social death".

However, just one step away in the city's *mikroraion* boroughs, rural districts or small towns and cities, the picture is very different. Many people, especially young families, can barely afford the basics; the average income of those agricultural sector wage earners is about US \$230 per month. In some remote areas houses still have no water or gas and very often

experience power outages. According to official statistics, about 7 percent of the population, over a million people, lives below the poverty line, i.e. about US\$ 3.6 or even less per day. *The Economist* ranks Kazakhstan 48th in the world in its list of countries with the highest unemployment rates. According to the UNDP Human Development Report of 2009, the poorest 10 percent of the population's share in Kazakhstan's national income is 3.5 percent, while the richest 10 percent control 25.9 percent. True, the standard of living has steadily risen in Kazakhstan during the last decade, as average incomes rose from US\$ 3,200 in 2000 to US\$ 8,883 in 2010 (IMF, est.), propelling Kazakhstan into the club of medium-income countries. However, the social contrasts and disparities remain quite visible, leading to growing dissatisfaction and grievances among some groups within society.

IMPLICATIONS: The rise of social polarization in the country has had several long-lasting implications. One of the most visible consequences of this development has been growing regional disparities in the standards of living between urban and rural areas and between resource-rich and resource-poor provinces. This creates a vicious circle as



in this environment most foreign direct investments (FDIs) are channeled to very few large urban, industrial and energy-rich centers (i.e. Almaty and Atyrau), while many small cities and towns remain far behind and struggle to catch up. In turn, this development has led to a second important implication; deepening economic imbalances and an economic divides, unequal employment opportunities and the emergence of economically depressed areas, where people and businesses struggle to survive. In the end, these distortions have led to the development of a political divide between the political elite and various formal and informal groupings. Although the government of Kazakhstan has created a quite comprehensive social welfare system and a system of social subsidies, the differences in

living standards and the level of economic development remain significant, while social and political dissatisfaction and grievances are quite profound: according to the Almaty-based Institute for Political Solutions, up to 45 percent of the people surveyed in 2010 expressed their readiness to participate in various protest actions. Kazakh expert Dosym Satpayev believes that the global economic crisis of 2008–2010 contributed to the fact that “our [Kazakhstan's] society is fragmented [and] divided”, with this fragmentation further deepening grievances and potentially giving rise to a politically explosive situation.

Designed to address the social polarization and grievances over economic inequality, the ‘People's IPO’ was debated by Kazakhstan’s government against the backdrop of the

revolution in neighboring Kyrgyzstan in spring and summer 2010. It became obvious to many experts and policy-makers in Kazakhstan that it was the issue of social injustice and economic polarization that brought thousands of young people to the streets of Bishkek, Osh and other major cities. After lengthy governmental debates, President Nazarbayev officially announced the 'People's IPO' on February 11, 2011. The announcement was an indication that the government had decided to abandon the state-led wealth-redistribution model of economic development (as seen in many countries in the Middle East and in Russia) and to introduce a kind of hybrid participatory model.

CONCLUSIONS: In the opinion of Prime Minister Karim Masimov published in the *Tengrinews*, this step would provide “an opportunity for every Kazakh citizen to become a shareholder and benefit directly from large national companies known as ‘national leaders’” and thus, these citizens could become stakeholders in the economic policy of the state. Astana hopes that the sale of shares in the specially identified 22 largest national companies, an offer exclusively available to citizens of Kazakhstan (no foreigners are allowed to participate in the IPO at this stage), will not only help to redistribute a part of the national wealth, but also to create a vast class of shareholders who would have a stake in the economic growth of the country. The

government officials suggested that shares in these companies, including the highly profitable KazMunaiGaz, KazAtomProm, and Samruk-Energo, would be sold below their market price. According to Masimov, the government believes that “private shareholders (a shareholder is an owner) have a powerful incentive to demand high levels of performance from company management, which is something we want to encourage”. In order to succeed and to effectively address the problems of social polarization, however, the government should make its process more transparent at all stages, devoting more time and energy to educating the population, especially in areas outside the largest urban centers, and in short do everything possible to curb corruption and inefficiencies.

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‘PEACE TO CAUCASUS’: A FAILING PEACE PROJECT

Huseyn Aliyev

The past years have seen increased conflict-related violence in the North Caucasus, which in conjunction with economic instability and social insecurity has endangered the Russian administration of the region. Amid official claims that the insurgents are close to elimination, the Russian government for the first time since the start of the second Chechnya war in 1999 initiated a peace-building project in the region. The project is officially named Peace to Caucasus and aims to bring peace and stability to the volatile region. However, it has so far shown a weak performance and is unlikely to develop into a platform for peace-building.

BACKGROUND: The Peace to Caucasus initiative was launched in October 2009 by a member of the state-run Public Chamber, the pro-Kremlin journalist, Maksim Shevchenko. The project aimed at strengthening civil society in the region, promoting peaceful means for conflict resolution and the inclusion of Caucasians into the Russian social and civil spheres. It envisioned its main activities as discussions, roundtables, social dialogue and the creation of a platform for debates and consensus building. In spite of being run under the aegis of the Russian Federation’s Public Chamber and officially defined as a civil society project, Peace to Caucasus is nevertheless accountable to the state which is to receive the final “product” of its work, i.e., feedback on the condition of civil society and peace opportunities in the region. The project is also aimed at delivering to the state administration grievances and problems of both civil activists and “ordinary” people in the region.

Since its beginning almost two years ago, Peace to Caucasus has organized public debates in almost every North Caucasian republic. Programs and discussions within the project’s framework took place in Dagestan in October 2009, Ingushetia in December 2009, Karachay-

Cherkessia in February 2010 and North Ossetia in March 2010. Besides its main emphasis on civil society, Shevchenko’s odyssey in the North Caucasus includes meetings with public figures and representatives of religious and ethnic minority groups. In the course of its meetings, the project has on several occasions emphasized the importance inter-ethnic and inter-confessional dialogue as a means of peace-building in the region, as conflict along ethnic and confessional lines are considered the main causes of violence.

IMPLICATIONS: Undoubtedly, the recent increase in violence in the North Caucasus has not left the Russian authorities unaffected. The Peace to Caucasus project was initiated in spite of the government’s persistent denial that there is an armed conflict in the region. In contrast to a number of previous peace-building initiatives in the North Caucasus, mostly implemented by international civil organizations or IGOs, Peace to Caucasus was designed as a top-down peace-building initiative.

Paradoxically, the work of the project has so far largely failed to alleviate the situation on the ground. The rates of violence remain high, societal security is shaky and human rights violations are continuing unabated. The project



Maksim Shevchenko

has no intention to conduct talks with insurgents in the region, nor does it envision any sort of communication between the conflicting sides, i.e. the armed rebels and state authorities. The main objective of facilitating dialogue between civil society and the state is of limited significance in light of the fact that an independent and vibrant local civil society is almost absent in the region. The majority of participants at roundtable discussions and forums are usually state-sponsored civil groups and movements with no real power or capacity to curb violence. Suspiciously absent from the talks are representatives of religious minorities (for instance Salafis), as well as clan elders and

leaders of local communities (jamaats), and non-official clergy.

Most importantly, the Peace to Caucasus project does not distinguish between separatism, political dissent and terrorism, which in addition to the project's backing from the Kremlin, seriously hampers its potential as a forum where diverse opinions may be voiced. Apart from its lack of neutrality, Peace to Caucasus seemingly lacks credibility since it is an odd mix between a state and civil society initiative. Being clearly sponsored and supported by the Kremlin, the project can hardly be used as a third party peace-builder or mediator. Regardless of its focus on the roots of violence, Shevchenko's project avoids

discussions on the issues of political, cultural or economic autonomy for the North Caucasian republics and reduced involvement of the federal government in their internal affairs. On the contrary, according to Shevchenko, the project's objective is to reduce the gap between Moscow and the North Caucasus, which in the government's interpretation often means expanding and tightening its control over both civil society and the public in the region.

Furthermore, it does not seem that Shevchenko's reports on the progress of his project to the Russian government or Public Chamber have had any effect on official government policy towards the conflict in the North Caucasus. The first months of 2011 have so far neither seen any official efforts to work on peace-building in the region, nor any significant progress in the development of independent civil society in the North Caucasus.

On a positive note, the project has opened opportunities for civil society to express its opinion and make its voice heard to the state. Peace to Caucasus is also so far the only attempt made by the state to address the conflict in the North Caucasus by non-violent means.

CONCLUSIONS: Two years after its initiation, the Peace to Caucasus project resembles a failure more than a success. The current lull in the levels of violence in Ingushetia and Chechnya can largely be attributed to the military success of federal forces in these republics, and the increase of insurgent activities in Kabardino-Balkaria and Dagestan is further evidence of the lack of real peace-building efforts. It is currently unclear how Peace to Caucasus plans to contribute to

long-term peace-building in the region without translating its discussions into concrete action.

In spite of its design as a discussion platform, Peace to Caucasus has clearly failed to bring all stakeholders in the conflict to the discussion table and to address issues of significant importance to peace-building, i.e. disappearances of civilians, torture, extrajudicial executions, as well as the lack of cultural, social and religious freedom in the North Caucasus.

The project's implications for the future are vague. Unless followed by a project with a broader mandate and mission, Peace to Caucasus risks simply vanishing without leaving feasible achievements on the ground. Evidently, Peace to Caucasus was not meant to bring groundbreaking changes to the region, let alone to succeed in peace-building. The project should rather be regarded as the Kremlin's tool to befriend the public in the North Caucasus by attempting to breach the gaps between federal and local perceptions and to emphasize its presence in the region. A brief analysis of the project's accomplishments to date appears to indicate that Peace to Caucasus achieved almost no success in bridging the social, cultural and perceptual abyss between the North Caucasus and the rest of Russia, although it has certainly made the Kremlin's presence more visible in the region.

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FIELD REPORTS

AZERBAIJAN TO LAUNCH SATELLITE IN 2012

Mina Muradova

The U.S. has approved a credit line to finance Azerbaijan's first communication satellite despite strong opposition from Armenian lobby groups in the U.S. which argue it could be used for military purposes. The credit agreement between the U.S. Export-Import Bank, an agency of the U.S. government, and the Government of Azerbaijan to finance a purchase of the Azerspace satellite from the U.S. manufacturer Orbital Sciences Corporation will be signed in May 2011. The deal costs US\$ 120 million, of which 85 percent will be covered by the loan from the U.S. bank and repaid by Azerbaijan over the next 10 years. The application for Ex-Im financing was made by BNP-Paribas of New York City, and the loan is guaranteed by Azerbaijan's Ministry of Finance. A 15 percent share will be paid by the government of Azerbaijan.

Following the bank's decision, the Armenian National Committee of America (ANCA), which presents itself as an "Armenian American grassroots political organization", issued a statement arguing that the satellite could "strengthen Azerbaijan's military capabilities" especially considering the constant military rhetoric from official Baku to regain control over Nagorno-Karabakh by any means.

"The Obama Administration's business-as-usual approach with Ilham Aliyev, who has been seriously preparing for war, undermines America's long term interests in stability in this region", said Aram Hamparian, Executive Director of the ANCA, in his statement on April 27. "We should not, in any way, use American resources to reward warmongering or add to the capabilities of a dictator, who is openly threatening to use every

asset at his disposal to renew his country's aggression".

The statement says that over the past three months, the ANCA has conveyed the Armenian American community's legal, technical and political opposition to this transaction in a series of letters and meetings with senior officials of the Export-Import Bank and the State Department. Hamparian noted that the bank had assured the ANCA that the satellite "lack[s] military capabilities" and that it had taken "appropriate safeguards" to keep this satellite out of the hands of "military entities."

Baku, however, has repeatedly stated that the Azerspace/Africasat 1A satellite will be used only for commercial purposes. "Azerbaijan will possess its own satellite in the near future. This is very important for the image and prestige of the country. But first of all, this project is important from a practical point of view as incomes from the commercial use of the satellite will bring new opportunities for us as well", President Ilham Aliyev stated at a governmental meeting on April 12. The president assured that the satellite launch will provide impetus for developing the national space industry, which is part of "our state policy". The government views developing the information technologies sector, including space industry, as part of its broader plans to diversify Azerbaijan's economy and transform it into a second priority after the oil-and-gas sector.

In March, the government established the JSC "Azerkosmos" (Azerspace) with the charter capital of 40 million manat (US\$ 50 million). 100 percent of the JSC's shares are state owned. The company operates under the Ministry of Communication and

Information Technologies. According to the charter, the main goal of the JSC is to launch the Azerbaijani satellite into orbit, its management and operation, as well as providing satellite communications services. All necessary contracts for producing and launching the satellite are now signed. According to the contracts, the Virginia-based Orbital Sciences Corporation will design, build and deliver the Azerspace/Africasat-1a commercial communications satellite.

The satellite will be based on Orbital's flight-proven Star-2 platform and will generate approximately five kilowatts of payload power for 36 active transponders. The Azerspace/Africasat-1a satellite will provide services to Azerbaijan, Central Asia, Europe and Africa. Following its launch, the spacecraft will be located in geosynchronous orbit (GEO) at 46 degrees East longitude through an arrangement between Azerbaijan's Ministry of Communication and Measat of Malaysia, which owns the rights to the orbital slot. Upon completion of in-orbit testing, operational control of the satellite will be handed over to the ministry, which will continue to operate the spacecraft from its control center in Baku.

Ali Abbasov, Azerbaijan's Minister of Communications and Information Technology, believes that the project is a key advancement for Azerbaijan as it expands its communications infrastructure within its own borders and its

connectivity to Europe, Central Asia, Africa and the Middle East.

A French Ariane 5ECA rocket carrier will launch the satellite into orbit from a spaceport near Kourou in French Guiana, while Orbital Sciences has awarded Spanish GMV company the contract for developing the complete ground control system. The ground segment architecture is made up by 3 control centers, two in Azerbaijan and one on Measat's Malaysia site. The contract includes the supply of equipment for real-time satellite monitoring and control.

The satellite is scheduled to launch in 2012, and will improve the quality and stability of Azerbaijan's television broadcasts and communications while also turning Azerbaijan into a relay site for signal transmission between Europe and Asia. The total cost of the project will exceed 160 million manat (US\$ 200 million) including insurance for the satellite, its operation and staff training expenses apart from the production and launching cost. The Ministry, however, believes that the project will be profitable and could return the investments in six to seven years. Azerbaijan is going to use only 20-25 percent of the satellite's capacity, while the rest will be given for rent. The Ministry is undertaking negotiations with potential buyers and has already reported that Malaysia had offered to purchase 40 percent of AzerSpace's capacity.

ARMENIAN GOVERNMENT SEEKS TO BOOST AGRICULTURE

Haroutiun Khachatryan

When the Armenian economy abruptly collapsed by over 14 percent in 2009 due to the global economic crisis, there were hopes that the economy would rapidly recover in the following year. However, the recovery was very slow in 2010 with a GDP growth of only 2.6 percent. This was mainly due to a small output in the sphere of agriculture. Whereas in 2009 the volume of agricultural production remained

almost intact, it decreased by over 13 percent in 2010 as a result of bad weather and other reasons.

A decrease of agricultural production took place in all three countries of the South Caucasus. The situation became even more difficult due to the rise in world market food prices. These problems underlined to the Armenian leadership the importance of agriculture for the small country,

which is poor in natural resources. After President Serzh Sargsyan made a statement in this regard in mid-March, Armenia's high ranking officials began to compete with each other in demonstrating their concern for the situation in the agricultural sphere. Officials frequently appear on TV when visiting villages, seeking ways help the farmers. Prime Minister Tigran Sargsyan gave an interview sitting in a village yard on the third anniversary of his appointment to office, and the recently appointed Minister of Agriculture Sergo Karapetyan visited a village at night. There was a danger of freezing that night, and the minister was checking if the farmers had everything they needed to prevent the possible disaster. Such symbolic appearances nevertheless raise the real problems of agriculture in Armenia, which cannot be solved without the help of the authorities. Among the problems are uneven development between the rural areas and the capital, and large-scale work migration from the rural areas, causing a shortage of young people in the villages.

There is also a need for low-interest credits to the farmers. The government has already stated that it provides such credits for some communities. It decided to carry the currency risk itself, hence the banks agreed to provide loans in the national currency, Dram, to farmers at 14 percent a year. In addition, the government expressed readiness to pay 4 to 6 percentage points of the interest, providing the farmers with dram loans at 10 percent a year, far below the interest rate of 20-22 percent otherwise applied in the country.

Armenian farmers also suffer from difficulties in obtaining quality seeds and fertilizers, and an irregular supply of irrigation water. The insufficient access to information in villages is a problem which the ministry of agriculture does have the means to solve, but has so far failed to do. The number of uncultivated land plots is increasing, although the farmers gradually become poorer, while farmers also need assistance in selling and exporting their harvest in time.

These are but a few problems of Armenian agriculture, which are shared by many former Soviet countries. The authorities announce that from now on they are "standing next to the farmer". They are indeed taking numerous steps in order to help the farmers, providing cheap or free water and creating a free economic zone near Zvartnots International Airport, which will mainly engage in the processing and export of agricultural products. The government also provides considerable funding aimed at fulfilling the needs of farmers, a move unprecedented in the last 10-15 years. If this policy is allowed to continue, this would seemingly imply that President Sargsyan's administration is attaching increasing importance to developing the country's agricultural resources as a means to strengthen its economy, as opposed to relying on external aid. At a meeting with bankers on April 28 the president said that "Our task is to stimulate agricultural production", and he was evidently not happy to learn that only three out of Armenia's 22 banks participate actively in this project. He again expressed a readiness to support and stimulate agriculture.

While it is early to draw conclusions, these recent moves are indeed positive. Questions remain whether Sargsyan's administration is strong enough to maintain its present policy over an extended period of time, as the president again promised to do at the April 28 meeting. The government's situation seems increasingly positive for two reasons. First, the perspectives of agricultural production seem promising this year; and second, Sargsyan is currently taking steps towards conciliation with the radical opposition led by former President Levon Ter-Petrosian. Recent signs indicate that the radical opposition movement is seeking to start a dialogue with the authorities, which would remove, if temporarily, a significant factor of political instability.

INTERNATIONAL COMMISSION REPORTS ON KYRGYZSTAN'S ETHNIC CONFLICT

Joldosh Osmonov

On May 3, the Independent International Commission of Inquiry (Kyrgyzstan Inquiry Commission – KIC) presented its long-awaited report on the inter-ethnic conflict in southern Kyrgyzstan that took place in June last year. The KIC found the Uzbek minority to have been disproportionately victimized in the conflict, provided evidence of official complicity, and claimed that some of the violent acts committed can be considered crimes against humanity. The report stated that increasing political fanaticism based on ethno-nationalistic sentiments in the wake of April 7 events became the main reason for the tragic conflict. A power vacuum and consequent political rivalries and weak state institutions especially in the south of the country contributed to the eruption of violent clashes, the commission reported.

The report findings were based on 750 interviews, 700 documents and numerous photo and video materials. The commission, consisting of seven highly respected international experts and headed by Kimmo Kiljunen, a member of the Finnish Parliament and OSCE Parliamentary Assembly Special Representative for Central Asia, was mandated by the Kyrgyz President Roza Otunbaeva to conduct the investigation. Apart from the KIC, there are two other commissions, one national and one parliamentary, officially established to investigate the causes of the conflict. Whereas the former presented its findings a few months ago, the latter has promised to publicize its results in the coming weeks.

The KIC established that out of 470 killed, 74 percent were ethnic Uzbek and 25 percent Kyrgyz, leading to the conclusion that the Uzbek community suffered significantly more than their Kyrgyz neighbors. “Hundreds of thousands of people were displaced, not to mention the wide-scale damage to property, most of which was Uzbek-owned”, the report stated. With no intention to

downplay the brutal violence against Kyrgyz by Uzbeks, the KIC claimed that certain attacks against the Uzbeks had a systematic nature and can be qualified as crimes against humanity under international law on human rights. Moreover, according to the report, the arrests, criminal investigations and trials after the June events have selectively targeted mainly ethnic Uzbeks. “Currently, 80 percent of the prosecuted after the June events are of Uzbek ethnicity”, the report said.

Furthermore, the commission reported that the Interim Government (IG) led by President Otunbaeva “failed to recognize or underestimated the deterioration of the situation in southern Kyrgyzstan”. Despite the fragile political situation and weak state structures caused by the April government change, the IG was still responsible for providing basic protection for all citizens but failed in this respect, the commission said. Moreover, the KIC claimed to have evidence of the Kyrgyz military, which is mostly made up of ethnic Kyrgyz, taking part in the violence by supporting the ethnic majority.

In turn, the Kyrgyz government responded with a 23-page commentary to the report, where it avoided rejecting the conclusions at large but disagreed with almost all points in the document. “The value and effectiveness of the commission’s work was significantly decreased in view of serious deficiencies making some of the conclusions and findings of the KIC unacceptable”, the commentary stated. The Kyrgyz authorities rejected the commission’s allegations against the IG, claiming that the authorities succeeded in containing the conflict within 3-4 days, thus preventing a large-scale humanitarian catastrophe. Furthermore, the Kyrgyz government regretted that the KIC was unable to identify the forces which had planned and organized the conflict despite numerous pieces of evidence implying that the clashes were provoked.

The Kyrgyz government has repeatedly blamed the supporters of former President Kurmanbek Bakiev and criminal circles for instigating the conflict. However, the KIC presented no facts to support such allegations, as it has not found any evidence incriminating Uzbek minority leaders, including Kadyrjan Batyrov who was reputed as the villain of the conflict in the national commission's investigation.

The KIC called upon the Kyrgyz authorities to take "numerous measures on inclusive state building and reconciliation. Kyrgyzstan should take a strong public stand against extreme nationalism and ethnic exclusivity", the report recommended. While agreeing with some of the recommendations, the Kyrgyz side rejected a number of the KIC proposals including the renaming the Kyrgyz Republic to the

Republic of Kyrgyzstan, and giving a special status to the Uzbek language in regions with large Uzbek populations.

The KIC's recommendation on the Uzbek language, as well as the report findings at large, caused an emotional public reaction. Numerous statements by various public groups heavily criticized the commission's work calling it "biased and one-sided" and claimed that this report may contribute to escalating further inter-ethnic tensions.

Many analysts agree that the report findings will be interpreted differently by various groups and warned that the findings may become a subject of political manipulation in light of the upcoming anniversary of the June events and the presidential elections in the fall of this year.

TAJIKISTAN SEEKS TO EASE DEPENDENCE ON RUSSIAN OIL

Suhrob Majidov

From April 1, 2011, Russia has increased export dues for oil products for countries outside the Customs Union of Russia, Belarus and Kazakhstan. The export due has increased by up to US\$ 283 for one ton of refined oil and up to US\$ 198 for one ton of dark-oil products. The new export tariffs heavily affect Tajikistan, which imports up to 92 percent of its domestic oil consumption from Russia. The increase of oil export dues has already resulted in a sharp increase of prices for gasoline and essential food products in Tajikistan.

Russia first introduced export dues for oil products in May 2010. The same year, Tajikistan's government started negotiations with Russia to eliminate the dues and even managed to come to a preliminary agreement. The Ministry of Energy and Industry of Tajikistan later developed and submitted all the necessary documents required for the agreement to its Russian counterpart. However, the issue is still under negotiation.

Kyrgyzstan is another CIS country which depends heavily on importing oil products from Russia. The introduction of export dues was therefore as disturbing to the fragile economy of Kyrgyzstan as it was for Tajikistan. However, the Kyrgyz government managed to negotiate a removal of the dues in exchange for not increasing the rental fees for the Russian military base in Kant.

Many experts claim that the issue of oil export dues is not just an economic issue. They believe that Russia is using its economic power for applying political pressure on vulnerable countries like Kyrgyzstan and Tajikistan. Thus, Russia was very successful in promoting its interests in Kyrgyzstan in exchange for removing the oil export dues. According to both Russian and Tajik independent experts, Russia is now pressuring Tajikistan in order to its get approval for using the military airport "Aini" in Tajikistan.

Bilateral negotiations about the deployment of a Russian military base at the Aini airfield have lasted

for several years already. According to local political expert Saimuddin Dustov, Russia now plans to strengthen its position in negotiations on the Aini airfield using oil export dues. The expert claims that Russia is concerned that other interested countries like India, Iran or the U.S. could outstrip Russia and take over the airfield for their needs.

Official sources in the Tajik government deny any political pressure from the Russian side. Tajikistan's Deputy Minister of Foreign Affairs, Nizomiddin Zohidov, said during a press-conference that the issue of oil export dues is just an economic issue and there are no underlying political reasons behind it. He confirmed that there is no ultimatum from the Russian side in exchange for removing the export dues. At the same time, Zohidov said that "Tajikistan is very anxious about the issue of increased oil export dues, which has a negative impact on the economy of the country".

Meanwhile, Tajikistan has started looking for alternative sources for oil import, and Tajikistan's government has decided to diversify its oil import sources in order to ease its dependence on Russia. The head of the government-run Strategic Research Center, Suhrob Sharipov, announced during the press-conference that "the Government realizes the threat of having 90 percent of its oil imports coming from one country". Official sources reported that negotiations have started with Kazakhstan, Turkmenistan and Iran.

However, experts claim that Tajikistan has no alternative sources for its oil imports, and Russia remains the most optimal supplier. For instance, Turkmenistan sells light oil products at world prices. Thus, one ton of light oil products from Russia together with the new export dues will still cost less than one ton of light oil products from Turkmenistan. As for Kazakhstan and Iran, both countries have problems supplying their own internal markets with light oil products. Consequently, these countries are not interested in exporting light oil products but only crude oil, and Tajikistan has no means for processing crude oil and producing gasoline.

While Tajikistan's government is seeking ways out of the situation, Russia has increased the dues again. The Russian government recently decided to increase the export rates for oil products to 44 percent starting in May, 2011. Moreover, Russia itself has temporary problems in supplying its internal market with light oil products. Consequently, the Russia's Ministry of Energy proposed to introduce a temporary ban on oil exports in order to satisfy the local market. Tajik experts claim that if the ban would be introduced, the local market of oil products in Tajikistan will collapse. The uncertain situation and rumors has already led to the rise in staple food prices in Tajikistan.



New Silk Road Paper:

Between Hesitation and Commitment: The EU and Georgia after the 2008 War

By Lili Di Puppò

This Silk Road Paper discusses the evolution of relations between Georgia and the EU after the 2008 war between Georgia and Russia.

The Silk Road Paper can be downloaded free at www.silkroadstudies.org. Hardcopy requests should be addressed to Paulette Fung at caci2@jhu.edu.

NEWS DIGEST

DAGESTAN POLICE OFFICE CHIEF KILLED

2 May

A police chief in the Russian North Caucasus republic of Dagestan was killed on Sunday, investigators reported.

"The chief of the police office in the Sergokala District, Nasrula Magomedov, was shot from unidentified automatic weapons in the yard of his house. He died of wounds," a spokesman for investigators said. Criminal proceedings have been launched. An investigation is underway. More than a decade after the end of a federal war against separatists in Russia's North Caucasus republic of Chechnya, Russian security forces continue to fight militants in other regions in the area, including Dagestan, where attacks on security forces, police and civilians are frequent. (RIA Novosti)

BAKU, ANKARA REACH DEAL ON NATURAL GAS

3 May

Turkey and Azerbaijan signed an agreement on the price and quantity of natural gas from the giant offshore Shah Deniz field, a minister said. Turkish Energy Minister Taner Yildiz signed a gas deal with his Azeri counterpart Natiq Aliyev on the sidelines of a regional conference in Istanbul. Yildiz was quoted by Turkish daily newspaper Today's Zaman as saying both sides "reached an agreement over the price and quantity of gas to be exported from the Shah Deniz II project, which will go online in 2017, to Turkey." Turkey gets about 210 billion cubic feet of natural gas per year from Azerbaijan and some of that volume heads to Greek markets. Yildiz didn't give specifics on the deal other than to say some of it would be exported to European countries. Both countries are pivotal to European plans to build the Nabucco gas pipeline. That project is meant to break the Russian grip on the European energy sector, though the pipeline is slow to reach formal agreements with potential suppliers. (UPI)

UZBEK MEDIA IGNORE BIN LADEN'S DEATH

3 May

Despite the fact that the fight against terrorism is an issue of huge importance to Uzbekistan, the Uzbek

media appear largely to have ignored the death of Osama bin Laden in Pakistan on 2 May. The only outlet that has covered the news so far is the independent website 12.uz. Other media agencies have given different reasons for ignoring bin Laden's demise. The deputy director of the UzA national news agency, Kulman Ochilov, told Uznews.net that his agency was working to publish an analytical piece about bin Laden tomorrow because its correspondents had not been able to reach local analysts quickly for their comments on the situation. The Pravda Vostoka newspaper, which is the government mouthpiece in Uzbekistan, said it had not heard about bin Laden's death immediately after it happened because it did not have an Internet connection when the news broke. The newspaper added that bin Laden's death was unlikely to be of interest to its readership. The uzreport.com website said it could not carry the story because it did not have correspondents in the region who could confirm the news. (uznews.net)

KAZAKH PRESIDENCY NOT INHERITED – NAZARBAYEV'S ADVISOR

4 May

Kazakh President Nursultan Nazarbayev will have a successor only if there is genuine political competition, said his political advisor Yermukhamet Yertysbayev. "No staff reshuffles will be able to bring a successor to the main political scene. A successor can only emerge if there are new institutions, new and real political competition at the very top," Yertysbayev said in an interview with the Liter newspaper published on Wednesday. "Remember how Nazarbayev succeeded (Dinmukhamed) Kunayev [who led the Kazakh Soviet republic for 25 years]! It was the start of Gorbachev's perestroika, the start of the glasnost era, the country held the first democratic elections of deputies at every level," Yertysbayev said. There was a new atmosphere of cooperation and public debates both on the political arena across the Union and within Kazakhstan, he said. "Any successor to Nazarbayev must be prepared for a political fight in all its forms, particularly at elections," the advisor said. "You have to understand that Kazakhstan is not a monarchy, it is a republic. Presidency is not

inherited," the president's advisor said. "It is clear that there will be no second Nazarbayev because in the next five or ten years it is under Nazarbayev that we must build a new state political structure, a new political culture, a new regime of cooperation between the parliament and the government," Yertysbayev said. Nazarbayev, who turned 70 last year, is the first president of an independent Kazakhstan. He has won several direct presidential elections since 1991, when the republic gained sovereignty, and in 1995 his presidential powers were extended in a nationwide referendum. In 2007, the parliament granted him the right to run for presidency an unlimited number of times. Nazarbayev also won the early presidential election on April 3, 2011, winning 95.55% of the vote. (Interfax)

CHINESE FM TO ATTEND SCO FM MEETING IN KAZAKHSTAN

5 May

Chinese Foreign Minister Yang Jiechi will attend a regular meeting of the Council of Foreign Ministers of the Shanghai Cooperation Organization (SCO) on May 14 in Alma-Ata, Kazakhstan. Foreign Ministry spokesperson Jiang Yu made the announcement in Beijing on Thursday. Attendees will exchange views on boosting practical cooperation among SCO member countries and major regional and international issues, and make preparation work for the upcoming SCO summit in June, Jiang said. Founded in Shanghai in 2001, SCO comprises six member countries: China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan. (People's Daily online)

GEORGIA MUST VOUCH FOR BORJOMI'S SAFETY FOR ITS ADMISSION TO RUSSIAN MARKET - ONISHCHENKO

5 May

Borjomi mineral water will be admitted to the Russian market only if Georgia guarantees its high quality, Russian Chief Public Health official Gennady Onishchenko said on Thursday. "We have only one political demand, i.e. quality and safety of this product. If it has appropriate quality, we will admit it," he said. Onishchenko said there were a large number of fake products illegally sold under the Borjomi brand. "Borjomi was sold as a medicine only at pharmacies in the former Soviet Union. Now it is sold from Cape Schmidt to Kaliningrad. Where does it come from? Dealers at the Dorogomilovsky Market offer buyers any quantity

of this product, up to a truck load. Is it possible to bring such quantities of really valuable mineral water?" he wondered. Russian sanitary authorities seized fake Borjomi mineral water at the Moscow Dorogomilovsky and Cheryomushkinsky Markets in April, Onishchenko told Interfax earlier. He said the illegal mineral water was supplied via Belarus. Supplies across Azerbaijan were also possible. Russia banned imports of Georgian mineral water and wine due to their inferior quality. (Interfax)

NABUCCO CONSORTIUM POSTPONES PROJECT START

6 May

The construction of the Nabucco pipeline designed has been postponed to 2013. "Given the timing of oil production in Central Asia and the Middle East, the Nabucco consortium changed the dates," Nabucco Gas Pipeline International (NGPI) CEO Reinhard Mitschek said during a teleconference on Friday. "Construction was postponed to 2013 and first supplies to 2017." Mitschek said Nabucco itself is a fairly advanced project and its implementation could start earlier, but the more rational is to synchronize the start date of its implementation with the project activities of all those involved in the investment chain. Earlier, construction was planned to be launched in 2012 and first supplies in 2015. Maximal capacity of the pipeline will hit 31 billion cubic meters per year. Nabucco Gas Pipeline International shareholders will invest 30 percent of total cost of the project, the rest 70 percent will be paid owing to loans. Azerbaijan, Iraq and Turkmenistan are considered as the main suppliers for the project. (Trend)

OSCE PA PRESIDENT'S VISIT PROGRAM TO AZERBAIJAN PUBLICIZED

7 May

The OSCE PA International Secretariat announced that President Petros Eftymiou will visit the Republic of Armenia and Republic of Azerbaijan on May 9-13, OSCE PA press release says. President Eftymiou will meet with high level officials, including government and parliament leaders, members of opposition and coalition parties, as well as civil society. In both countries he will meet with the OSCE Offices. OSCE PA President Eftymiou will visit Azerbaijan in May 2011, member of Azerbaijani delegation to the OSCE Parliamentary Assembly, MP Eldar Ibrahimov told Trend. "It is Eftymiou's first visit to the region. He will visit

Armenia and Nagorno-Karabakh region of Azerbaijan," Ibrahimov said. (Trend)

TWELVE OPPOSITION ACTIVISTS ARRESTED IN GEORGIA

8 May

Georgian opposition activists detained during a protest in the town of Rustavi have been charged with misconduct and disobedience to the police, the press service of the People's Assembly opposition organization told Interfax on Sunday. Twelve arrested activists of the Poplar Assembly and No movements faced trial in Rustavi. The court sentenced eight of them to arrest ranging from seven to 30 days and imposed a fine of 400 lari (equivalent to \$240) on the rest. On Saturday the opposition activists staged a protest outside of the home of a high-ranking police official in Rustavi whom they accused of corruption. (Interfax)

KAZAKH ECOLOGISTS INVESTIGATE CASPIAN SEAL DEATHS

9 May

Some 12-15 dead seals have washed up over the past week on the western Kazakh shore of the Caspian Sea, RFE/RL's Kazakh Service reports. Erik Utebaliev, a local resident, told RFE/RL he found 10-12 dead Caspian seals of all ages, from full-grown adults to pups, on May 3 and three more on May 8. Kirill Osin, director of the nongovernmental organization EKO Mangystau, told RFE/RL he and his colleagues planned to inspect the seals on May 10 and take tissue samples for analysis to try to determine whether they were poisoned. He said he had only seen photos of the dead animals and it was too early to speculate about the cause of death. Osin recalled that the local authorities attributed a mass death of seals in the region two years ago to a virus and inclement weather. He rejected that conclusion, noting that dead seals are found only in the vicinity of intensive exploitation of offshore oil deposits. Officials from Mangystau Oblast Governor Krymbek Kuserbaev's office told RFE/RL that he was attending the traditional Victory Day parade and was unavailable for comment. The first mass deaths of seals in Mangystau took place in 2000. Over 330 seals died in 2006, reportedly from a virus, then almost 1,000 in 2007 and over 350 in 2009. In March 2010, Kazakh Deputy Environment Protection Minister Eldana Sadbakasova told journalists that the seal population numbered some 8,000 but was rapidly falling due to intensive fishing that deprived the seals of their main source of food.

The Caspian seal population is currently estimated to be around 100,000 -- less than 10 percent of what it was a century ago. The Caspian seal, which is spotted, is the Caspian's lone mammal species, and is not found anywhere else in the world. Among the smallest of the "true seals," most Caspian seals inhabit the southern Caspian Sea area from May to September. In the fall, they migrate northward to breed and bear pups. (RFE/RL)

NATO SAYS KANDAHAR ATTACKERS CAPTURED OR KILLED

9 May

NATO has said that all the insurgents involved in a coordinated weekend attack against key government buildings in the southern city of Kandahar have either been captured or killed. The violence began on May 7 when a group of Taliban fighters armed with suicide vests, guns, and rocket-propelled grenades launched an attack across the city. Afghan officials said at least 25 insurgents and two members of the Afghan security forces and one civilian were killed. Some 40 people were wounded. Meanwhile, a suicide bomber killed five civilians and injured five others in an attack near a government office in eastern Afghanistan. Officials say that the blast took place close to the district government compound in Qarghayi, in eastern Laghman Province. (RFE/RL)

NO PLANS TO SCALE BACK NABUCCO

9 May

There aren't any plans to scale back the proposed Nabucco natural gas pipeline for Europe despite supply concerns from Azerbaijan, officials say. Nabucco is a proposed 2,400-mile natural gas line aimed at breaking the Russian grip on the European energy sector. The project consortium announced last week from Vienna that construction was delayed by one year to 2013 and gas deliveries weren't expected until 2017. Meanwhile, the consortium developing the second phase of the Shah Deniz gas field in Azerbaijan has adjusted some of its deadlines for supply contracts. Nabucco is designed for around 1.1 trillion cubic feet of gas per year, which is three times as much as would be available from Shah Deniz by 2017. Nevertheless, Nabucco Managing Director Reinhard Mitschek tells the Financial Times there aren't any plans to scale the pipeline back. "We do not see any reason to limit or reduce the capacity of Nabucco," he was quoted as saying. The British newspaper notes there are no other current sources of natural gas along the

planned route for Nabucco, which would stretch from Turkey to Austria. Christian Dolezal, a spokesman for the pipeline consortium, told United Press International in response to e-mail questions that it "is our aim to have the pipeline in place when the gas is available." (UPI)

AFGHAN FOREIGN MINISTER HOLDS TALKS IN BEIJING

10 May

Afghan Foreign Minister Zalmay Rasoul has met in Beijing with Chinese counterpart Yang Jiechi to discuss regional and bilateral economic issues, RFE/RL's Radio Free Afghanistan reports. Officials at the Afghan Embassy in Beijing said Chinese officials expressed support for deepening ties between Afghanistan and Pakistan and for the Afghan government's efforts to negotiate a peace deal with Taliban insurgents. Afghan Deputy Ambassador to China Haroon Najampoor told RFE/RL on May 10 that the two ministers discussed several topics, including China's greater political and economic presence in Afghanistan. "Foreign Minister [Rasoul] welcomed China's investments in Afghanistan and asked the Chinese government to further encourage companies to direct their investment programs at Afghanistan," Najampoor said. Najampoor also highlighted China's political support of Afghanistan in its struggle to end the insurgency through negotiations and enhanced relations with neighboring Pakistan. Afghanistan shares a narrow border with China in its northern mountainous Pamir region. China's role in peace efforts in Afghanistan is seen as significant in light of Kabul's relationship with Pakistan. Historically, China and Pakistan take a tough political stance toward India, which is why China has always enjoyed the reputation of "an old friend" in Pakistan. China is also considered one of the major investors in Afghanistan's natural resources, especially copper mining. Najampoor said Chinese companies have invested at least \$3 billion to explore one of the country's major copper deposits in the central Logar Province. "The government of Afghanistan hopes this figure will increase to at least \$10 billion in the next few years," he added. According to official data, China has donated at least \$200 million in aid to the Afghan government since the fall of the Taliban regime in 2001. China is also considered a major contributor to road-building projects in Afghanistan. (RFE/RL)

GOLD MINER REJECTS TAX EVASION CHARGES

10 May

A lawyer for a British gold mining operating in authoritarian Uzbekistan lashed out Tuesday at what he described as unfounded allegations of tax evasion from the Central Asian nation's government. Robert Amsterdam, who is representing Oxus Gold PLC in an upcoming international arbitration case, said the Uzbek authorities' accusations are part of a government plot to steal the company's gold-mining assets. Uzbekistan's government looks set to gain complete control over the lucrative gold industry, which would further taint its poor investment reputation. News reports last week cited deputy foreign economic relations and trade minister Shavkat Tulyaganov as saying Uzbek tax authorities had revealed substantial non-payments by Oxus. The mining company enjoyed tax breaks for a number of years, but failed to pay its full dues once that period had expired, Tulyaganov said. Oxus denies those charges. The dispute between Oxus and Uzbekistan's government revolves around the Amantaytau Goldfields joint venture, where some of the world's most promising gold fields are being developed. Uzbekistan is the world's ninth largest producer of gold, which brings in some 20 percent of its export revenues, according to the U.S. State Department. Oxus Gold PLC holds a 50 percent stake in the AGF venture, while the Uzbek State Geology and Mineral Resources Committee owns 40 percent and a further 10 percent stake is held by the state-controlled Navoi Mining and Metals Combine. Oxus operations are focused on Uzbekistan, where it has been operating since the mid-1990s. Oxus estimates reserves at sites being developed by AGF at 2.8 million ounces of gold and 6.7 million ounces of silver. Earlier this year, the Uzbek Finance Ministry started an audit into the venture's financial and economic activities. Oxus responded by saying auditors were using the process to find reasons to justify putting AGF into liquidation and announced they would effectively terminate operations in Uzbekistan. The liquidation of partly foreign-owned ventures in Uzbekistan has in the past led to government buyouts at what market observers consider below-market rates. Oxus says it is seeking a fair settlement for relinquishing its stake in AGF, but that it has received no offers from Uzbekistan. Tulyaganov insisted last week that Oxus had spurned attempts by the Uzbek government to agree on amicable

terms, a claim denied by Oxus' lawyer. "Let me make it very clear, the Uzbeks have offered nothing," Amsterdam said. It is unclear what period the alleged tax irregularities cover or what amount is due. The Foreign Economic Relations and Trade Ministry could not be reached for clarification. Amsterdam said Uzbek authorities were counting on their bad reputation to intimidate Oxus. "They think they can intimidate people into shutting up ... but the answer is that we are not going to allow them to trade on their horrific reputation, we are going to fight back," he said. (AP)

KYRGYZSTAN ENDORSES CHANGES IN KYRGYZ-TAJIK AGREEMENT ON BORDERLANDS MUTUAL ALLOTMENT

10 May

Parliamentary committee on Agricultural and Land Affairs, Water, Ecology, and Regional Development endorsed draft law on ratification of protocol between governments of Kyrgyzstan and Tajikistan on introduction of amendments to the intergovernmental agreement "On mutual allotment of borderlands." According to secretary of Ministry of Transport and Communication of the Kyrgyz Republic Kubanychbek Mamaev, the agreement was signed in December 2009. "Nowadays, we introduce amendments, related to reconstruction of near-border roads between Sughd province of Tajikistan and Batken province of Kyrgyzstan. Besides, we need neighbors' permission on construction of power line in near-border village," he said, news agency "24.kg" reported. (24.kg)

BP GETS APPROVAL TO EXPLORE NEW AZERBAIJANI BLOCK

10 May

Oil major BP said a contract with Azerbaijan's state oil firm to develop a deepwater gas field in the Caspian Sea had been approved by the Azerbaijani Parliament, enabling it to begin exploration. BP said on Tuesday the production sharing agreement (PSA) with the State Oil Company of the Republic of Azerbaijan (SOCAR) for the unexplored Shafag-Asiman structure was ratified by a unanimous vote in parliament. "This is a good demonstration of the country's acknowledgement of BP's track record here and trust in our long-term commitment to Azerbaijan," BP's regional president Rashid Javanshir said in a statement. BP is planning to start seismic exploration on the block in September, a spokesman told Reuters. The deal covers an area of around 1,100 square kilometers and is in sea which is

between 650-800 metres deep, about half the depth BP was drilling when its Macondo well blew out in the Gulf of Mexico in 2010. BP and SOCAR signed the PSA deal, which is for 30 years, in October 2010. (Reuters)

GEORGIAN PARTY PLANS PROTEST RALLY AT U.S. EMBASSY

10 May

The opposition Georgian Party will hold a rally on May 16 outside the U.S. embassy in Tbilisi from where "torrent, poisoning the Georgian society, is flowing," one of the leaders of the party and ex-defense minister, Irakli Okruashvili, said on Tuesday. He said that the Georgian Party had "an elaborated plan of action" of future protest rallies, which should eventually lead to fall of "the Saakashvili's regime." One of those steps, he said, was planned on May 16 by "going to the source and closing the valve of that source." "That valve is located in Digomi in the U.S. embassy," Okruashvili continued, referring to a suburb of Tbilisi where the U.S. embassy is located. "That's the place from where torrent, which poisons the Georgian society, is flowing." "On May 16 we will mobilize our activists from Tbilisi at the U.S. embassy and we also call on the Tbilisites to come and express protest against direct or indirect support the U.S. is providing to the [Saakashvili's] regime," Okruashvili said. "We are going to tell them [referring to the U.S.] directly that by supporting this regime, they are burying democracy in this country. If Russians are seizing our territories, Americans are seizing our freedom; we won't be able to use territories if we have no freedom." "Once and forever it should be made clear for both the North [referring to Russia] and the West what is the goal of the Georgian nation. If we don't say it loudly, everyone, on the both sides, will try to manipulate us," Okruashvili added. The ex-defense minister was speaking to the Tbilisi-based Maestro TV's Straightforward Conversation through video link-up from Paris, where he is since November, 2007 and where he received political asylum. He was sentenced to 11-year prison term in Georgia in absentia in March, 2008. Okruashvili also said that the Georgian Party, which had completed building of its party infrastructure, "now moved on the second stage" involving "testing" of its capacity by holding series of protest rallies in the provinces. "The third stage will be hitting 'a deadly blow' to this regime; we will move on to this third stage in

the nearest future," Okruashvili said. (Civil Georgia)

OPPOSITION PARTY URGES FAIRNESS FOR UZBEKS IN KYRGYZSTAN

10 May

Uzbekistan's opposition Birlik (Unity) party has called for the "fair treatment" of ethnic Uzbeks living in Kyrgyzstan, RFE/RL's Uzbek Service reports. The call was made in a statement by Birlik at a Tashkent conference marking the party's 22nd anniversary on May 7. Although many of the unregistered party's members are living in exile, Birlik still operates in Uzbekistan despite harassment from officials. With a handful of Birlik activists still living in Uzbekistan in attendance and exiled party leader Abdurahim Polatov on the phone from the United States, a discussion was held about problems regarding human rights and democracy in Uzbekistan. Another main topic was the aftermath of the ethnic conflict in southern Kyrgyzstan, where nearly 500 people were killed in June during clashes between ethnic Uzbeks and Kyrgyz. Birlik members discussed the recent report by the Kyrgyzstan Inquiry Commission (KIC), the independent international group that conducted an investigation into the ethnic unrest, which took place in the Kyrgyz regions of Osh and Jalalabad last summer. The conference participants adopted a statement calling on their "Kyrgyz brother nation" to stop persecuting ethnic Uzbeks in Kyrgyzstan. The statement noted the findings in the KIC report issued on May 3, in which it stated that some 75 percent of the casualties were suffered by ethnic Uzbeks but 80 percent of the criminal cases in connection with the June clashes are against Uzbeks. Vasila Inoyatova, Birlik's secretary-general in Tashkent, told RFE/RL that party members plan to hold a rally in front of the Kyrgyz Embassy to demand the fair and just treatment of ethnic Uzbeks in Kyrgyzstan. "No one can guarantee that the violence will not occur again tomorrow," she said. "Because today in Kyrgyzstan activities are being held that have nationalist slogans. In the media and among people a message is being sent that Kyrgyzstan is only for Kyrgyz. This means that tomorrow, again, Uzbeks could be massacred, driven away from their homes. That's why, in order to try to prevent such events, we plan to conduct certain activities." Birlik was the first-ever opposition movement formed in Soviet Uzbekistan, being officially established in May 1989 by members of the Uzbek intelligentsia. (RFE/RL)

MEDIA: KYRGYZ POLICE DETAIN TURKISH JOURNALIST AS TERROR SUSPECT

11 May

Police in the Central Asian nation Kyrgyzstan have detained a Turkish journalist suspected of ties with Islamist terrorist groups, according to Wednesday news reports. Agents acting on orders from Kyrgyzstan's national security council arrested Turkish national Ali Osman Zor on May 2 in response to a request from Turkey's government, the Interfax news agency reported. Zor, 43, arrived in Kyrgyzstan in April 2010 and applied to receive political asylum there citing alleged long-term persecution by Turkish authorities, according to the report. Zor's criticism of Ankara and his calls for an overthrow of the Turkish government in personal blogs and news articles are the cause of the alleged political persecution, the independent Bishkek news website www.24.kg reported. By Kyrgyz law he may not be extradited from Kyrgyzstan as long as his request for political asylum is under review, said Cholpon Dzhakupova, Director of the Bishkek-based human rights protection group Adilet, according to the report.

Zor reportedly was a member of and frequent spokesman for the Great East Islamic Raiders Front (IBDA-C), a Turkish group calling for the replacement of most secular Middle Eastern governments with a Muslim Caliphate, DPA reported. Turkish authorities may also want Zor for questioning in connection with a November 15 2003 Istanbul bombing killing 22 and injuring 242, an attack IBDA-C later took credit for, the Kyrgyz newspaper DeloN reported. The Turkish government in 2007 listed the IBDA-C as a terrorist organization with probable ties to al-Qaeda. (Trend)

'SHANGHAI', IRAN NOT BELIEVING BLINDLY IN OSAMA'S DEATH

11 May

The antiterrorism branch of the Shanghai Cooperation Organization is unconvinced when it comes to the death of Osama bin Laden. "We need proof," Aleksei Kruglov, deputy head of the SCO's Regional Antiterrorism Structure, said this week. "No one has yet provided any real information about the elimination of bin Laden, Kruglov told Russia's RIA Novosti news agency. "So far it has been just words, which we cannot just blindly believe." Kruglov's comments came as the SCO, made up of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, prepares for a meeting of its Foreign Ministers' council in Almaty on May

13-14. Kruglov noted that "there will be no issues related to bin Laden's elimination on the meeting's agenda." Likewise, he predicts that the Al-Qaeda leader's death will not have any effect on the activities of his department. It is "business as usual" for us, Kruglov said. Kruglov, of course, is not the only official casting doubts over statements that bin Laden was killed on a U.S. raid in the Pakistani city of Abbottabad on May 2. Iran's intelligence minister, for example, has claimed that Tehran has "accurate information that bin Laden died of illness some time ago." Speaking on the sidelines of a cabinet meeting on May 8, Heidar Moslehi accused the U.S. of releasing "false news" to divert attention from its "fragile" economy and other issues. It seems the saga of conspiracy theories regarding bin Laden's death will continue for some time and at all levels. (RFE/RL)

INDIA PM TO VISIT AFGHANISTAN AMID REGIONAL UNCERTAINTY

11 May

Indian Prime Minister Manmohan Singh will travel to Afghanistan for two days on Thursday to discuss security and development, the Prime Minister's office said Wednesday, amid regional uncertainty following the death of Osama bin Laden. Any quickening of the endgame in Afghanistan is a concern for India, which fears a U.S. withdrawal would leave it exposed to an unfriendly, Pakistan-dominated neighborhood and unfettered militancy in its backyard. The trip will be Singh's first visit to Afghanistan since 2005 and comes just over a week after bin Laden was killed by U.S. special forces in Pakistan. Singh will be visiting Afghanistan from May 12-13, his office said on its website Wednesday. "If our region has to prosper and move ahead, Afghanistan must succeed in rebuilding itself," Singh said in a statement released by India's foreign ministry. "We will exchange views on developments in the region and our common fight against the scourge of terrorism. The quest of the Afghan people for peace, stability and reconciliation needs the full support of all countries in the region and the international community." A senior government official, who spoke on condition of anonymity, said India was interested in hearing Afghan President Hamid Karzai's views on the killing of bin Laden. "Obviously, the situation post the killing of bin Laden is of concern to all of us, and we would like to hear what Mr Karzai has to say," the official told reporters. "The Taliban groups which have sanctuary in Pakistan, I don't believe

they stand diminished (by bin Laden's death). The groups seem as strong and virulent as ever. The threat has not gone away." Nuclear-armed rivals India and Pakistan, which have gone to war three times since 1947, have for decades sought to secure leverage in Afghanistan, which gained urgency after U.S. President Barack Obama announced a tentative timeline to start withdrawing military forces from July. India is Afghanistan's biggest regional aid donor and sixth largest overall. It has pledged \$1.3 billion of projects, from building a parliament to a highway to Iran to establish what officials in New Delhi like to term "soft power." Pakistan derides those attempts to secure influence in what it considers its neighborhood, but Islamabad has been concerned by a succession of governments in Kabul that it sees as too cozy with New Delhi. India's embassy in Kabul was hit by two bomb attacks in 2008 and 2009, killing 75 people and wounding hundreds. The Taliban claimed responsibility for the blasts, but India has blamed Pakistan's military spy agency, the ISI, for attacks on Indians in Afghanistan to undermine New Delhi's influence. India has named five Pakistani army officers in a list of 50 criminals it wants extradited to stand trial on terror charges, the first time India has directly accused serving Pakistani military officers of being involved with militancy. The "most-wanted list" was handed to Pakistan in March, but its contents have only just been released. The timing of the release coincides with increasing pressure on Pakistan over claims it harbored bin Laden. (Reuters)

VICTIMS OF ETHNIC CLASHES IN KYRGYZSTAN TO GET COMPENSATION

11 May

Relatives of those killed, missing, or severely injured in the ethnic clashes in southern Kyrgyzstan last year will receive financial compensation from the government, RFE/RL's Kyrgyz Service reports. The Kyrgyz cabinet's press service said on May 11 that Prime Minister Almazbek Atambaev signed a decree on May 10 setting compensation of 1 million soms (\$21,400) per family for relatives killed or still missing, 100,000 soms for those with severe injuries, and 50,000 soms for those who suffered minor injuries. More than 400 people died in the clashes between local Uzbeks and Kyrgyz in the Osh and Jalal-Abad regions, and dozens are still missing. Thousands of others were injured or lost their homes. (RFE/RL)