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THE CENTRAL ASIA-CAUCASS 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.

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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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KAZAKHSTAN AND THE EEU

Dmitry Shlapentokh

January 2015 marked the beginning of a new relationship between Russia, Kazakhstan and Belarus bound together by the Eurasian Economic Union (EEU). Yet the emerging friction between Astana and Moscow indicates the pitfalls of the EEU as a project, at least as conceptualized by the Kremlin. In August 2014, Kazakhstan's and Russia's leaderships engaged in an exchange of cold remarks. Through late fall (October-November 2014), Russian politicians and journalists discussed the suffering of Russians in Northern Kazakhstan and Russia's responsibility for their situation. As the EEU was finally inaugurated, economic and geopolitical tensions between Astana and Moscow continued, indicating the EEU's economic and geopolitical instability.

BACKGROUND: Like many other Central Asian rulers, Nursultan Nazarbaev was not anxious to break free of Russia's orbit in the very beginning of post-Soviet history, when Kazakhstan was a young and potentially unstable state. Kazakhstan was ready at that time to implicitly accept Moscow's predominant position, and it was Nazarbaev who first proposed the creation of a Eurasian Union in 1993. Yet Russia saw Central Asia mostly as a backward appendix of the former USSR, which would prevent Russia from becoming fully integrated with the West. Consequently Nazarbaev's call was ignored.

By Vladimir Putin's third term, the situation had changed. On one hand, Putin fully understood that western integration was not in the cards for Russia. On the other, Russia had become much stronger in the 2000s than it was in the 1990s; and Putin dreamed of reconsolidating a Russian sphere of influence in the former Soviet space. At the same time, Kazakhstan reaffirmed itself as a strong Central Asian state and abandoned any early reverence of Russia as its "older

brother." While Astana saw no problem in a loose alliance with Russia – mostly based on economic interests – this did not prevent Astana from forging relationships with other regional players.

Most importantly, Astana built and guarded its own sovereignty. It should be recalled that Kazakhstan was resolutely against the idea of transforming the economic union with Russia into a political union and continued to emphasize its "multi vector" foreign policy, implying that its relations with one country should not prevent it from dealing with others. Moreover, Astana asserted that geopolitical competition in Central Asia should not deter Kazakhstan from maintaining friendly relations with any or all of the actors involved.

In any case, Astana opposed political integration with Russia and therefore also the idea of creating a transnational parliament. To make this point clear, Astana continued to engage in geopolitical and military relationships with foreign countries and political bodies that Russia deemed hostile;

Kazakhstan retained its cooperation with NATO and the U.S. while simultaneously expanding its relationship with Moscow. Nazarbaev did not support Russia's annexation of Crimea and implicitly took Kiev's side in the conflict. Astana also started to raise questions regarding the wisdom of deepening economic integration with a Russia facing Western sanctions, with implications also for Kazakhstan, and sharp ruble devaluation. As Kazakhstan and Russia are formally moving closer as members of the EEU, tensions have resurfaced that indicate a potential for future conflict.



(Source: [Wikimedia Commons](#))

IMPLICATIONS: Astana was alarmed by the collapse of the ruble. Kazakh officials have noted that the cheaper Russian goods represent a threat to Kazakhstan's industry, and that Kazakhstan should limit imports from Russia. In addition, Kazakhstan will limit exports and seek to attain greater self-sufficiency in its domestic production. But the most serious bone of contention between Moscow, Astana, and Minsk is Kazakhstan's reluctance to follow Russia's geopolitical designs and its inclination to retain its multi vector foreign policy.

Kazakhstan's Minister of Foreign Relations Erlan Idrissov stated clearly in one of his January 2015 interviews that Kazakhstan would deepen its relationship with the EU despite Brussels' sanctions on Moscow. Even less pleasing in Moscow's perspective is Kazakhstan's expressed interest in strengthening its strategic partnership with the U.S., including in trade, investment, energy, technical and humanitarian cooperation, at a time when U.S.-Russia relations increasingly resembles those during the Cold War. Nazarbaev's talks with President Obama during the Nuclear Security Summit also gave impetus to further development of bilateral relations.

In addition, Kazakhstan has launched a visa-free regime for citizens of the U.S. and several European countries. As Idrissov noted, "... in 2014 we launched a pilot project on a visa-free regime with ten countries that are key investors in Kazakhstan. It was done in order to create a comfortable environment and attract more investment. The project was perceived very positively by investors and our foreign partners." Kazakhstan thus underscored that it actually sees little difference between Washington and Moscow.

While Astana's approaches to Washington and Brussels irritates Moscow, some of Astana's steps in dealing with the Ukrainian crisis are even more provocative. Moscow can accept Nazarbaev's role as an impartial mediator to solve the crisis. But Nazarbaev has clearly sided with Kiev in its conflict with Moscow and made

clear that Astana not only supports Ukraine's territorial integrity but is ready to help Kiev develop its military industry despite the fact that its products could be directly used against Russian troops.

Astana's approach to the conflict in Ukraine stems from its own concerns and uncertainty regarding Russia's designs on Northern Kazakhstan. Soon after the USSR's collapse, members of Yeltsin administration made claims to this effect. Since, several attempts have been made by ethnic Russians in Kazakhstan to separate the North of the rest of the country. In the so-called "Pugachev revolt," named after the leader of a peasant revolt in the 18th century, Viktor Kazimirchuk led a group including ethnic Russians from both Kazakhstan and Russia in a separatist campaign in Northern Kazakhstan. They were apprehended and put on trial in 1999. The controversial writer and politician Eduard Limonov attempted in 2002 to start an uprising in Northern Kazakhstan and then use it as springboard for igniting nationalistic revolt in Russia proper. Limonov's venture led to nowhere; he was arrested and imprisoned by Russian authorities. In the last year, Russian nationalists like Vladimir Zhirinovskiy have suggested that Russia could annex Northern Kazakhstan by similar means as Crimea. At same time, Astana realizes that the West is neither willing, nor able to confront Moscow on issues pertaining to Kazakhstan's sovereignty.

It is clear that the birth of the EEU has been marked by a distinct rise of geopolitical as well as economic tensions between Astana and Moscow. Already existing problems have obtained a new meaning in light of the Ukrainian crisis and could have a variety of consequences.

CONCLUSIONS: The EEU's inauguration did little to soothe the tensions between Astana and Moscow, which could lead to several different scenarios in the medium term. Kazakhstan can decide to remain part of the union with Russia, in which case Kazakhstan would follow the Belarusian model. Indeed, Minsk continues to be a close ally of Moscow, at least on paper, despite a range of frictions and Lukashenko's flirtation with a variety of foreign players. This scenario remains the most likely, at least during Nazarbaev's tenure as president. But a future nationalist Kazakh leader could decide to openly confront Moscow. Such a scenario would decidedly increase the risk of a Russian invasion of Northern Kazakhstan under various pretexts, in order to create a buffer state or partition Kazakhstan between Russia and China in one form or another.

While Kazakhstan's continued membership in the EEU remains likely in the foreseeable future, this will not prevent Kazakhstan from following its multi vector foreign policy and Astana will most likely continue to cultivate economic and geopolitical relationships with other global players, even ones in conflict with Russia.

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U.S. NEW SILK ROAD INITIATIVE NEEDS URGENT RENEWAL

Richard Weitz

Despite the drawdown of U.S. military forces in Afghanistan, the withdrawal of U.S. forces from Central Asia, and a preoccupation with developments in East Asia and the Middle East, the Obama administration continues to affirm support for promoting the economic integration of South and Central Asia through its New Silk Road initiative. Launched soon after the administration assumed office, the policy seeks to promote regional trade and transit, improve customs and border flows, and deepen business and popular ties among these countries in order to promote peace and prosperity. But the administration must take urgent action to renew the project and achieve its worthy objectives.

BACKGROUND: The administration's "New Silk Road" (NSR) initiative aims to deepen and broaden economic integration between Afghanistan and its Central and South Asian neighbors to expand investment, jobs, and government revenue. The initiative's four prongs consist of "building a regional energy market, facilitating trade and transport, improving customs and border procedures, and linking businesses and people". In particular, the NSR has sought to integrate Afghanistan into neighboring regions by renewing traditional trading routes and reconstructing infrastructure links broken by decades of conflict. Among other achievements, NSR projects have launched projects to extend the Afghan Ring Road, establish rail links between Afghanistan and its neighbors, construct the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, and create a regional electricity market by establishing a transmission line between Central Asia and South Asia (CASA-1000).

The logic of the NSR is sound. U.S. officials believe that forging stronger ties between Afghanistan and its neighbors through the development of better transportation and other links would create jobs and generate national revenue, thereby improving the region's prosperity and security by decreasing support for extremists and bolstering the capabilities of the local governments. Furthermore, the New Silk Road would decrease the landlocked Central Asian states' economic dependence on Russia by giving them new markets in South Asia and, through access to the Indian Ocean, well beyond that. In order to reinforce trade links between Europe and Eurasia, Washington has also aspired to expand the thousands of kilometers of roads built or improved by the U.S. in Afghanistan and Pakistan, as well as the U.S.-constructed Northern Distribution Network through which NATO governments send non-lethal supplies to their military contingents in Afghanistan. Finally, the NSR intends to complement the Istanbul Process, a

regionally led initiative established to promote confidence building measures and other links between Afghanistan and other countries in the “Heart of Eurasia.”

The NSR initiative has also made progress in breaking down some trade barriers in cooperation with the Asian Development Bank’s (ADB) Central Asia Regional Economic Cooperation (CAREC) program, an informal group of countries and multilateral institutions that has funded hundreds of projects worth billions of dollars. CAREC’s efforts focus on facilitating trade by building roads, railways, power lines, and other transportation and energy infrastructure, as well as by decreasing transit time for goods and vehicles moving across Eurasian borders. But the NSR faces enduring challenges in its failures to establish a fully-integrated Central Asia-South Asia regional energy market, build the TAPI pipeline, develop a large region-wide civilian market to complement the voluminous trade in military goods, significantly reduce the cost of transport through pivotal corridors connecting Afghanistan with neighboring regions, reform counterproductive regulations, improve the climate for Western investment, promote free market principles, and attain universal Central Asian accession to the World Trade Organization (WTO), which would help promote a common and transparent legal regime.



(Source: [Wikimedia Commons](#))

IMPLICATIONS: Central Asia remains one of the least integrated economic regions in the world, with abnormally low levels of region-wide trade and investment due to the landlocked countries’ high transportation costs, expensive and inefficient customs and border procedures, an overwhelming orientation to Russia and China at the expense of other international markets, the absence of common membership in the WTO or region-wide free-trade agreements, and Eurasia’s undeveloped transportation, communication, and other essential commercial infrastructure. Progress has been made in building new energy pipelines between China and Central Asia, but these major energy conduits do not extend to Europe or South Asia. Beyond hydrocarbons, the region’s poor infrastructure and storage capacity impedes even simple agricultural trade in fresh fruits and vegetables.

Furthermore, these barriers to regional trade create an unattractive environment for foreign investment since investors want a larger market than any single Central Asian country can offer. Foreign companies are unaware of many local public sector investment opportunities due to limited

advanced notice of tenders, short bidding windows, and a lack of transparency in awarding public contracts. Similarly, innovation is stifled by weak protection of intellectual property rights due to undeveloped legal bases for technology transfers and judicial systems whose members lack autonomy and are ill-equipped to adjudicate disputes. Whatever their governments might say in public at multinational conferences, Central Asian political and business elites shun Afghanistan due to its violence and poor infrastructure. They also resist freer trade when it could deprive them of revenue – legal or otherwise – or expose them to security threats due to terrorist infiltration.

Despite its admirable goals, the U.S. approach has suffered from serious defects. The U.S. government has refused to inject New Silk Road projects with major resources except for some of those focused on Afghanistan. Moreover, rather than expend substantial U.S. funds for the initiative, the NSR has relied primarily on support from other foreign donors, multilateral development banks, and private sector actors. For example, U.S. funding to raise the global competitiveness of Central Asia has mostly supported relatively minor projects such as the Special American Business Internship program, which brings managers from Central Asia to the U.S. for training and meetings with U.S. companies. But drawing in domestic firms requires mitigating the political risks, legal uncertainties, and logistical challenges that construct a poor business climate for investors,

who normally pursue easier and more lucrative regions. Therefore, more publically funded initiatives are needed to increase the incentives for private sector engagement, which will then create a benign circle of more trade and profits attracting more foreign investment.

Even more serious has been the lack of high-level political support for U.S. initiatives in the region. President Obama and his senior cabinet officials regularly travel to Afghanistan and India but never visit Central Asia. This lack of attention worries the region's pro-Western groups petitioning for more visible attention from Washington to balance the frequent visits of Russian and Chinese presidents and prime ministers. Indeed, breaking Central Asia's logjams often requires the personal intervention of such national leaders. In order to promote Western objectives such as more inclusive governments, the rule of law, human rights, strong civil societies, and more transparent and open economic institutions, the United States and its EU partners must commit to more sustained high-level engagement in Central Asia.

CONCLUSIONS: Although Chinese and Russian economic goals for Central Asia may be broadly harmonious with American objectives, their geopolitical ambitions are not. The Obama administration should build on its strong partnership with New Delhi to pool Indian-U.S. efforts to connect South Asia with Central Asia, thereby joining China and Russia in seeking to build transcontinental

east-west connections. Further, the president should visit the Central Asian states and direct his civilian bureaucracies to devote more attention and resources to the region, taking advantage of the resources freed up by the U.S. military's drawdown as well as the desire of local leaders for Western partners to balance the assertive leaders in Moscow and Beijing.

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IS “TURKISH STREAM” A SERIOUS THREAT TO THE TRANS-CASPIAN PIPELINE?

Juraj Beskid, Tomáš Baranec

In early November 2014, Turkey and Turkmenistan signed a Framework Agreement which, if successful, will allow Turkmenistan to provide gas via Turkey directly to the EU, by-passing Russia. Since then, several bold statements from Vladimir Putin and Gazprom representatives suggesting a replacement of the South Stream project with a “Turkish Stream” or closing all pipelines to Europe via Ukraine indicates the start of a new “energy game.” Turkish Stream will to a considerable extent compete with the Trans-Caspian pipeline. Does the Kremlin possess trumps on this issue or is it merely bluffing?

BACKGROUND: According to the Framework Agreement between Ankara and Ashgabat on supply of Turkmen gas to Turkey, natural gas will be supplied via the proposed Trans-Caspian pipeline to Baku and from there via Georgia to Turkey and further to Europe. The Trans-Caspian pipeline will be linked to the already confirmed TANAP pipeline, which started construction in 2014. The 300 km under-sea Trans-Caspian pipeline with a capacity of 30 billion cubic meters (bcm) annually is estimated to cost US\$ 5 billion. An additional 30 bcm from Turkmenistan via the trans-Caspian pipeline, combined with a projected increase of Azerbaijani supplies from Shah Deniz II, will seriously undermine Russia’s energy dominance in the region.

During his official visit to Turkey in December 2014, Putin announced the termination of the South Stream project, designed to transport Russian natural gas under the Black Sea to Bulgaria and further to Central Europe. At the same occasion, he revealed plans

to construct an alternative pipeline to Turkey. The so-called “Turkish Stream” will cross the Black Sea into Turkey and proceed to the Greek border, where European purchasers could connect. It will consist of four pipelines, each with the capacity of 15.75 bcm, thus reaching 63 bcm of natural gas per year. The Turkish company Botaş Petroleum, which signed a memorandum of understanding with Gazprom, can collect 14 bcm for its own needs and the rest will continue to Europe via Greece. The price of the whole project is estimated at US\$ 40 billion.

Taking into account the decreasing demand for natural gas in Europe, it is clear that Kremlin now backs Turkish Stream in competition with the Trans-Caspian pipeline. In presenting Turkish Stream, the Kremlin seeks to achieve two goals. The first is to undermine Turkmenistan’s attempts to diversify its export routes and consumers, as well as the EU’s diversification of suppliers. Its second goal is to demonstrate superiority and push the EU to take on

part of the financial burden in constructing new gas infrastructure which that will effectively by-pass Ukraine.

Representatives of Gazprom have termed the EU's unwillingness to participate in the South Stream project (and to commit financially) a main reason for its abolition and replacement by Turkish Stream. The part of Turkish Stream running under the Black sea will not only be shorter than South Stream leading to EU; unlike the EU, Turkey appears more willing to finance the construction of pipelines on its territory in exchange for revenues. By putting pressure on the EU, Moscow aims to force European countries to share the financial burden. Yet from the EU's point of view this is not necessary, since sufficient infrastructure for Russian gas exports to Europe already exists.



(Source: Pixabay.com)

IMPLICATIONS: The Kremlin holds two trumps vis-à-vis the EU. It can threaten to reorient its energy export to China, symbolized by the “Power of Siberia” pipeline. And it can pursue Turkish Stream as a declaration of Russian ability to provide the EU with gas, by-passing Ukraine despite its objections, and where infrastructure to

border with Turkey would have to be constructed by European countries.

Regarding its reorientation to China, Gazprom indeed signed a 30-year contract with Chinese company CNCP in May 2014. Based on this US\$ 400 billion contract, Gazprom will provide 38 bcm of gas annually by 2018. The “Power of Siberia” pipeline is estimated to cost US\$ 55 billion. Although construction started in September 2014, the 3200 km pipeline will not be finished earlier than 2019 and therefore, Russia's partial re-orientation to the Chinese market will be a long term process.

However, the reorientation to China as a counterweight to European markets also has a financial dimension. The fact that China agreed to co-fund the project by US\$ 20 billion in exchange for lower gas prices, and that Gazprom will obtain the additional needed funding from government reserves, indicates a significant shortage in Gazprom's budget. This is taking place in the context of generally decreasing demand for natural gas in Europe and Turkey, where demand in 2014 declined to 147.2 bcm from 161.5 bcm in 2013. Gazprom's own extraction of natural gas decreased by 43 bcm last year. This shortage of finances could also explain the Kremlin's need to coerce the EU into sharing pipeline construction costs, and is possibly an even stronger motivation than geostrategic considerations.

A wholesale reorientation to the Chinese market will be a costly, long-term project. However, under existing conditions the Kremlin does not have either the time or the financial

resources to attain such a goal. Therefore, Putin's threat to turn to the energy hungry Chinese market is rather weak under current circumstances.

Several conditions undermine the otherwise bold statements from the Kremlin and Gazprom representatives. Despite the existing memorandum of understanding between Gazprom and Botaş Petroleum, Ankara signals a rather restrained attitude towards the project. Until now, Turkey has not even signed a contract on supply of natural gas from Russia with Gazprom, although Putin declared a discount of 6 percent on natural gas for Turkey from the current US\$ 420 per thousand cubic meters. Currently Russia provides Turkey with 16 bcm of gas annually, which is the maximum capacity of the Blue Stream pipeline.

Ankara is also critical toward Russia's role in the Ukraine conflict. Turkey's Minister of Foreign Affairs Mevlut Cavusoglu declared that despite good cooperation with Russia in many areas, Ankara does not recognize the annexation of Crimea and condemns the Kremlin's support of the rebels. Crimean Tatars in annexed Crimea remains an especially hot topic, where Moscow instead of fulfilling promises to allow the Tatar minority representatives in the government and language rights, continues to crack down on their activists. In Turkey, such oppressive measures against their ethnic kin are viewed with great concern.

Putting these issues in context of the TANAP pipeline, which is dubbed a priority by representatives of Ankara, it

is yet far from certain that Turkish Stream will become a reality, and a significant competitor to the Trans-Caspian pipeline.

CONCLUSIONS: In order to understand why Turkish Stream endangers the Trans-Caspian, it has to be viewed in the wider context of a game of supply and demand for natural gas, played from the EU to China, in which Putin presents himself as a player who can dictate the rules. However, deeper analysis of his "trumps" suggests that the Kremlin's position in this game is far from strong – besides its ability to bluff. Turkish Stream itself appears to be a result of Gazprom's and Russia's precarious financial situation, which does not allow Russia to launch major gas-pipeline projects on its own, rather than a declaration of strength. The Trans-Caspian pipeline represents a serious competitor to Turkish Stream and the Kremlin's agenda linked to it. However, many questions remain unanswered, which could considerably alter the outcome of the game. The most significant appears to be Turkey's final position.

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CASA-1,000 – HIGH VOLTAGE IN CENTRAL ASIA

Franz J. Marty

CASA-1,000 envisages hydro-electricity exports from Kyrgyzstan and Tajikistan to Afghanistan and Pakistan. Due to the security situation in Afghanistan and Pakistan, a study designated CASA-1,000 a high risk project. Recently concluded agreements between the participating countries, the currently ongoing procurement and the completed construction of another transmission line nonetheless promise a realization.

BACKGROUND: CASA stands for *Central Asia South Asia* and for the connection of Central Asia with Pakistan through electricity exports via Afghanistan. The economic benefits are evident: in Kyrgyzstan and Tajikistan cheaply generated and, during the summer months, surplus hydropower will be transferred through Afghanistan to the energy-hungry Pakistan and enable a regional electricity market (*Central Asia – South Asia Regional Electricity Market CASAREM*).

CASA-1,000 envisages the following: a transmission line will connect Datka in western Kyrgyzstan with Khujand in northern Tajikistan. From there, the electricity will be transferred through the Tajik grid to Sangtuda, south of the Tajik capital Dushanbe. Finally, another power line will connect Sangtuda via Kabul and Jalalabad in Afghanistan with Peshawar in Pakistan.

Studies concluded that CASA-1,000 is technically feasible and economically worthwhile. Even in dry years a sufficient surplus of Kyrgyz and Tajik electricity is almost certainly guaranteed during summer. And the comparatively low production costs of

electricity in Kyrgyzstan and Tajikistan coupled with the already high and increasing Pakistani demand are a powerful economic incentive.

The estimated costs of CASA-1,000 amounts to US\$ 1.17 billion. In the beginning, the Asian Development Bank was heavily involved, but withdrew in 2009 citing the challenging security situation in Afghanistan as a reason. However, with the help of the World Bank, the project was pursued further; US\$ 997 million are financed and efforts are underway to close the remaining financing gap.



(Source: [Wikimedia Commons](#))

IMPLICATIONS: Due to the difficult terrain and the security situation, the planned transmission line in Afghanistan and Pakistan is the most problematic part of CASA-1,000.

The arguably most delicate point is crossing the Hindu Kush. The simplest way would be the Salang pass. However, as there is already a power line running over the Salang pass and a second one is planned, there is simply no space left, according to Ghulam Faruq Qazizada, Afghanistan's Deputy Minister of Energy. Therefore, alternative routes are being considered.

The option of a western detour over the Shibar pass that would prolong the line about 150 to 200 km and cause additional costs of US\$ 50 to 65 million is according to Qazizada not up for discussion anymore, due to security concerns. However, the option of a western circumvention nonetheless recently resurfaced in Afghan media. Instead of a western detour, two other options going via Andarab in the east to the Panjshir valley, are being considered: a longer one over the Khawak pass; and a shorter one over the Parandih pass. Laying the line underground over the Salang pass has also been contemplated, although this option would be more costly compared to a detour. The final decision regarding the circumvention of the Salang pass is, according to Thomas Breuer, Executive Director of the Inter-Governmental Council (IGC), a council established by the participating countries to implement CASA-1,000, scheduled for summer 2015.

There are also certain security concerns regarding the transmission line between Jalalabad and Peshawar. A regional environmental assessment stated, referring to Pakistan, that security may be an issue as some

factions could attempt to use the power infrastructure running through their area as a valuable asset in negotiations with central authorities. Yet according to Qazizada and Breuer, experience with other power lines in Afghanistan has shown that such infrastructure rarely is the target of attacks, as it is considered a kind of collective asset. Furthermore, a program is planned to ensure that local communities along the route of the transmission line will profit from it, be it in the form of access to the power grid or the construction of schools or roads. Accordingly, it is expected that the program and the good road access on this part of the route will improve the security situation.

Qazizada and Breuer both emphasize that an existing transmission line takes mostly the same route as the planned CASA-1,000 power line, and was constructed between 2005 and 2011 without substantial problems. This would show that the implementation of a project like CASA-1,000 is, despite the security situation in Afghanistan, indeed feasible.

Yet it should be recalled that various reports on the project state that field investigations have not been possible due to security concerns and that the situation in Afghanistan has hardly improved since 2011. For example, Taliban recently killed six employees of a private road construction company, wounded one and abducted two others in the province of Baghlan, which the planned transmission line will cross. Furthermore, due to the circumvention of the Salang pass, the route of CASA-

1,000 will differ from the previously existing power line in a very delicate section.

In any case, the fact that KEC International Limited, the Indian company responsible for the already completed transmission line, is interested in CASA-1,000 suggests that this company believes in the successful implementation of the project despite, or perhaps because of, its prior experience in building a power line in the same areas of Afghanistan. Afghanistan has also completed a country-specific security plan that envisages the protection of the work sites during the construction by security forces.

In the last few months, huge progress has been achieved. On October 11, 2014, Afghanistan and Pakistan agreed on a transit fee, and at IGC meetings in November/December 2014 and February 2015 a master agreement as well as a power purchase agreement were prepared. Those agreements are currently being finalized and Qazizada expects that their ratification will take place in spring 2015.

It has been agreed that Pakistan will obtain electricity at US¢ 9.35 per kilowatt through CASA-1,000 during the initial 15 years, whereas this price includes a transit fee of US¢ 1.25 per kilowatt owed by Pakistan to Afghanistan. Afghanistan first demanded a transit fee of US¢ 2.5 per kilowatt but made concessions as it does not view CASA-1,000 from a purely economic angle, but also as an opportunity to improve regional relations and to build confidence among

the participating countries and private corporations, hoping that this will have a positive impact on other projects

At the moment, the procurement for a considerable part of the project is underway. Although the list of participating firms is not public, notable companies like KEC International Limited, Alstom, ABB, Siemens and the State Grid Company of China have earlier shown interest. The deadlines for submitting bids for the Afghan transmission line and converter stations along the way have been set for March 2 and April 19, respectively.

However, it is not yet certain when exactly the actual construction will begin on the ground. According to studies, the effective construction will take at least 40 months. This means that CASA-1,000 will in any event not be completed before 2018.

CONCLUSIONS: If CASA-1,000 will be implemented, it will be a milestone in the region's energy sector and build a bridge between Central and South Asia, whereas Afghanistan could establish itself as a transit country. Through the import of cheap electricity and the security of supply on the side of the importing countries and the revenues from the sale of electricity to new buyers and transit fees on the side of the exporting and transit countries, the project could boost the economies of all participating states.

However, although a previous line has been built and power lines have seldom been targeted, the security situation in Afghanistan and Pakistan still poses significant difficulties. Yet Breuer

asserts that CASA-1,000 will definitively be implemented and not remain an idea.

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KYRGYZSTAN'S RESIGNED PROSECUTOR-GENERAL GIVES WORRYING PRESS CONFERENCE

Arslan Sabyrbekov

On February 11, Kyrgyzstan's former prosecutor-general Aida Salyanova gave her first press conference since her recent resignation, describing it as "forced" rather than "voluntary," as was previously claimed by representatives of the president's closest circle. In her words, the main reason for her resignation was the obvious lack of support from the side of the president, who "could not or did not wish to guarantee security and sustainability for her office's work in combating corruption."

Rumors about Salyanova leaving her office started to circulate some time before she submitted her official letter of resignation on January 19. At the end of the year press conference last December, President Almazbek Atambayev denied information about the prosecutor-general's possible resignation stating that, "her work is very complex and she is tired. She has a family and children and needed some time to rest." Back then, the president assured the public that Aida Salyanova will return to work after her short vacation and wished the country to have such a "President as Salyanova." However, the prosecutor-general's long vacation generated further rumors, with local political observers suggesting that the head of the Presidential Administration Daniyar Narymbaev may replace her, and that she might be

appointed as Kyrgyzstan's next envoy to Washington, DC.

Salyanova was appointed Kyrgyzstan's prosecutor-general in April 2011, after serving as the President's representative in Parliament and briefly as Minister of Justice. Under her leadership, the prosecutor-general's office has conducted an unprecedented fight against corruption with a number of high profile cases filed against the country's top high ranking officials, including the former speaker of Parliament, former Mayor of Bishkek, former Minister for Social Development, and a number of prominent parliamentarians. She is perceived by part of the public as Kyrgyzstan's "Iron Lady" and as a symbol of the fight against corruption, while others believe that she became a victim of the system and simply turned into an instrument of selective justice.

The former prosecutor-general's open criticism against the country's president caused an immediate reaction from his office. "Aida Salyanova was given full political support and freedom of action for the entire period of her tenure as Kyrgyzstan's prosecutor-general," stated presidential adviser Farid Niyazov. The high-ranking White House official also added that "for a long time, information about the intervention of people from Salyanova's inner circle into the affairs of her office existed only in the form of

anonymous letters and rumors, and the attitude of the president was therefore appropriate. However, when these rumors began to appear as facts, she was proposed to draw conclusions, lost the president's trust and is now making false statements for her own political benefit." Shortly before Salyanova's resignation, local media sources have spread information that her spouse and an aide at the Justice Ministry, Bakyt Abdykaparov, received US\$ 50,000 for his alleged assistance in terminating the criminal case against officials of the municipal enterprise *Tazalyk*. Salyanova described these assertions as a clear information attack against her.

The most important announcement during the former prosecutor-general's press conference was her intention and readiness to participate in the upcoming parliamentary elections in October 2015. Contrary to local political analysts' views that she will join one of the large political parties, Salyanova has been unanimously affirmed as Chairwoman of the relatively new political party called *Kuchtuu Kyrgyzstan* (Strong Kyrgyzstan). According to Bishkek-based political observer Mars Sariev, her political party has very good chances of entering the next Parliament and emphasize combating corruption in its election program. Local analysts also do not exclude the possibility that prior to elections, Salyanova's party might merge with larger political parties, socialist *Ata Meken* party being at the top of the list.

In the meantime, Kyrgyzstan's Parliament has supported the nomination of a new prosecutor-

general, Indira Joldubaeva, who has previously served as head of the justice sector reform department in the presidential apparatus. The newly appointed Joldubaeva, 35, is the youngest serving prosecutor-general in Kyrgyzstan's history and has prior to her nomination attained widespread criticism for not having worked a single day in the prosecution system.

The author writes in his personal capacity. The views expressed are his own and do not represent the views of the organization for which he works.

MOSCOW PLEDGES TO COUNTERACT GEORGIA'S INTEGRATION WITH NATO

Eka Janashia

The Kremlin continues Russia's annexation of Georgia's breakaway regions and at the same time warns Tbilisi to cease its effort to integrate with NATO.

On February 18, breakaway South Ossetia signed a "border treaty" with the Russian Federation, and declared its intention to strike an "Alliance and Integration" deal with Moscow shortly.

The agreement mirrors the "Alliance and Strategic Partnership" agreement inked between Moscow and Sokhumi in November, though envisions a deeper integration of the South Ossetia's defense, security, and customs agencies with those of Russia. An already signed border agreement dictates the abolishment of the border crossing point at the Roki tunnel connecting the South Ossetia to Russia.

The border eradication initiative was first aired by Vladislav Surkov, the Russian president's aide in charge of supervising Moscow's relations with the two de facto republics, on February 17, during a meeting with Abkhazia's de-facto president Raul Khajimba. "There must not be a border between us," Surkov said and added that Russia's financial support for the two breakaway regions would be upheld in the face of Russia's current economic troubles.

The border agreement between Moscow and Tskhinvali is a swift implementation of this initiative. After

signing the border treaty, Russia's Foreign Minister Sergey Lavrov expressed the Kremlin's readiness to avert the "negative effect" of "never-ending attempts to drag Tbilisi into NATO."

The Kremlin's apprehension is directed towards the establishment of NATO's "Training and Evaluation Center" (TAEC) in Georgia which, in the words of Russia's permanent representative in NATO Alexander Grushko, provokes Moscow, escalates tension and worsens regional security.

At the recent NATO summit in Wales, Georgia obtained a "substantial package," which along with other supportive tools, aims to enhance Georgia's defense capabilities through launching the TAEC, which could obtain a regional dimension in the future.

As part of this policy, NATO's Deputy Secretary General Alexander Vershbow visited Georgia in January 2015. Vershbow assured that despite the Kremlin's nervous reaction towards the planned NATO-Georgia training center, the alliance will make a resolute effort to create the facility before the end of this year.

He underlined that the TAEC will be "the most visible element of a NATO presence in Georgia." While it will primarily focus on command post exercises, field exercises with participation of foreign troops as well

as live and simulated trainings for allied military units committed to the NATO Response Force and Connected Forces initiative might also take place, Vershbow said. He also announced that periodic military exercises involving NATO allies and partner countries will start in Georgia this year.

The Kremlin's reaction to the high NATO official's statement was soon reflected in the border removal initiative and strict declarations on Russia's counter-measures to deal with the undesirable implications of NATO-Georgia cooperation.

Zurab Abashidze, the Georgian Prime Minister's special representative for relations with Russia, commented that Moscow, Brussels and Tbilisi all are well-aware "that Georgia's membership to NATO today and tomorrow is not on the agenda" and that Georgia-NATO cooperation "in no way aims at deploying NATO military infrastructure in Georgia."

Later, Defense Minister Mindia Janelidze restated that Georgia has no plans to host a NATO military base and that only the TAEC, aiming to enhance the professionalism of Georgian servicemen and with no additional military functions, will be established.

The parliamentary minority immediately slammed these official remarks. The former state minister for European and Euro-Atlantic integration issues, Free Democrat Alexi Petriashvili dubbed Abashidze's statement another proof that the country's Euro-Atlantic course is under threat. The Free Democrats, led by

former Defense Minister Irakli Alasania, quit the ruling coalition Georgian Dream (GD) in November with the same motivation.

The United National Movement (UNM) party, in turn, argued that Abashidze had voiced the government's position. The party's leader David Bakradze said that instead of distancing himself from Abashidze's statement, the defense minister had justified it.

Abashidze's statement came a few days before his meeting with Russia's Deputy Foreign Minister Grigory Karasin in Prague. The Karasin-Abashidze format is the only channel for direct communication between Tbilisi and Moscow, established by former PM Bidzina Ivanishvili. The previous government led by Mikheil Saakashvili government did not engage in direct negotiations with the Kremlin and preferred dialogue in an international format with the participation of representatives from partner countries.

While Russia's anti-NATO policy hardly surprised anyone, Abashidze's statement, which the opposition interpreted as appeasing to Moscow, was unexpected and triggered doubts about the consistency of Georgia's Euro-Atlantic aspirations.

Through the border removal initiative as well as the "amalgamation agreements" with South Ossetia and Abkhazia, Russia signals that the establishment of a training center where the troops of NATO partners may hold military exercises is totally unacceptable to Kremlin. Georgia's incumbent government clearly seeks to

avoid irritating Moscow, but it yet uncertain to what extent this stance will slow Georgia's NATO integration pace. However, ambiguous moves with regard to Euro-Atlantic policy not only cast doubt on Georgia's achievements at the Wales Summit, but also minimize its chances to reach any tangible success at the Warsaw Summit scheduled for next year.

ARMENIA TOUGHENS ITS STANCE AGAINST TURKEY

Erik Davtyan

On February 16, Armenia's President Serzh Sargsyan addressed a letter to the Speaker of Armenia's National Assembly Galust Sahakyan, informing him about his decision to recall the Armenian-Turkish protocols from the National Assembly. In the letter, the President stated that "the absence of political will, distortions of the letter and spirit of the protocols by the Turkish authorities and continuous attempts to articulate preconditions." Sargsyan also reiterated that the Turkish policy of denial and history revision was intensified on the eve of the Armenian Genocide Centennial. In 2009, Armenia and Turkey signed two protocols on the establishment of diplomatic relations and on the development of relations. However, the ratification process was halted and the prospect of new negotiations and agreements is negligible.

As Armenia prepares to commemorate the centennial of the Armenian genocide, contacts between Armenian and Turkish authorities are taking on highly negative overtones. On January 29, the State Commission on the Coordination of Events Dedicated to the 100th Anniversary of the Armenian Genocide issued a pan-Armenian declaration calling upon Turkey and other states to recognize and condemn the genocide, and declares Armenia's intention to present a package of legal claims against Turkey.

The recall of the two protocols obtained reactions from Armenian as well as Turkish high officials. Turkish Foreign Ministry spokesperson Tanju Bilgic qualified this step as an "insincere and unstable position" towards the protocols. As for Armenia's official position, Deputy Foreign Minister Shavarsh Kocharyan explained in an interview to Armenia's Public Television that the recall was a clear message to the international community (including Turkey), aiming to stress the unacceptability of the Turkish policy of "denial and preconditions." Taking into consideration the fact that Turkey has recently launched new initiatives regarding the 100th anniversary of the battle of Gallipoli, Kocharyan believes that the recall of the protocols was quite logical.

On the eve of the Armenian Genocide Centennial, almost all steps taken by the Armenian authorities are highly welcomed among the Armenian public. Boris Navasardyan, chairman of the Yerevan Press Club, said that the recall of the protocols is widely perceived as a "quite justified attitude." According to politologist Alexander Markarov, the protocols were de facto recalled much earlier, so this decision de jure put an end to the whole process that kicked off in 2008 in the framework of "football diplomacy".

When signing the protocols in Zürich, both Turkey and Armenia wanted to

express their willingness to restore their diplomatic relations. However, after six years, the ambiguous future of the protocols does not play in Armenia's favor, especially after Sargsyan toughened Armenia's official position on the Armenian Genocide issue. The deputy director of the Caucasus Institute, Sergey Minasyan, thinks that in terms of both Armenia's foreign and domestic policy, there was no need to keeping the protocols in the National Assembly.

Experts and politicians believe that the protocols contradict the pan-Armenian declaration issued at the end of January. Edmon Marukyan, a deputy of Armenia's National Assembly, as well as the Director of the Armenian Genocide Museum & Institute Hayk Demoyan, say that the logic of the Zürich protocols did not correspond to that of the pan-Armenian declaration, so there was no doubt that President Sargsyan would take that step.

Though there are no contradictory opinions on this issue, some political parties call for a much tougher stance regarding the Zürich protocols. Giro Manoyan, a bureau member of the Armenian Revolutionary Federation (ARF), says that "this is a welcome step, but is not enough: it is necessary to completely neutralize and recall the signatures." Representatives of the Armenian Diaspora, which plays a key role in promoting Armenian national interests, including the international recognition of the Genocide, has always condemned any attempt to reconcile relations between Armenia and Turkey. According to the Executive Director of

the Armenian National Committee of America (ANCA) Aram Hamparian, "Armenia should never have signed these one-sided agreements." As for the recall of the protocols, Hamparian believes that the withdrawal "represents a step in the right direction - one that needs to be followed immediately by the next logical step of withdrawing Armenia's signature from these Ankara-inspired accords".

FOREIGN MINISTERS OF TURKEY, AZERBAIJAN AND TURKMENISTAN DISCUSS ENERGY AND TRANSPORTATION IN ASHGABAT

Tavus Rejepova

Azerbaijan's, Turkey's, and Turkmenistan's Ministers of Foreign Affairs Elmar Mammadyarov, Mevlut Cavusoglu and Rashid Meredov gathered in Ashgabat on January 29 to discuss regional energy and transportation issues.

Cavusoglu, leading a big delegation, arrived in Ashgabat on January 28 to meet with President Berdimuhammedov and discuss the next day's trilateral meeting as well as Berdimuhammedov's expected visit to Turkey on March 3. Cavusoglu also met separately with his counterpart Meredov to discuss energy security, transportation and expansion of the current state of commercial ties. Turkey is Turkmenistan's main trade partner and Turkey represents the highest presence of foreign companies in Turkmenistan, at over 600 companies.

Mammadyarov met with President Berdimuhammedov on January 29 before the trilateral ministerial meeting and discussed enhancing commercial ties between the two countries. Referring to his last visit to Ashgabat five years ago, Mammadyarov expressed satisfaction with the current level of relations between Azerbaijan and Turkmenistan.

During the trilateral meeting between the ministers of foreign affairs, the

sides discussed cooperation in the areas of trade, energy, transportation and education. In particular, the ministers stressed the Afghanistan-Turkmenistan-Azerbaijan-Georgia-Turkey transportation link project aimed at increasing trade and reducing cargo transit expenses among these countries, as an important objective. Representatives of these five countries met in Ashgabat in November 2014 over the draft agreement of this transport corridor.

Following the talks, the sides also decided to create a trilateral format for the oil and gas company representatives of the three countries. The ministers of Turkey and Azerbaijan reportedly invited Turkmenistan to join the Trans-Anatolian gas pipeline (TANAP) project, which envisages delivering gas from Azerbaijan's Shah Deniz field to Europe via Georgia and Turkey.

President Berdimuhammedov has stated earlier that the trans-Caspian pipeline, intended to bring Turkmen gas to Europe via TANAP, only requires the consent of two countries (Turkmenistan and Azerbaijan) whose seabed sectors these pipelines would cross. But Russia's Minister of Foreign Affairs Sergey Lavrov has stated that "the project of the trans-Caspian gas pipeline falls into the category of projects that affect the

interests of countries that do not participate in it” expressing concern over the project. Maros Sefcovic, the European Commission’s Vice President in charge of Energy Union, stressed the importance of addressing the technological and legal issues of transporting Turkmen gas to Azerbaijan in his address to reporters on February 12. Speaking at Turkmenistan’s Oil & Gas Conference in Ashgabat in November 2014, Rovnaq Abdullayev, the CEO of Azerbaijan’s energy company SOCAR, expressed readiness to provide Azerbaijan’s developed infrastructure, diversified oil and gas pipeline network, warehouses and terminals, fleet of ships and other assets needed for implementing projects in the oil and gas industry to its neighbors in the region, primarily to Turkmenistan.

During the trilateral meeting in Ashgabat, Mammadyarov also met with Cavusoglu to discuss regional cooperation, highlighting President Ilham Aliyev’s visit to Turkey on January 14-15, 2015.

The first trilateral meeting between the foreign ministers of Turkey, Azerbaijan and Turkmenistan took place in Baku on May 26, 2014, when the “Baku Statement” was released, expressing the three countries’ determination to develop trilateral relations in various fields, particularly in energy, trade, transportation, culture, tourism, education and environmental protection through joint projects and cooperation initiatives.

As a result of the Ashgabat meeting, the foreign ministers signed a joint

declaration and adopted a trilateral framework cooperation program for 2015-17. The foreign ministers also agreed to organize a trilateral meeting between the presidents of Azerbaijan, Turkey and Turkmenistan in Ashgabat, planned for October of 2015, which is expected to expand the trilateral partnership in energy, transportation and communication sectors to new levels. The next trilateral meeting between foreign ministers is slated to be held in Turkey.