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THE CENTRAL ASIA-CAUCASUS ANALYST

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The Central Asia-Caucasus Analyst is an English language global Web journal devoted to analysis of the current issues facing the Central Asia-Caucasus region. It serves to link the business, governmental, journalistic and scholarly communities and is the global voice of the Central Asia-Caucasus Institute, The Johns Hopkins University-The Nitze School of Advanced International Studies. The Editor of the Analyst solicits most articles and field reports however authors may suggest topics for future issues or submit articles and field reports for consideration. Such articles and field reports cannot have been previously published in any form, must be written in English, and must correspond precisely to the format and style of articles and field reports published in *The Analyst* (www.cacianalyst.org) and described below.

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Submission Guidelines:

Analytical Articles: Analytical articles require a three to four sentence Key Issue introduction to the article based on a news hook. Rather than a general, overarching analysis, the article must offer considered and careful judgment supported with concrete examples. The ideal length of analytical articles is between 1,000 and 1,300 words. The articles are structured as follows:

KEY ISSUE: A short 100-word statement of your conclusions about the issue or news event on which the article focuses.

BACKGROUND: 300-450 words of analysis about what has led up to the event or issue and why this issue is critical to the region. Include background information about the views and experiences of the local population.

IMPLICATIONS: 300-450 words of analysis of the ramifications of this event or issue, including where applicable, implications for the local people's future.

CONCLUSIONS: 100-200 words that strongly state your conclusions about the impact of the event or issue.

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

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

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POLITICAL VIOLENCE ON THE RISE IN KYRGYZSTAN

Anara Tabyshalieva

Redistribution of economic assets among non-state and state actors after the 14-year Akayev family rule has inevitably impacted on reorganization in the criminal world. The current casualty list, frequently updated, includes three lawmakers and several public figures. Raatbek Sanatbayev, a popular athlete, became the ninth victim of contract killings of public figures since the March upheavals in Kyrgyzstan. Many in the country express their concerns over lack of ability of the new leadership to stop political violence, strengthen security, and stabilize the situation. A number of civil society groups, lawmakers, and politicians publicly call on President Kurmanbek Bakiyev and his administration to be more consistent in attacking criminal groups that are gradually increasing their influence in the country.

BACKGROUND: In the post-Soviet setting, the rise of criminal groups constitutes a serious security threat to the government, especially in small states like Kyrgyzstan where security forces were practically unable to stop the growth of organized crime in the last fifteen years. Criminal groups have recruited many unemployed sportsmen in their patronage networks since the sports industry inherited from Soviet times declined rapidly. Not surprisingly, criminals penetrated into sport associations as their sponsors and supporters. In the absence of the rule of law, organized crime, some criminalized sportsmen and business groups have become tightly intertwined: to collect debts and enforce contracts, businesspeople have to seek help from criminal structures that partly substituted for security forces and weak state institutions. By providing “protection” for business of members “enrolled” in their system, criminal groups collect unofficial fees from the private sector and bribe state officials and their family members. The complexity of organized crime is linked to its combination of various sectors of the illicit economy including drug and human trafficking, smuggling of goods, unofficial taxation, and many sectors of the licit economy. Redistribution of economic assets among non-state and state actors is now taking place after Akayev’s family rule. Casualties include an associate to the Prime Minister, an organizer of civil defense brigade and professional stuntman Usen Khudaibergenov, three MPs (Jyrgalbek

Surabaldiev, Bayaman Erkinbayev, and Tynychbek Akmatbayev.)

IMPLICATIONS: Shot dead on January 8, Raatbek Sanatbayev, a popular Greco-Roman wrestler, winner of the Asian Games and of a bronze medal at the World Championships became the ninth victim of contract killings of public figures since the March upheavals. Although he was not involved in politics, the sportsmen’s community links the murder to his intention to participate in forthcoming election to the Head of the National Olympic Committee. Sanatbayev was a candidate to the vacant position and he publicly condemned the participation in the election recently elected President of the National Fencing Federation Ryspek Akmatbayev. Notoriously known, Ryspek is incriminated by a district court in triple homicides (including organized crime investigator colonel Chynybek Aliyev), organizing a gang, and possession of arms and ammunition. However, progress in the investigation has gone nowhere due the non-appearance of witnesses. Recently a judge dropped murder charges against Ryspek. Moreover, the criminal boss stated publicly that he would run for a parliamentary seat from the Isykkul district. The seat was vacated after the death of his brother MP, killed by Ryspek’s criminal rivals.

The chair of the National Olympic Committee has become not only a symbol of prestige but a night-side game between sportsmen, business people, and persons

with unclear sources of enrichment. In 2005, this position was vacated especially for ex-President Askar Akayev's son Aidar, who ran the office several months and then in March fled the country to save his life and to evade incrimination in serious economic crimes. The post was "inherited" by lawmaker and President of Federation of National Wrestling "Alysh" Bayaman Erkinbayev, only for several months, who was shot in September allegedly as a result of a drug trafficking related conflict. He partly sponsored the Tulip revolution in the south and explained the first attempt on his life before the presidential elections by his intention to run for the presidency. After his death, police officers and media timidly reported his central role in the drug trade in the south of the country. Despite his reputation of a narco-baron he was elected three times to the National Parliament.

Since the March upheavals and presidential elections, the new authorities promised to resume democratic and economic reforms and strengthen security in Kyrgyzstan. On the contrary, corruption is not diminishing and the security situation greatly deteriorated. Several political assassinations and a flow of squatters attempting to confiscate lands around the capital destabilized the country. After the killing of two MPs, the Kyrgyz parliament passed a law permitting lawmakers to carry firearms for personal protection. However, this did not prevent the assassination of a third MP. The present parliament, mostly formed with the support of Akayev's presidential administration, includes mostly rich people some of which have links to the underworld. Thus, lawmaker Tynychbek Akmabayev, shot by jailed criminal bosses as a brother of their challenger Ryspek during his inspection of a prison, actually was Head of the Parliamentarian Committee on Law and Order. Former Foreign Minister Roza Otunbaeva points to the merger of state structures and the underworld; criminal groups now openly compete with officials for the redistribution of power and assets in the country.

Kyrgyz Prime Minister Feliks Kulov has pointed out that the revolution caused the reactivation of criminal groups. In a few localities, some groups started working energetically as if they defended the revolution, while in reality illegally redistributing

property. One example is an infamous community leader Nurlan Motuev who eight months ago hijacked coal mines in the remote Naryn province and declared war on the law enforcement forces. However, the government delays detaining him.

In order to fight the 24 known organized criminal groups and four criminal networks in the country, the government plans to increase the number of law-enforcement officers by 2,000-4,000 and strengthen the financial and economic infrastructure of security forces.

Although President Kurmanbek Bakiyev called the death of Raatbek Sanatbayev a great loss to the national sport, many in the country express their concerns over the lack of ability of the new leadership to stop political violence, strengthen security and stabilize the situation. A number of civil society groups, lawmakers and politicians publicly called on Mr. Bakiyev and his administration to provide zero-tolerance to criminal groups that gradually increase their influence in the country. All of them criticized the President for negotiating with Ryspek and his officials participation in a lavish festival organized by this boss with ambiguous reputation. Only after pressure from civil society groups and mass demonstrations against a merger of criminal groups and officials in Bishkek, Bakiyev publicly stated his disapproval of organized crime. In addition, riots in prisons that revealed rampant corruption in the penitentiary system undermined the popularity of the current leadership.

Some journalists and public figures argue Bakiyev is a just a new Akayev who delays the decentralization of governance, anti-corruption actions and the consistent fight against organized crime. In this state of affairs, a recent warning by a Bishkek city prosecutor to charge known journalists and politicians for slandering President Kurmanbek Bakiyev only fueled further public discontent over domestic policy.

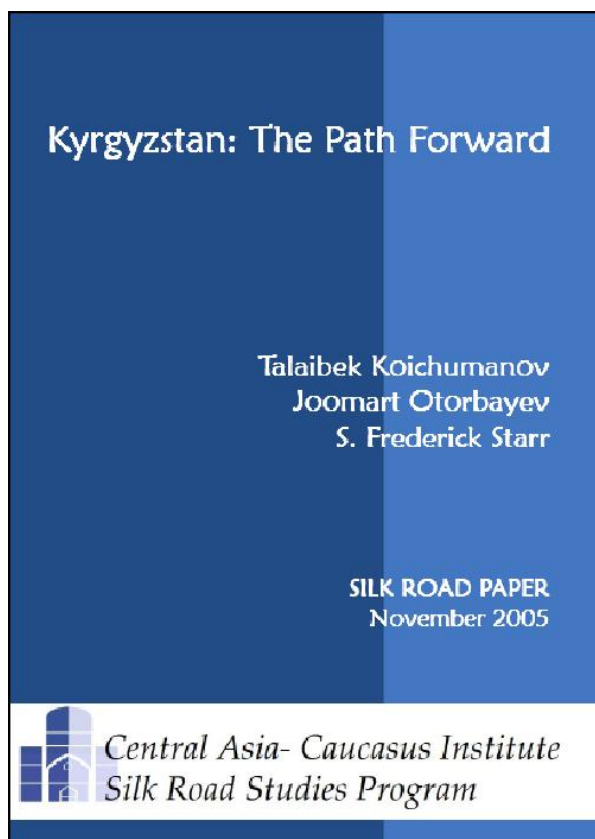
CONCLUSIONS: Kyrgyzstan's new leadership has been confronted with a situation where criminal groups play an active role in domestic politics. The state needs to more consistently attack organized criminal networks that gradually increased their involvements in politics and economy over the past 15 years. This

implies developing greater capacity to conduct sound economic reforms, provide lower levels of taxation, transfer businesses from the illicit to the licit sphere and pursue public administration reform. The role of the Parliament, security forces and the judiciary, business community and civil society groups needs to be strengthened in order to eliminate the rise of criminal groups across the country and their merger with top state officials and their family. An independent judiciary and legal frameworks needs to be established. Particular attention needs to be paid to the national and regional strategies to fight more effectively against drug trade and other illicit business across the country.

The current leadership needs to be aware that the government rhetoric to strengthen security, improve

the economy and provide good governance should be supported by real achievements, otherwise mass political violence in 2006 could destabilize the fragile situation in the country and bring criminal bosses and their representatives to power. Both domestic and international actors need to merge the security and development agendas in the small country in order to prevent possible conflicts and upheavals in the near future.

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New Silk Road Paper!

Kyrgyzstan: The Path Forward

by Talaibek Koichumanov,
Joomart Otorbayev,
and S. Frederick Starr

Kyrgyzstan's "Tulip Revolution" remains an enigma. It has indeed brought change, but by no means are all of the transformations positive. For all the rhetoric of revolution, the continuities from the former order are scarcely less striking.

In this paper, two former high-level officials of Kyrgyzstan and a well-known western expert analyze the way forward for the country. The paper strongly argues for a refocusing of attention to reforming public administration as the key to building Kyrgyzstan's future.

RUSSIA'S ENERGY GAMBIT: IT WON'T WORK IN AZERBAIJAN

Fariz Ismailzade

Russian state gas company Gazprom increased its gas delivery prices for Azerbaijan, but unlike in Georgia and Ukraine, where Russia is hoping to gain political victories with the help of energy tools, this policy is doomed to a failure in Azerbaijan. Due to its own sources of revenues and its limited external debt to Russia, Azerbaijan runs little risk of falling into the Kremlin's energy trap. Extracting extra revenues from oil-rich Azerbaijan has been the only short-term gain for Russia, yet this will come with a expensive price in the long-run.

BACKGROUND: Following the Georgian and Ukrainian velvet revolutions and the serious deterioration of Russia's influence in these republics, Kremlin strategists have decided to increase the price of energy supplies to select former Soviet republics. This was done in an effort both to show to the former vassals where the real power center in their neighborhood lies, and to discourage their aspirations to join Western institutions such as NATO and the EU.

The policy of using energy tools for geopolitical dominance over former Soviet republics began in earnest with President Putin's presidency in 2000. Energy giants such as RAO-UES, Gazprom, Rosneft, and Transneft—most controlled by the Kremlin—became the harbingers of a new Russian "liberal empire" policy in the Caucasus, as Anatoly Chubais termed it. This policy consisted of obtaining as many local energy assets as possible across the CIS, thus placing the CIS republics into a position of economic and thus political dependence on Russia. The latest round of energy wars and price increases for gas deliveries signify a new step in Russia's game of "carrots and sticks". Although Ukraine and Georgia were the primary targets of this new "sticks" policy, it applied to several other CIS countries, including Azerbaijan.

Azerbaijan currently has domestic gas consumption at the level of 10-11 billion cubic meters (bcm), but its own domestic production is only at half of that level, thus forcing the government to seek alternative sources of gas supply. During Soviet times, the country imported gas from Russia, which was halted by 1997.

In 2000, harsh winters and severe shortages of electricity in Baku and the other regions of the country pushed the Azerbaijani government to again buy Russian gas for electrical power generation as well as for residential heating. This supply of gas steadily increased, and in 2004 Gazprom signed a new contract with the Azerbaijani government on the delivery of 4 bcm of gas annually for a period of 5 years. The contract was worth \$208 million (at the price \$52 per 1,000 cubic meters). Later the price increased to \$60 per 1,000 cubic meters.

At the end of 2005, Gazprom officials notified Azerbaijani government that they would reconsider the price of the delivered gas. This news did not come as a shock to the officials in Baku, as they already expected such moves. Yet it was unpleasant news for President Aliyev's administration, which continuously claims that the lives of ordinary Azerbaijanis are improving. Although Azerbaijani-Russian relations have been on the rise since 2000, this recent move by Gazprom put that assumption at risk. Moreover, the move was perceived in the Azerbaijani capital as a breach of the initial contract signed the previous year.

Nevertheless, unlike Georgia, Armenia and Ukraine, Azerbaijani officials decided not to make a diplomatic scandal of the new offer by Gazprom and quietly agreed to the new terms. The new contract was signed at the price of \$100 for 1000 cubic meters. At the same time, the Azerbaijani government has decided to leave the price of gas for domestic consumers at the same level, subsidizing the price increase from the state budget.

IMPLICATIONS: The Azerbaijani government's quick decision to agree to Russian demands for the price increase can be explained threefold. First and foremost, Azerbaijani officials understand that the purchase of Russian gas carries a temporary nature. The discovery of a major gas field at Shah Deniz (reserves estimated at 700 billion cubic meters) in 1999 by a BP-led consortium made Azerbaijan a potential net gas exporter. In March 2001, Azerbaijan signed a 15-year agreement with Turkey to supply gas to that country and for that purpose, construction began of a South Caucasus Gas pipeline connecting Baku to the Turkish city of Erzurum via Tbilisi. Thus, it is clear that within several years Azerbaijan will not need Russian gas any more and will be able to satisfy its domestic needs on its own. With this in mind, ruining the existing valuable and hard-built relations with the northern neighbor on eve of the widely expected progress in the Nagorno-Karabakh peace process was not in the national interests of the Azerbaijani government.

Secondly, the beginning of the oil export from the Azeri-Chirag-Guneshli field in 1997 started supplying Azerbaijani government with much needed cash. The newly created State Oil Fund has already accumulated \$1,2 billion. Thus, paying several million dollars from those coffers to satisfy Gazprom and the Kremlin suited President Aliyev's agenda more than starting a brawl with President Putin and falling into the category of "unfriendly nations."

Finally, refusing to accept Gazprom's terms and risking losing the supply of much needed gas during the winter time would spoil President Aliyev's image domestically as the country moves away from contested parliamentary elections and the ruling party promises more wealth to the population.

Despite these factors, the increase of the gas price by Gazprom will leave negative scars in the Azerbaijani-Russia relations. By acting in such monopolistic and unilateral ways, Gazprom and the Russian Government lose their image as a credible partner and energy supplier in the eyes of Azerbaijani government. This is important, because Gazprom, besides gas delivery, has

expressed an interest in other projects in Azerbaijan, including offshore oil and gas field development. Gazprom officials have also advocated in the past the export of Shah-Deniz gas through the Blue Stream pipeline. These potential projects as well as the desire of another Russian energy giant, RAO-UES, to purchase electricity distribution networks and power generation facilities are now likely to be put on hold, as the Azerbaijani government realizes the potential danger of over-reliance on Russia for energy supply.

Besides, there is a growing fear among members of the Azerbaijani ruling elite that outside powers have noticed the growing liquidity of the Azerbaijani government, and will try to use any reason to help themselves to these funds. In fact, Gazprom's price increase is interpreted by many analysts in Baku simply as an attempt by the Kremlin to gain some of Azerbaijan's petrodollars.

CONCLUSIONS: It is clear that Azerbaijan is not Ukraine, Georgia or Armenia when it comes to Russian gas policies. Though limited at the moment, Azerbaijan has its own sources of energy and unlike Georgia and Ukraine, it does not depend solely on its northern neighbor for energy supplies. At the same time, unlike Armenia, Azerbaijan does not have major debts to Russia and thus can not risk to be forced into a debt-for-asset type of deal that Russia has implemented to gain control over assets in other CIS republics.

Thus, the energy tool as an instrument of Russian policy in Azerbaijan is doomed to failure. Not only will it prove unable to make the Azerbaijani government more pro-Russian than it currently is, but it will further deepen the distrust in Russian companies, built since early 1990s. The decision to increase gas prices for Azerbaijan failed to bring any political gains and only allowed Gazprom to extract extra commercial revenues from cash-rich Azerbaijan. With the way it was done, this will in turn bear serious negative consequences for the advancement of Russian economic interests in Azerbaijan in the long run.

AUTHOR'S BIO: Fariz Ismailzade is a Baku-based freelance writer.

CHRISTIAN PROSELYTISM IN KAZAKHSTAN

Sébastien Peyrouse

The five Central Asian states still have many Christian minorities, which settled in the region during the soviet period or already under the czarist regime. However, the opening of the borders and the liberalization of religious laws since Perestroika brought the arrival of missionary movements in Central Asia, particularly in Kazakhstan. This proselytism, which is mostly Protestant, and rising conversions among the indigenous population, has provoked virulent reactions inside the Spiritual Administration of Muslims in Kazakhstan as well as from the authorities. Both the Muslim hierarchy and the Orthodox Church have joined their efforts to put pressure on the Kazakh government, hoping a limitation of this religious freedom.

BACKGROUND: There are one or even several Baptist and Adventist churches in every town of Kazakhstan. Pentecostal communities are also widespread, the most ubiquitous being the community of Evangelical Christians called “of the spirit of the apostles”, which has groups in Almaty and Karaganda. The Pentecostal movement is also well represented inside the Korean minority, in particular by the Sun Bok Ym church. The tendency called “Christian of evangelical faith” has created communities in almost all the provinces of the country. As for Churches known as “the Churches of God”, they are present in the provinces of Kustanay, Karaganda and Kokchetau.

The Presbyterian churches consist of around twenty organizations. Among the best known are *Galbori*, *Onsezan*, *Korë*, *Nadežda*, Sion, the first Presbyterian church and the Assembly of Presbyterian Churches. The movement has particularly spread among the Korean minority, who often make up between 80 and 90 percent of the Presbyterian ranks. The group *Grace - Blagodat'* is the largest with about 10,000 members. Several Presbyterian seminaries have been built up, for example the Spiritual Presbyterian Academy in Almaty and the Kazakhstan Evangelical Christian Seminary. The Methodist Church is organized into parishes that gather an important number of believers. The *Novoapostol'skaya Tserkov'*, which is independent from the Presbyterians and the Methodists, has considerably developed and could gather about fifty groups and about 3,000 believers.

The Jehovah's Witnesses are among the groups who have seen the biggest increase (at least 12,000 believers), managing to baptize almost a thousand people a year. The movement has congregations in almost every town in Kazakhstan and more than one hundred communities are registered. The charismatic movements come under many designations: *Agape*, *Novaya zhizn'*, *Novoe nebo*, *Illiya*, *Blagaya vest'*, the Charismatic Church of Jesus Christ, and so on. The best-established movement is *Novaya Zhizn'*, which has shown real missionary dynamism, has created subsidiary communities that exclusively consist of Kazakhs and Uighurs, and even has a society in charge of evangelizing the Jews. Kazakhstan could currently hold more than forty communities, that is to say around 5,000 believers. Finally, the presence of Mormons, who declare only a few dozen believers registered in Astana, should be noted.

IMPLICATIONS: Since perestroika, Christian proselytism in Kazakhstan has diversified its targets and readjusted its strategies. The first goal was a proselytism of proximity, which was targeted mainly at members who were already converted to Protestantism, but who were given more substantial religious teaching that the missionaries deemed urgent. The second target was composed of the population that was said to be either atheist or indifferent to religious questions. The third and main target in the 1990s was people who had converted to Christianity but belonged either to other denominations, in particular to the Orthodox

Church, or to a lesser extent to Catholicism, if not to some Protestant movements on the decline in the area, such as the Lutherans or Mennonites. The last and most controversial target was the entire Muslim and indigenous population, in the name of the principle of Christianity's universality. Kazakhs, but also Kirghiz and Uighurs, constitute, in the long term, the main targets of the Christian presence in Kazakhstan. These populations have appeared to be easy targets, since most practice a largely tolerant, traditional Islam, without deep theological knowledge. Thus, in all those proselyte parties, there are increasing numbers of communities that exclusively consist of locals. Religious services are conducted in the local languages (Kazakh, Kirghiz, Uzbek, Uighur, etc.) and several new officiating priests of the cult belong to the native nationalities.

In 2005, a series of amendments to the religious legislation, which were officially meant to preserve national security, might modify quite considerably the situation of Christian proselytes. Every community must now be registered, with participation in non-official religious groups and proselytism in their favor thus becoming liable to sanctions. However, this law does not seem, for the moment, to have really limited religious diversity in the country, even if several movements, in particular Muslim groups independent of the Spiritual Directorate, are deeply concerned about the government's growing pressure. Yet faced with these policies from the Spiritual Directorate, the Orthodox Church and the authorities and in reaction to legislative tightening up of religious legislation, proselyte Christian movements have had to adjust their policies.

A first category of missionaries does not accept any compromise with the laws. This is the case of most foreign missions of Protestant persuasion, in particular the Presbyterian churches and Jehovah's Witnesses, whose numbers and missionary potentialities are greatly strengthened by external financial support. They consider mission as consubstantial with their existence and with the very principle of Christianity. As these groups fail

to recognize any legitimacy to Islam, they reason that the Muslim population must be converted to Christianity. A second group is made up of movements whose presence is not motivated by a proselytism alone: these are protestant movement that were already present under the Soviet regime, like the Baptist or Adventist Churches, as well as a certain number of Pentecostal denominations. This is also the case of the Catholic Church, whose proselytism mostly affects populations of Christian traditions but seldom the Kazakhs. These movements do not want to endanger their traditional communities (Germans, Poles, Russians, Ukrainians, etc.) and have therefore slowed down proselytizing among Muslims.

CONCLUSIONS: Whereas since the beginning of the 1990s, the emigration of the so-called "European" minorities has emptied Kazakhstan from almost half of its Christian communities, the issue of Christianity has profoundly evolved. The Orthodox Church remains, by far, the major Church but is losing its believers in favor of Catholicism and Protestantism, does not practice proselytism and maintains its belief in an unbreakable link between Russianness and Orthodoxy that makes the religion more national than universal. Today, the future of Christianity in Kazakhstan lies in the hands of the most dynamic Protestant movements. Although they are highly visible due to their activities, the new converts represent probably less than 1% of the population. However, they are the ones to suffer the heaviest pressure and who carry the future of Christianity in the region. This Central Asian Christianity – in a way similar to Indian or Chinese Christianity – is indeed bound to either disappear in the medium or long term as the religion of the former settlers, who have now returned home, or to gain a foothold inside the local population, which will not take place without serious community tensions if this movement of conversion increases in scale.

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ECONOMIC AND POLITICAL IMPLICATIONS OF THE RISE OF THE RUSSIAN GAS PRICE FOR ARMENIA

Haroutiun Khachatrian

Armenia has declined most of the proposals set forward by Russia in exchange of its decision to keep gas price constant, whereas the gas price for most of other former Soviet countries was raised. Russia's suggestions were: either Armenia agrees to pass more of its energy-producing assets to Russia or takes an interstate loan from Russia on commercial terms. If the price is raised, Armenia's economy will suffer relatively low, but the concept of the Armenian-Russian "strategic partnership" may be revised.

BACKGROUND: Russia has been the only exporter of gas to Armenia over the last decade. Armenia, lacking hydrocarbon reserves, imports around 1.7 billion cubic meters of gas a year. Roughly half of that amount is used by the thermal power plants, the rest by other consumers, including the transport (an estimated 40% of cars and trucks use natural gas instead of gasoline).

The share of thermal plants (TPPs) in the power production of Armenia is ca. 26-30%, which makes power production relatively independent of gas (the remainder is produced by the nuclear power plant and hydropower). Besides, due to a debt-for-equity deal signed in 2002, Russia has become the owner of the largest thermal plant of the country, the Hrazdan TPP (80% of the TPP capacities of the country). Russia is also the owner of several hydropower stations and the only energy distribution company of Armenia. The formal owner of all these companies is the Russian power monopoly, RAO UES or its subsidiaries. Besides, Gazprom itself has a 45% stake in the Armenian gas supply monopoly, Armrosgazprom.

During the last two years, Armenia has undertaken steps to end its unilateral dependence on fuel supply from Russia. In December 2004, construction of an Iran-Armenia gas pipeline started, which can – if necessary – fully replace supplies from Russia. Deliveries of Iranian gas are expected to start late this year. However, pressure of the Russian side has resulted in two preconditions. First, imports of

Iranian gas will be restricted only by the amount necessary to produce electricity for exporting back to Iran. Thus, Iranian gas will not compete with Russian gas in the rapidly growing Armenian market (the number of household gas consumers has been growing and double by 2008). The second restriction is that the diameter of the Iran-Armenian gas pipeline is 700 mm, so its capacity is insufficient for transit of Iranian gas further north (e.g., to Georgia and Ukraine). Anyway, the availability of Iranian gas in the South Caucasus is an obvious reason why Russia has set the "market price" for this region at \$110 per 1000 cubic meters, whereas for Ukraine, which is much closer to the Russian gas fields, the price was set at \$230.

Armenia is planning to construct two new TPPs in the next 2 to 3 years, including the completion of the unfinished fifth block of the Hrazdan TPP. Contrary to the four working blocks, the fifth block did not pass to Russian control in 2002. Moreover, Russia's bid to acquire its shares (together with the right to finish its construction) failed in August 2005. The Iranian state company Sanir won the tender instead, and the block will remain Armenian property. Another new thermal power unit is to be built in Yerevan with funds of a concession loan provided by Japan. Recent media reports suggest that, despite the generally pro-Russian mood, most of the local population is against handing additional assets to Russia.

IMPLICATIONS: It was evident that Russia had no clear strategy last year when initiating the transfer to “market prices” for gas sold to former Soviet countries. Whereas Ukraine and Georgia were informed about the future rise in the price in August, Armenia was sure that it would get the gas at the same price as before (54 dollars per 1000 cubic meters). Only in late November did Gazprom declare that the price for Armenia was to be raised as well, thus causing shock for Russia’s strategic partner (the budget of Armenia for the year 2006 was already adopted then). Due to subsequent urgent top level negotiations, the previous gas price was left unchanged until April 2006, and talks are underway as for what the exact price for Armenia may be (110 dollars, as for Georgia and Azerbaijan, or somewhat lower). According to latest reports, a final agreement may be reached by mid-February.

As Armenia recovered after the deep energy crisis of the early 1990s, its economy has become much less energy-consuming than before. In 2005, it regained the level of GDP of the last years of the Soviet rule, while consuming less than half the amount of electricity and around a third of the gas it consumed in the 1980s (moreover, Armenia also exports electricity to Georgia). Given the relatively low share of TPPs in the power balance of the country, Armenia can easily withstand the shock caused by the gas price rise. In the worst scenario, if the Russian gas price is set at 110 dollars per 1000 cubic meters, the gas price for the final consumers may increase by around 20-25 percent, and electricity tariffs may rise 10-15 percent. In this case, a spike of inflation of 5-7 percent at most (in recent years, inflation was below 3% a year) could occur. Moreover, the government can easily compensate this rise at the initial stages to make the shock lower.

As Russia is not only a gas supplier, but also has large gas consuming assets in Armenia, the possible loss in the profit margin of these plants should also be taken into account. This is first of all important for the Hrazdan TPP. The four blocks owned by Russia are obsolete and may become fully uncompetitive when new TPP capacities are ready in 2007-2008.

For these reasons, Armenia has declined Russian proposals to pass additional assets to Russia in exchange for keeping gas price unchanged. According to media reports, these proposals concerned the Hrazdan fifth block, the cascade of HHPs on the Vorotan river in the South of the country, the state’s share in Armrosgazprom, and the Iran-Armenian gas pipeline. Armenia also has declined Russia’s proposal of a commercial loan (similar to the one proposed for Ukraine).

The discussion about gas prices has yielded another consequence, of political nature. Numerous Armenian politicians expressed disappointment with the Russia’s policy towards Armenia, saying that Armenia, which is Russia’s only military and political ally in the South Caucasus, should be given some privileges in the politically motivated policy of raising gas prices. Many of them, including those known as having pro-Russian sympathies, argued that Armenia needs to change its orientation to the West. The top leadership of the country does not share this opinion, however, saying that the strategic partnership is not determined by the gas price. At the same time, they also say that the terms of the Armenian-Russian strategic partnership may be revised, “to make its boundaries more precise”.

CONCLUSIONS: Russia is obviously trying to acquire additional energy assets in Armenia using gas price as a leverage. Armenia, on the other hand, tries to avoid putting new strategic assets under the Russian control. On the other hand, the shock caused in Armenia by a possible rise in the gas price is most frequently overestimated in media, and Armenia can handle it with relatively limited loss. Instead, a rise in the gas price will surely make the Armenian population and political elite less pro-Russian, and the Hrazdan TPP, owned by Russia, less competitive in the near future. Armenia’s policy will prevent Russia from gaining full control on the Armenia energy sector, first of all, due to Iran’s penetration of the market.

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FIELD REPORTS

CENTRAL ASIA STILL FEELING THREATENED BY RADICAL ISLAM

Zoya Pylenko

If one thing hasn't changed in Kyrgyzstan after the March 2005 revolution, it's the authorities' fear of Hizb-ut-Tahrir – an Islamic movement banned in all Central Asian countries, with its headquarters in London, that strives to recreate an undivided Moslem caliphate, encompassing all Moslem lands.

On 15 January, Kyrgyz police arrested a leader of the movement in the southern city of Osh. This arrest coincided with the announcement by the Tajik authorities, on 16 January, that they had arrested 99 members of the organization in 2005. Two of the arrested were high-ranking leaders of the movement in Tajikistan, according to Tajik Prosecutor-General Bobojon Bobokhonov. The Tajik authorities warned that the number of Hizb-ut-Tahrir members and sympathizers continues to grow.

The arrest in Osh was not a big surprise, in a way: the Fergana Valley is famous as a hotbed of Islamic radicals in all three countries surrounding the valley – Uzbekistan, Tajikistan and Kyrgyzstan. The south of Kyrgyzstan, centered around Osh, is more religious than the north, partly because this region is inhabited by many ethnic Uzbeks, who are on the whole more religious than the Kyrgyz. Following the arrest of the local leader, the police searched his house and claimed they found 32 pistol bullets, plus video and audio tapes with extremist information. There has been no independent information of this and officially, Hizb-ut-Tahrir claims to be a non-violent movement.

The arrest in Osh was not a single case region-wide, as the arrests announced by Tajikistan show. (And in Uzbekistan, thousands of real or suspected Hizb-ut-Tahrir members might be languishing in prisons). All the countries in the region fear the

movement's longed-for theocratic state, which threatens to undermine their secular state structures. Tajikistan struggles continuously against Hizb-ut-Tahrir; not only members, but also sympathizers of the movement (who usually, it seems, spread the movement's illegal leaflets) are arrested for their actions. And no exceptions are made on the basis of gender: 16 of the detained last year were women.

Already, 40 of the 99 arrested have been sentenced to various terms in prison of up to 12 years. The others are still awaiting trial. Since the emergence of Hizb-ut-Tahrir in Tajikistan in the second half of the 1990s, over 300 of its members have been arrested in the country.

And it's no longer just the Central Asian states who fear the movement might not be as peaceful as it claims to be. Hizb-ut-Tahrir never was a purely Central Asian movement – although it has been very successful here since the demise of the Soviet Union. Hizb-ut-Tahrir, created in the Middle East in the 1950s, is an international Islamic movement with many followers all over the world. Indeed, the movement is very active in Western Europe among immigrant Moslems and has its international headquarters in London, where it has also aroused suspicion. Some observers think Hizb-ut-Tahrir members are linked to the July 2005 London metro bombings. There has recently been talk of banning the group in the UK, which would put the latter on a par with Germany, the Central Asian states, and with Russia, where the group also has been banned.

However, most of the movements' followers are believed to be radical, but peaceful Moslems who want all the world's Moslems to live under the rule

of the Koran. This already is seen as a threat by the secular Central Asian states – a threat which they harshly try to neutralize with long prison sentences. Often, human rights organizations say, trials against Hizb-ut-Tahrir members are far from fair, especially in Uzbekistan, where the number of the group’s supporters is the highest in all Central Asia. It is most openly active in relatively liberal Kyrgyzstan, though, where it seemed to pursue political goals during the July 2005 presidential election. During that time, in some parts of the country leaflets with a political-religious content were spread, urging people to vote for a religious candidate (if there was one) or not at all.

And not only Hizb-ut-Tahrir makes the authorities nervous. The remnants of the once powerful Islamic Movement of Uzbekistan (IMU), which staged armed incursions into Kyrgyzstan and Uzbekistan in 1999-2000 but which reportedly was almost

completely destroyed during the U.S. campaign against Taliban in Afghanistan in 2001, is still seen as a threat – or so the authorities claim. Also in January, the Tajik Prosecutor-General accused the IMU of being “closely involved” in the explosions in January and June 2005 near the Emergency Situations Ministry in Dushanbe. “Several” (but unspecified) people linked to IMU have been arrested in connection with the bombings and several others were put on the international wanted list, he said.

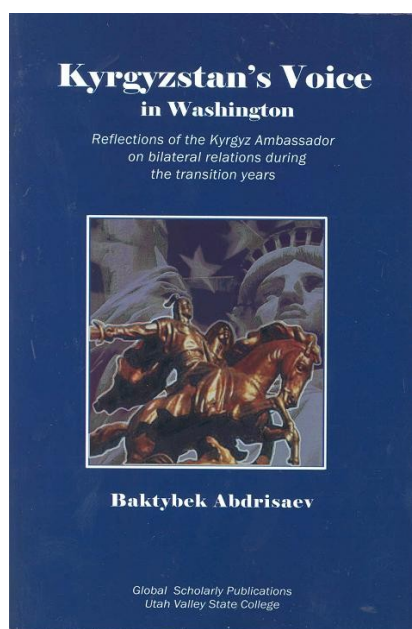
It is not always clear in how far there really is an Islamic threat or how much the countries’ authorities make use of a small and not life-threatening threat for political purposes. But they do seem to fear Islamic radicalism. Harsh prison sentences do not seem to work to counter this, however, as Tajikistan has noticed.

New Book!

Kyrgyzstan’s Voice in Washington

by Baktybek Abdrisaev, former Ambassador of Kyrgyzstan to Washington

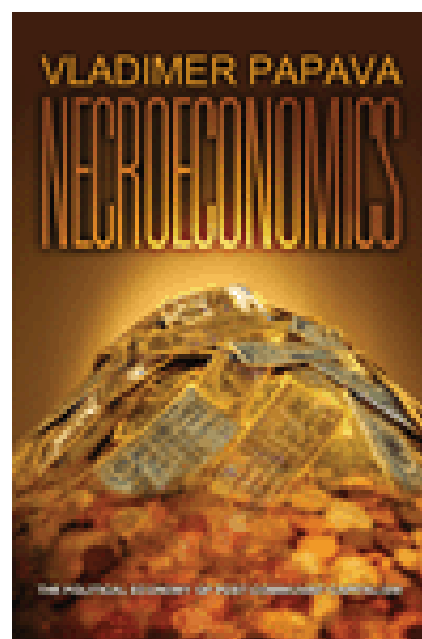
Foreword by S. Frederick Starr, Chairman of the Central Asia-Caucasus Institute & Silk Road Studies Program



New Book!

Necroeconomics: The Political Economy of Post-Communist Capitalism

by Vladimer Papava, Fulbright Fellow, Central Asia-Caucasus Institute & Silk Road Studies Program; former Minister of Economics and Minister of Finance of Georgia



ASTANA PURSUES OLD TRACK BEHIND NEW ADMINISTRATIVE FAÇADE

Marat Yermukanov

President Nursultan Nazarbayev's January 11 inauguration speech and cosmetic government reshuffle disappointed many who expected a freshening whiff of wind in Astana. Kazakhstan's foreign policy priorities remain based on closer ties with Moscow, itself increasingly criticized by the West for backtracking on its democratic commitments. In domestic policy, the newly formed government does not promise any significant social benefits to the impoverished section of the population.

The Presidential inauguration ceremony in Astana on January 11 was a widely trumpeted political event conceived to attract international attention and world leaders to Kazakhstan. But the propaganda effect of the inauguration ceremony obviously fell short of the expectations as most prominent Western leaders did not appear for the event and sent lukewarm messages of congratulation. In all other aspects, it was a pompous and solemn celebration attended by, as announced by official sources, representatives of more than seventy countries. The most prominent guest of the festivities was the Russian president Vladimir Putin surrounded by leaders of Central Asian states, Ukraine, Belarus and Georgia. President Nursultan Nazarbayev did not seem to be discouraged by the eloquent absence of Western leaders from the inauguration ceremony and told journalists at a news conference that "the participation of Russian President [Vladimir Putin] in the inauguration festivities raise the status and international significance of this event" and added that he was planning to make his first foreign trip to Moscow after the inauguration.

Talks that took place in the sidelines of the main event showed that Astana still remains adhered to the idea of forging an economic and political

alliance within the Single Economic Space states, despite the cool attitude from Kyiv to any Russian-dominated alliance in CIS space. Given the prolonged chill between Moscow and Kyiv, the talks conducted between Yushenko and Putin in Astana in a bid to break the political and economic deadlock in gas war can be regarded as a major breakthrough. It remains unclear to what extent President Nazarbayev influenced the thaw in relations between Ukraine and Russia, but the rapprochement of two Slavic states, the envisaged Ukrainian-Russian nuclear energy cooperation, the agreement on Black Sea Fleet are welcome developments for Astana concerned over the fate of the Single Economic Space. After his talks with Putin, Nazarbayev told journalists that Single Economic Space members, Russia, Belarus, Kazakhstan and formally Ukraine, will sign a package of documents in March to set up a customs union. However, long-standing divergences on customs duties, transit fees and other issues still remain even between the closest partners within the SES, Kazakhstan and Russia. Probably, the most tangible outcome of Putin's talks with his Kazakh counterpart was the agreement concluded between Russian Vnesheconombank and the Development Bank of Kazakhstan. The ultimate purpose of the major financial groups of the two countries is to set up a Eurasian Bank with its head office in Almaty to finance joint projects. However vague is the future of this joint financial structure, the event can be welcomed as a step towards real economic integration.

In his inauguration speech, President Nazarbayev outlined the economic achievements made in the years of his rule, stressing that more than \$40 billion of direct foreign investments were made in the Kazakh economy. He reiterated earlier announced

plans of raising Kazakhstan to the level of the 50 most developed and economically competitive countries of the world in the next decade. Nursultan Nazarbayev noted that GDP growth up to 10% achieved in the last five years was possible thanks to the “Kazakhstan model of economic development”. The optimistic note of the presidential speech clashes with economic realities pointed out by some analysts. In the nine months of the last year, Kazakhstan’s foreign debt grew by 14 percent to total \$36.8. The most saddening aspect of the oil-based economic development is the continuing capital flight on the one hand, and shortage of investments on the other, particularly in the social sphere.

The ruling elite is well aware of the dangers of ignoring the social needs of the population, and heavily relies on small business in fighting poverty. Speaking at parliament on January 18, Nazarbayev outlined the priority tasks to be tackled by newly appointed prime minister Daniyal Akhmetov, placing accent on reforming tax and tariff policy to boost entrepreneurship. The Government will also have to prove its efficiency in curbing rising

inflation. The discouraging sign is that there is hardly a new name among government members appointed by the president after his inauguration. Many unpopular ministers have retained their posts or changed places. For example, Industry and Trade minister Sauat Mynbayev was replaced by minister of Energy and Mineral Resources Vladimir Shkolnik who was succeeded by his deputy minister Baktykozha Izmuksambet, little known to the public. A slightly surprising move was the appointment of presidential aide Yermuksambet Yertysbayev as minister of culture, information and sports.

Critics of the current economic course note that the government would be well advised to start its reform efforts with fighting rampant corruption in its own ranks. The Prosecutor-General’s office reported recently that in 2005, numerous officials were held responsible for financial crimes, including 87 officers of the Interior Ministry, 24 staff members of the Emergency Situations Ministry and 19 governors. It’s a long way to go to genuine economic reform.

THE ROLE OF CIVIL SOCIETY IN POST-MARCH 24 KYRGYZSTAN

Erica Marat

On January 24, the Kyrgyz Prosecutor General acquitted a known local mafia chief, Rysbek Akmatbayev, of multiple allegations, including murder. The same day, the Kyrgyz Ministry of Justice announced its intention to revise all non-governmental organizations in Kyrgyzstan to determine, according to Justice Minister Marat Kaiypov, “what NGOs challenge the national stability of the Kyrgyz Republic, and those that help its development”. Taken together, these two events represent the Kyrgyz government’s weakness

against the criminal world and its wish to quiet voices of the civil society.

With disappointment growing around Kyrgyz President Kurmanbek Bakiyev’s government and the March 24 Tulip Revolution, it is hard to deny the local NGO’s leverage in setting today’s political agenda. Kyrgyz NGOs played an important role in mobilizing crowds following the rigged elections of early 2005, and continue to be active participants of political life almost a year after the revolution.

Representatives of civil society are involved in the commissions on the constitution and national ideology.

In fact, the March 24 events had shown that Kyrgyz civil society developed into a significant political force, and passed the phase when its activity was heavily dependent on external funding. Leader of the NGO coalition “For Democracy and Civil Society”, Edil Baisalov, denies that foreign money is the main drive behind the activity of the civil society today. According to Baisalov, the “Coalition” primarily targets the local population in addressing political issues by publishing its newsletters and policy statements primarily in Kyrgyz and Russian, and not English.

Baisalov was among the few to publicly criticize the activity of criminal figures, such as Ryzbek Akmatbayev, and the government’s weak response. Unlike the government and parliament, Kyrgyz NGOs openly speak against the domestic instability caused by criminal figures. Such freedom of expression confirms the civil activists’ independence from political or criminal forces. Today, not only can the government and parliament not afford ignoring the voices of the third-sector activists, but political figures are in times dependent on approval of their actions by non-state actors.

Kyrgyz NGOs also show a tendency of uniting on the basis of working agendas. The “Coalition” is the most successful case of NGO consolidation, there are also women and youth organizations working together. Numerous women NGOs have been very successful in bringing out issues of gender imbalance on the family, community, and state levels by engaging females with various backgrounds. Although most of the politically active NGOs are located in the capital Bishkek, there are nevertheless strong networks of activists in the southern cities and in Issyk-Kul, and Naryn oblasts.

Kyrgyzstan also has a range of mass media outlets and the region’s highest per capita internet access. Internet forums are an important medium for opinion exchange. Loosely regulated online discussion at Akipress.kg and PR.kg contain a range

of viewpoints and unofficial information on developments in the political, economic, and social spheres of the country.

There are a number of youth organizations and newspapers that seek active involvement in political life. The March 24 events showed that youth networks such as “Birge” and Kelkel” have strong public support. A widely published youth newspaper “Limon” is famous for developing caricatures of known government figures that also reflect on recent developments.

Local communities of sexual minorities are by far the most consolidated in the region. There are more than 7,000 members registered with an NGO “Oasis” that promotes the rights, health issues, and social acceptance of sexual minorities. “Oasis” also has a representative office in Osh, southern Kyrgyzstan.

The advancement of civil society in Kyrgyzstan should be viewed in a comparative regional perspective. The controversy developed around deadly shootings in Aksy village between demonstrators and armed militia in March 2002 that eventually harmed ex-President Askar Akayev’s legitimacy, is illustrative of the civil society’s ability to hold the government responsible for using violence against civilians. By contrast, virtually no non-governmental sector is present in Uzbekistan.

The Kyrgyz government’s agreement to send roughly 500 Andijan refugees to a third country in summer 2005 is another example of civil society’s impact on political decisions. Although then Acting Foreign Minister Roza Otunbayeva clearly showed her intentions to follow the UNHCR norms and grant the Uzbek citizens refugee status amid Tashkent’s heavy pressure, the decision was made in an environment of active participation of all major Kyrgyz NGOs.

With all the criticism against the government, the Kyrgyz NGOs are not always playing solely the role of opposition. Cooperative relations between non-partisan organizations are noticeable with ministries of defense, education, environment, etc. Undeniably, Kyrgyz NGOs do not yet embrace all

layers of society. The problems of soldiers, farmers, children and unemployed still lay beyond the civil society's reach. However, existing NGO are able to balance against the hegemony of criminals by

regularly reporting lawlessness, overseeing policy implementation, and reaching out for the international community's attention – functions the Kyrgyz government is often unable to fulfill.

BIRD FLU PREPARATIONS IN GEORGIA

Kakha Jibladze

On January 2 the Georgian Ministry of Health announced concern about the growing threat of avian flu in neighboring Turkey. In a matter of days, the government took numerous steps – from banning hunting to installing European technology at the borders – to protect the country from any possible spread of the disease.

Although their response induced a near hysteria in the population, to date it appears the government is on top of all possible measures to insure the disease does not spread to Georgia. With the eyes of the world watching, how the government handles this potential crisis will be a test for the young administration.

While the government's reaction induced panic-news stations covered cases of avian flu in Turkey and gave up to the minute reports on the government's response – it also insured that public awareness was high. Reports flooded in from villages throughout the country of sick birds and suspicious bundles thrown across the border from Turkey. However, on January 11, Mikheil Svimonishvili, the minister of agriculture, announced that there were no cases of avian flu in the country.

The government also announced an increase in funds to fight the disease. According to Civil.ge, in October the budget called for eight million lari to fund measures against avian flu; by January that amount was up to 2.9 million lari. Most of the funds were spent on new equipment for the borders, including special mats all incoming travelers had to

walk over to cleanse their shoes of any bacteria. A powerful spray was also purchased to wash down trucks and tires bringing goods into the country.

Other measures include 200,000 informational booklets which reportedly have been passed out to border check points, as well as to schools located in border towns. The government has also reportedly ordered additional supplies of Tamiflu, which is supposed to help fight the disease in some cases. However, there is some doubt if there will be enough of the medication if an outbreak occurs; officials have asked the public not to stockpile the antibiotic at home if it is not needed.

The American government has given Georgian preparations a sign of approval: on January 13, the U.S. embassy in Georgia announced that, "According to the U.S. Naval Medical Research Unit in Cairo, Egypt, and the U.S. Defense Threat Reduction Agency, Georgia has the capability to test for avian influenza," via an email to American citizens in Georgia.

The World Bank and other donors recently met in Beijing to raise funds for the fight against avian flu. According to press statements, \$1.9 billion was raised on January 18-19 at the conference. Reportedly, those funds will go to help both investigate possible remedies to the virus and support efforts to eradicate it.

According to media reports, the Georgian government is among those requesting more funds from the World Bank to combat the disease. On January 18, Prime Minister Zurab Nogaideli

announced the government is asking the WB for \$15 million for 'emergency offices' throughout the country to monitor the situation.

The lack of rudimentary medical care in most villages outside of the capital is a concern. During the original panic after Turkey announced deaths due to the disease, doctors and veterinarians in Poti, a port city on the Black Sea not far from the Turkish border, announced they do not have the facilities to even check possible birds for traces of the disease.

While the death rate remains low in the 14 countries that have reported signs of the disease, experts at the World Bank have estimated the virus will cause serious damage for local economies - especially in developing nations. Georgians are already feeling

the impact: local poultry importers are scrambling to educate the population about the differences between the potential dangers and the popular myths surrounding the avian flu and market sellers have reported a decline in sales over the past month.

It still remains to be seen whether the Georgian government can continue its full out efforts once the hysteria - and the media attention - subsides. To date, its efforts have been admirable. A true test of the administration's commitment and organization lie in the months to come. If it continues to prepare and educate the public, it will show the rest of the world the Georgian state is truly on its way to creating an efficient and modern government.



NEWS DIGEST

'ZAWAHIRI' STRIKE SPARKS PROTESTS

14 January

A missile strike apparently targeting al-Qaeda's deputy leader in a village in Pakistan has prompted Islamabad to protest to its American allies. Ayman al-Zawahiri was not in the village on the border with Afghanistan, Pakistan officials said. But the attack left at least 18 local people dead. The US military has denied knowledge of the attack, which US media reported had been carried out by the CIA. But Islamabad condemned the strike and called the US ambassador to complain. Pakistan's Information Minister Sheikh Rashid Ahmed told a news conference the Pakistani government wanted "to assure the people we will not allow such incidents to reoccur". He said he did not know whether Zawahiri had been in the area at the time. Zawahiri has eluded capture since the US overthrew the Taliban in Afghanistan in 2001 despite a \$25m bounty on his head. Osama Bin Laden's second-in-command is regarded as the ideological brains behind the al-Qaeda network, says BBC security correspondent Gordon Corera. The Egyptian has also become its most visible spokesperson, issuing a number of video and audio tapes, whilst Osama Bin Laden has not been seen or heard from for more than a year. The raid took place in the village of Damadola in the Bajaur tribal area, about 7km (4.5 miles) from the Afghan border. Jets - or in some accounts a Predator drone - reportedly fired missiles at a particular housing compound in the village. Tribesmen there are convinced the strike was the work of the Americans and are very angry at the attack. Reporters who reached Damadola spoke of three houses hundreds of metres apart that had been destroyed. Shah Zaman said he lost two of his sons and a daughter. "I ran out and saw planes. I ran toward a nearby mountain with my wife. When we were running we heard three more explosions. I saw my home being hit. (BBC)

KILLING NOT TO AFFECT CANADA ROLE

16 January

The Canadian government has said the killing of one of its senior diplomats in Afghanistan will not affect its commitment to rebuilding the country. Glyn Berry, political director of a reconstruction team, was killed by a suspected suicide bomber in the southern city of Kandahar on Sunday. Two Afghan civilians were also killed and 13 others, including three Canadian soldiers, were injured in the attack. Two of the troops are said to

be in critical condition. The Canadian deputy foreign minister Peter Harder said the country's mission to support the people and government of Afghanistan remained a high priority. Canada plans to triple its contingent in Afghanistan to 2000 troops in February, as part of an expanded Nato force. Nato is seeking to expand its 19,000-strong deployment from peacekeeping duties in the capital, Kabul, to the volatile south of the country. Mr Berry, 59, was killed when his armoured vehicle was attacked near a bus stop in Kandahar. A man claiming to speak for the ousted Taliban regime said they had carried out the bombing. (BBC)

TURKMENISTAN REPORTEDLY PLANS TO EXPORT GAS TO CHINA

17 January

China and Turkmenistan are readying an agreement to build a pipeline to transport Turkmen natural gas to China. Zhang Guobao, deputy minister of China's National Development and Reform Commission, is due to arrive in Ashgabat on 18 January for talks to draft the agreement, which is expected to be signed when Turkmen President Saparmurat Niyazov visits China in April. Niyazov told a cabinet meeting on 16 January, "Gas will be pumped to China from the right bank of the Amudarya River." He said that the proposed pipeline will have an annual throughput capacity of 30 billion cubic meters of gas. (Itar-Tass)

CHERKES ORGANIZATIONS ACCUSE ADYGEYA'S SLAVS OF SOWING ETHNIC HATRED

17 January

Four public organizations representing the Cherkess community of the Republic of Adygeya have lodged a formal complaint with the republican prosecutor's office against what they consider "chauvinistic and xenophobic" statements made at a congress last month of the Union of Slavs of Adygeya, kavkazweb.net reported on 17 January, citing the "Caucasus Times." At that congress, the Slavs, who account for some 70 percent of the republic's total population of 445,000, pledged to renew their campaign to have Adygeya merged into the surrounding Krasnodar Krai and to arm themselves to defend their interests. (RFE/RL)

CHINESE CO TO DRILL IRAN'S CASPIAN SEA

18 January

Iran has signed a deal worth up to \$35 million with China Oilfield Services Ltd to drill the deep waters of the Caspian Sea, an executive of Iran's North Drilling Company (NDC) said in a television interview. The Chinese company will be paid not only to drill in the 700-metre deep waters, generally considered by upstream experts as beyond Iran's technical capabilities, but will train NDC staff over the next three years. "The deal will be for three years and be worth some \$34 or \$35 million dollars," NDC Managing Director Heydar Bahmani told state television. The workers will be based on the Alborz platform and drilling should start there after March, the Oil Ministry's Web site said. Iran is focusing most of its offshore efforts on the giant South Pars oil and gas field, which lies in the shallow waters of the Gulf. China's booming economy gets some 12 percent of its oil imports from Iran and several of its companies are active in the Islamic Republic's hydrocarbons sector. China is also looking to buy liquefied natural gas from Iran after 2009 and develop the giant Yadavaran oilfield. (Reuters)

ABKHAZIA OPPOSES UN CIVIL POLICE PRESENCE

18 January

Abkhazia opposes the idea of sending UN civil police units to its Gali district, the republic's Security Council chief Stanislav Lakoba told the press on Wednesday. "We want to settle our internal state problems on our own," he said. Lakoba also said that "subversive and terrorist operations in the Gali district are being incited by Georgian special services." "The arrival of UN civil police units in the zone of the Georgian- Abkhazian conflict may hinder operations by the Collective Peacekeeping Force of the Commonwealth of Independent States," he said. "Georgia's efforts to draw civil police into Abkhazia reflects its desire to force Russian peacekeepers out of Abkhazia and replace them with a UN contingent," he added. (Interfax)

KYRGYZ PRESIDENT'S BROTHER LEAVES INVESTMENT POST FOLLOWING NEPOTISM ALLEGATIONS

18 January

Jusupbek Bakiev, President Kurmanbek Bakiev's brother, has stepped down from the position of deputy director of the Agency for Community Development and Investment. In an interview with akipress.org on 17 January, the younger Bakiev stressed that he was offered the position through the World Bank, not through any help from his brother, but said that he resigned after charges of nepotism surfaced in the press. "I don't want to play into the hands of those who wish the president ill and envy him," Bakiev said. He noted that he stepped down from the position of deputy governor of Jalal-Abad province after his brother was

elected president in 2005 to avoid "incorrect understanding of my work in the executive branch." Ferghana.ru reported that two of President Bakiev's other brothers, Adyl and Marat, are, respectively, Kyrgyzstan's trade representative in China and Kyrgyzstan's ambassador to Germany. (RFE/RL)

TAJIKISTAN CONFIRMS UPCOMING RELEASE OF TWO GUANTANAMO DETAINEES

19 January

Salohiddin Nasriddinov, the Tajik deputy minister of foreign affairs, told reporters on 19 January that two Tajik citizens held at the U.S. detention center in Guantanamo Bay, Cuba, will soon return to Tajikistan. Nasriddinov said that Tajikistan has received confirmation from the U.S. State Department that the detainees are on their way home. Nasriddinov said that nine Tajik citizens have already been released from Guantanamo but could not provide information on the number of Tajik nationals still detained at the facility. (Asia Plus-Blitz)

KYRGYZ PRESIDENTIAL PRESS SERVICE DENIES DEPUTY PM TAKEN HOSTAGE

20 January

The Kyrgyz presidential press service has refuted media reports claiming that a group of protesters have taken First Deputy Prime Minister Medetbek Kerimkulov and the governmental executive office's deputy chief Urmat Karmyshev hostage in Dzhahalal-Abad in the south of the country on Thursday. "These reports are not true," the president's spokesman Dosoly Esenaliyev told Interfax. "Several dozen people gathered outside the city administration headquarters in Dzhahalal-Abad demanding an explanation for the replacement of the governor. Kerimkulov, who came to Dzhahalal-Abad to attend a session of the region's panel on January 19, said that under the president's decree, Iskender Aidaraliyev had been appointed acting governor as part of a rotation agreement. Nobody has been taken hostage," he said. "Presidential chief-of-staff Usen Sadykov is currently visiting the city to explain the reason behind the replacement of the governor to the local population," Esenaliyev said. According to media reports, up to 100 supporters of the region's former governor Zhusup Zheenbekov have demanded that Aidaraliyev "vacate his office." (Interfax)

TAJIKISTAN DENIES POLITICAL ASPECT IN BBC SHUTDOWN

20 January

The British embassy in Tajikistan has expressed concern over the suspension of BBC FM broadcasts in Tajikistan even as Tajikistan's Foreign Ministry

insisted the shutdown was not rooted in politics, RFE/RL's Tajik Service reported on 19 January. The embassy said in a statement, "On 10 January, after the BBC was unable to complete the process of extending its registration in the 20 days stipulated by Tajik law, the broadcast of its programs was ended," RFE/RL's Tajik Service reported. The BBC called the 20-day deadline to register with the Justice Ministry, a new requirement for foreign media outlets mandated by recently passed legislation, "unrealistic," Reuters reported. British Ambassador Graeme Loten said that the situation resulted from a "misunderstanding" and urged the Tajik government to allow the BBC back on the air. Igor Sattorov, spokesman for Tajikistan's Foreign Ministry, said the suspension was procedural and had nothing to do with the content of the BBC's programming, Asia Plus-Blitz reported. Sattorov said that his ministry was conducting an "expert assessment of the situation" and suggested that broadcasts could be restored as soon as the procedural issues were addressed. (RFE/RL)

MILLER MAAKES PITCH FOR 3 FIELDS IN UZBEKISTAN

20 January

Gazprom chief executive officer Alexei Miller arrived in Uzbekistan on Thursday to try to secure control over the country's biggest gas fields in return for Moscow's political support, the media and officials said. Kommersant said that Miller planned to secure control of the Ugra, Kuanysh and Akchalaksky fields, which would triple Gazprom's imports from Uzbekistan to 17 billion to 18 billion cubic meters from 5 bcm to 6 bcm per year. That would give the world's No. 1 gas company a de facto monopoly on gas exports from the Central Asian state, Kommersant said. Kommersant said that in return for the natural gas reserves, Russia would help Uzbekistan to deal with anti-government protests and protect it from interference from the West. "The agenda of this meeting is to finalize the agreements with regard to sales and purchase prospects agreements and transit of Turkmen gas through Uzbekistan," he said. Separately, Gazprom export chief Alexander Medvedev said Miller would meet Uzbek President Islam Karimov at the end of this week or early next week. (Reuters)

DAMAGED ELECTRIC POWER LINE WILL TAKE SEVEN DAYS TO REPAIR – UES

22 January

At least seven days will be required to repair the Kavkasioni high-voltage electric power line, damaged by an explosion at 1:30 p.m., Sunday, Unified Energy System of Russia's spokesman Margarita Nagoga told Interfax. The blast damaged a stretch across the Kuban River which will complicate the repair effort. The

blown up pylon will have to be replaced, she said. Repair work has begun and the electric power line is being examined, she added. The Kavkasioni electric power line delivers Russian electricity to Georgia. After the explosion Russia switched to a line running across Abkhazia. The press service of Russia's Southern Emergency Situations Center told Interfax on Sunday that the power line was blown up outside Karachayevsk in Russia's internal republic of Karachayevo-Cherkessia. "The electric power line, which is used to deliver electricity to Georgia, was blown up at 11:50 a.m., not far from Karachayevsk," the center reported. Emergency Situations Ministry experts and repair teams are working to restore electricity supplies. (Interfax)

INVESTIGATION INTO OSSETIAN PIPELINE EXPLOSIONS LAUNCHED

22 January

A criminal investigation has been launched into a series of explosions that hit a North Ossetian gas pipeline under charges of a premeditated destruction of property, Russia's Deputy Prosecutor General Nikolai Shepel told Interfax on Sunday. Two explosive devices used to blow up the gas pipeline had a yield equivalent to 700-800 grams of TNT, he said. "Luckily, no one was hurt and no serious damage was done to the environment," Shepel said, adding that this is why the crime is not being seen as a terror attack. That the blasts were an act of sabotage carried out by an extremist group is being considered among the theories of the crime, sources close to the investigation told Interfax. The Russian Emergency Situations Ministry earlier told Interfax that the first explosion was reported at 2:52 a.m., Moscow time, Sunday near Verkhny Lars checkpoint, 30 kilometers south of Vladikavkaz and the second at 3:15 a.m., Moscow time, in a reserve line, resulting in a fire. "No one was hurt. Gas supplies to Georgia and Armenia have been halted. Russian consumers have not been affected. Experts are working to establish the cause of the accident," the ministry said. Repairs to the pipeline are expected to take about four days, Vasily Zinovyev, general director of the Kavkaztransgas pipeline company, told Interfax by phone on Sunday. The possibility of Azerbaijan supplying gas to Georgia was discussed in a Sunday phone conversation between Georgian President Mikheil Saakashvili and Azeri President Ilham Aliyev, Saakashvili's press service told Interfax. Tbilisi is currently receiving gas left over in the pipes and, should no alternative solution be found, the capital will go without gas, Tbilisi's gas distribution company Tbilgaz told Interfax. Gas supplies to several districts of Tbilisi have already been cut and supplies have been cut off to individual regions. (Interfax)

GEORGIAN STATEMENTS ON PIPELINE EXPLOSIONS HYSTERIC – MINISTRY

22 January

The Russian Foreign Ministry has described as “hysteria and bacchanalia” Georgian officials’ pronouncements on the explosions of gas pipelines in North Ossetia. Russia “is trying to minimize the consequences for Georgian residents, while Tbilisi is making comments, which cannot be described other than hysteria and bacchanalia,” the ministry said. Members of the Georgian administration “have used the occasion for escalating the anti-Russian campaign. This hysteria accompanies provocative acts against Russian servicemen,” the ministry said. “If Tbilisi has decided to totally spoil relations with Russia, they might have assessed consequences of this policy,” the ministry said. (Itar-Tass)

GEORGIA INSULTED BY RUSSIAN STATEMENTS

23 January

The Georgian Foreign Ministry has described as insulting a statement by the Russian Foreign Ministry released on January 22 in the wake of blasts that damaged an electricity line and a gas pipeline and cut off electricity and gas supply to Georgia. “The tone of the Russian Foreign Ministry’s statement and the unveiled threats it contains are so unacceptable in interstate relations that there is no point in commenting on them,” the Georgian Foreign Ministry said in a statement circulated on Monday. (Interfax)

RUSSIAN FOREIGN MINISTRY STATEMENT UNACCEPTABLE - GEORGIAN SPEAKER

23 January

A Sunday statement by the Russian Foreign Ministry commenting on the interrupted gas and power supplies to Georgia has been strongly criticized by Georgian Speaker Nino Burjanadze. The Georgian authorities are indignant at the ministry statement, Burjanadze said. “The Russian Foreign Ministry’s use of such words as hysteria and bacchanalia is outrageous, especially if they are applied to pronouncements by the president of a sovereign state,” the speaker said on the Ekho Moskvya radio on Sunday. “Russian policy does not deserve respect. The Foreign Ministry of any normal country would have condemned acts of sabotage perpetrated on its territory and the termination of power and heating supplies in the severe winter season. Criticism would also have been possible, but it should have been more or less civilized,” Burjanadze said. (Interfax)

GAS EXPLOSIONS DISTRACTING FROM REAL PROBLEMS IN GEORGIA - GEORGIAN CHARITY

23 January

The Georgian authorities are using the situation surrounding gas and electricity deliveries from Russia to distract attention from other problems affecting the country, chairman of the Igor Georgadze charity foundation in Georgia Irina Sarishvili-Chanturiya said. “The events are profitable to for the Georgian authorities who are using the explosions to distract attention away from the real problems facing the country,” she told Interfax on Monday. “Armenia, which has also suffered from these explosions, has not echoed the comments of the Georgian authorities,” she said. “Should Russia really be interested in exerting pressure on Georgia, it is difficult to imagine that it could not have found other effective methods of doing so,” she said. (Interfax)

TBILISI'S ATTITUDE TO RUSSIA GUIDED BY REALITY – MINISTER

23 January

Georgia’s attitude to Russia is guided by reality, Georgian Defense Minister Irakly Okruashvili said. “Russia has increased natural gas prices, blown up pipelines and arranged acts of sabotage and that is why our attitude to Russia will be based on reality,” Okruashvili told journalists in Gudauri where meetings between embassy representatives of NATO member states and the Georgian Defense Ministry are taking place. Georgia will inform foreign diplomats about reforms in the defense sector at the meeting. Issues related to Georgian accession to NATO and bilateral cooperation with the alliance will also be discussed at the meeting. “A regular visit of the NATO mission to assess reforms carried out in various areas undertaken by Georgia within the framework of the Individual Partnership Action Plan (IPAP) is scheduled for March,” Georgian State Minister for European Integration Giorgi Baramidze said. (Interfax)

TEHRAN HOPES NUCLEAR DIALOGUE WITH MOSCOW CONTINUES – MINISTER

23 January

Russian Foreign Minister Sergei Lavrov has called on Iran to help the resumption of the negotiation process over its nuclear issue. “Russia hopes that Iran will choose a position that will allow reversing the acuity of the nuclear problem and resuming the negotiation process,” he said at his talks with Iranian Deputy Foreign Minister Mehdi Safari in Moscow on Monday. Lavrov said that it was planned to discuss at the meeting the “nuclear problem of Iran, the situation around which is exacerbating”. Safari said that Tehran and Moscow “support the dialogue on the nuclear problem”. He cited the recent visit to Iran of Russian Security Council Secretary Igor Ivanov. “We hope that

this dialogue will get a continuation and we shall see other high-level visits," Safari said. Lavrov said at his talks with his French counterpart Philippe Douste-Blazy last week that at an irregular meeting of the IAEA (the International Atomic Energy Agency) on the Iranian nuclear issue due to be held in Vienna on February 2-3, "Russia will orient itself toward assessments of the agency". Asked whether Iran's nuclear dossier should be sent to the UN Security Council, he said that the "main thing is not to make a sensation but to guide ourselves by something more important: the prevention of violations of the non-proliferation regime". Lavrov agreed with the French colleague that "it should be understood first which method is more effective -- a scalpel or therapy". "It is the principle 'do not harm', in this case, do not harm to the world community, do not harm to the non-proliferation regime," he said. (Itar-Tass)

REPAIR WORK ON RUSSIA-GEORGIA GAS PIPELINE POSTPONED

24 January

President Putin issued orders on 23 January to Gazprom and Unified Energy Systems (EES) to expedite repairs to the two pipelines that supply natural gas from Russia to Georgia and Armenia and to the high-voltage power line in Karachaevo-Cherkessia. All three facilities were damaged on 22 January by explosions that the FSB has characterized as deliberate sabotage. At the request of the Georgian government, Georgian specialists traveled on 23 January to North Ossetia to monitor repairs to the gas pipeline, but the repair work has been suspended indefinitely due to a leakage of gas condensate. (RIA-Novosti)

RUSSIAN CELL-PHONE VENDOR IN TROUBLE IN KYRGYZSTAN

24 January

Mamazundun Shamiev, director of the Kyrgyz Customs Inspection's department for combating contraband, told the Russian daily "Kommersant" on 23 January that on 20 January Kyrgyz customs inspectors shut down all the Bishkek stores belonging to Russia's Evroset, a chain of stores selling cell phones and accessories. Evroset, which operates over 3,000 stores and did more than \$2.5 billion worth of business in 2005, recently opened five stores in the Kyrgyz capital. Shamiev told "Kommersant" that Evroset's Bishkek stores have \$340,000 worth of contraband merchandise

in stock. Evroset chairman Evgenii Chichvarkin told the newspaper that no formal charges have been filed against the company, and he suggested Kyrgyz officials may hope "to get something from a big Russian company." Analysts queried by the newspaper said that Evroset may need to minimize political risks by acquiring a local partner; they noted the difficulties Russia's Mobile TeleSystems is having with its acquisition of Kyrgyzstan's Bitel. "Kommersant" reported that Evroset's stores had reopened on 22 January with a limited assortment of goods. (RFE/RL)

KAZAKHSTAN, RUSSIA TO AGREE CASPIAN BORDER PROTOCOL WEDNESDAY

25 January

Russia and Kazakhstan are preparing to approve a final protocol on borders in the North Caspian, Kazakh President Nursultan Nazarbayev said before a meeting of the interstate council of the Eurasian Economic Community. "Our bilateral relations are developing well. Today we should approve a final protocol on borders in the North Caspian, which will give the green light to work at Kurmangazy, Central and Khvalynsky - three large fields, where Russia and Kazakh companies will work on a 50:50 basis," Nazarbayev said. (Interfax)

RUSSIA WELCOMES UZBEKISTAN'S ENTRY IN EURASEC - PUTIN

25 January

Russia welcomes Uzbekistan's entry in the Eurasian Economic Community (EurAsEC), Russian President Vladimir Putin said at a meeting of the EurAsEC Interstate Council on Wednesday. Putin called this meeting landmark, as Uzbekistan's entry in the EurAsEC and the integration of the Central Asian Cooperation Organisation in the EurAsEC were considered at the meeting. Putin noted that the aims and tasks of these organisations are mainly identical. "The combining of the potentials of two regional organisations will have a serious positive effect," Putin believes. "The EurAsEC integration model that we have chosen actually proves its efficiency and brings the real profit to all partakers," Vladimir Putin pointed out. He urged to keep the pace in the formation of the EurAsEC common economic space and the common financial market. "This policy opens new vistas for an upswing of national economies, and therefore works for the benefit and interests of people in our countries," the Russian president indicated. (Itar-tass)