

# Central Asia-Caucasus Analyst

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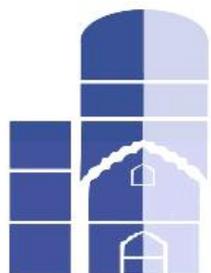
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*Central Asia- Caucasus Institute  
Silk Road Studies Program*



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# THE CENTRAL ASIA-CAUCASUS ANALYST

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**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.

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# ARMENIAN PRESIDENTIAL ELECTIONS DECIDED BY THE PAST?

*Blanka Hancilova and Olga Azatyan*

*President Mikheil Saakashvili begins his second term facing challenges he has not encountered previously as head of state. Georgians want better security, in both national and economic terms. The recent elections revealed that 77 percent of Georgians seek NATO membership for their country. A slightly larger number, nearly 80 percent, called for early Spring elections to fix internal problems, notably the economy, rejecting the government's preferred election schedule. Bold steps are needed to address national security concerns and economic discontent. The government has treated national and economic security as distinct and separate; the question is if this strategy is viable at present.*

**BACKGROUND:** The 2008 presidential election campaign centers around two main candidates – the current Prime Minister, Serzh Sargsyan, and former President Levon Ter-Petrosyan.

Serzh Sargsyan has the outspoken support of the incumbent President, as well as the two largest parties in parliament – the Armenian Republican Party (65 seats out of 131) and the “Prosperous Armenia” party (25 seats). In addition, Sargsyan commands the full administrative levers of incumbency.

Ter-Petrosyan mounted his challenge in September 2007, lashing out at “corrupt and criminal” authorities. He accused President Kocharyan and Prime Minister Sargsyan of being part of a criminal system that tightly controls the security apparatus, the judicial system and the electronic media, and creates an “atmosphere of fear.” Kocharyan countered with charges that Ter-Petrosyan’s and his Armenian National Movement “bear responsibility for the destruction of the Armenian economy” and that they had left a “bad legacy”.



Ter-Petrosyan’s comeback was backed from the very beginning by the most radical opposition parties that are not represented in the parliament – the People’s Party of Armenia chaired by Stepan Demirchyan and the Republic Party chaired by Aram Z. Sargsyan. Opposition parties represented in the Parliament, the Orinats Yerkir (Country of Law) party, led by another presidential candidate and former speaker of the National Assembly Artur Baghdasarian, and Zharangutiun (Heritage), initially hesitated whether to back Ter-Petrosyan, but as reported by Armenian media on February 2, Ter-Petrosyan is convinced that they will endorse his presidential bid.

Other opposition leaders, such as Vazgen Manukyan of the National Democratic Union and Artashes Geghamyan of the National Unity party (neither represented in the parliament) and Vahan Hovannisyan of the Armenian Revolutionary Federation (third strongest parliamentary party) hold old personal grudges against Ter-Petrosyan and stand for elections separately.

**IMPLICATIONS:** So far, the 2008 Armenian election campaign has been marked by mutual accusations between former President Levon Ter-Petrosyan and the current authorities, represented by Sargsyan and Kocharyan. Both sides have focused on the past rather than formulating programmatic visions of the future.

During the pre-election period, the authorities have clearly indicated that they will go to great lengths to secure the continuity of the regime. They have shown a willingness to use control of the media, intimidate opposition sympathizers including businessmen, and to use their 'administrative resources' in order to secure a favorable outcome in the election.

As expected, Ter-Petrosyan and his supporters face difficulties in getting their message to the public. Practically all TV stations are under the control of the government and businessmen closely aligned with the government, while the by comparison more independent newspapers and radio stations are far less influential outlets than TV. The regime sent a clear and strong message early on, when it clamped down on the Gyumri-based TV Gala, which broadcasted Ter-Petrosyan's speech of September 21, 2007. The station was raided by tax authorities and visited by the national security service. (See October 31 issue of the CACI Analyst

<http://www.cacianalyst.org/?q=node/4727>) Media outlets often provide positive coverage of Prime Minister Serzh Sargsyan, while any mention of Ter-Petrosyan as rule takes place in negative context. This lack of balance in media coverage was noted by Terry Davis, the Secretary General of Council of Europe, who in a mid-December interview assessed that the situation surrounding the Armenian media "does not meet the standards of the Council of Europe to a large extent."

Businessmen who support Ter-Petrosyan have faced difficulties with the authorities. The Sil Group, owned by influential Member of Parliament Khachatur Sukiasyan who publicly backed Ter-Petrosyan, had to deal with aggressive tax inspection in October 2007.

Several parties, including the party of Serzh Sargsyan, have had windows shot out in some of their offices, and supporters of Ter-Petrosyan have been detained following an allegedly pre-fabricated incident in which one person was beaten during a pro-Ter-Petrosyan rally held in 29 January in Talin.

Several opposition presidential candidates criticized the results of opinion polls conducted by Baltic Surveys Ltd/Gallup Organization, based in Lithuania, in cooperation with the support of local Armenian Sociological Association led by Gevork Poghosyan.

They charged that the results deliberately favored Serzh Sargsyan. As a result, the U.S. Embassy and USAID withdrew their offer to conduct exit polls, citing the inability to "resolve all of the detailed procedural questions" with all involved partners.

Ter-Petrosyan's severe criticism of the current regime has so far not been accompanied by equally critical reflections of his own shortcomings while he served as president. Many in Armenia remember the hardships of the early 1990s, during and immediately after the war with Azerbaijan. It will therefore be a momentous task to convince them that Ter-Petrosyan is a superior

choice compared to Sargsyan. Importantly, old grievances prevented Ter-Petrosyan from uniting the opposition, thus leaving the balance of power practically unaltered and in favor of the current regime. This is certainly good news for the frontrunner, Serzh



*Serzh Sargsyan: Armenia's next president?*

Sargsyan. Ter-Petrosyan is an easy target, his shortcomings obvious and easily exploitable.

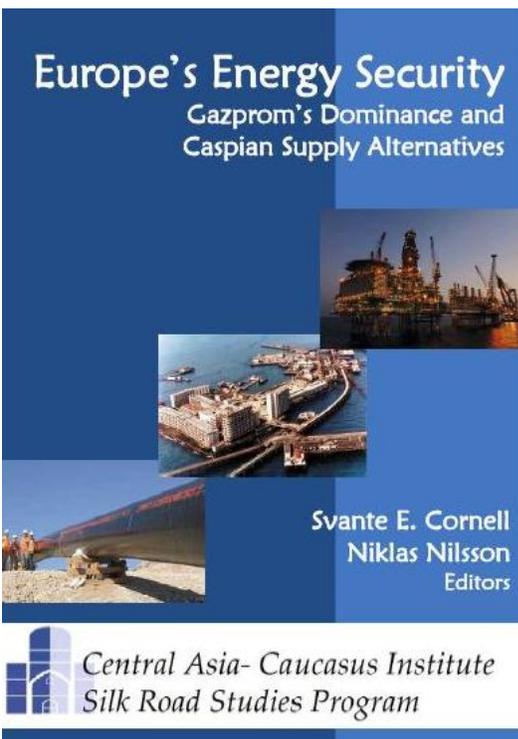
Given the degree of polarization and the tone set by the pre-election debate, the election campaign is unlikely to be based on issue or political programs, but will rather remain a contest of personalities. So far, the presidential candidates vying for public support have been rather silent or talked in very general terms on important foreign policy issues – the Nagorno-Karabakh conflict and Armenian-Turkish relations, for example, but all of them stressed internal Armenian issues such as the improvement of welfare, economic development and rule of law, including the struggle against corruption.

**CONCLUSIONS:** The election campaign in Armenia centers around two candidates only – Serzh Sargsyan and Levon Ter-Petrosyan. This choice, for most Armenians, represents choosing the lesser of two evils. Reliable polling information is lacking, and it is difficult to foresee whether there will be a second round, though observers increasingly believe that none of the candidates will secure the necessary 50 percent of

votes to avoid a runoff. But should a second round take place between Sargsyan and Ter-Petrosyan, several of the seven presidential candidates are likely to favor Sargsyan, primarily because of personal grudges with Ter-Petrosyan. Overall, Armenian politics seem set on a path of transition of power from Kocharyan to Sargsyan.

It remains to be seen whether the elections will be conducted in as orderly a manner as the May 2007 parliamentary polls, that were to a large degree conducted in line with international standards for democratic elections. In any case, it seems that the upcoming presidential elections are unlikely to fundamentally change the consolidated nature of Armenian politics, in which decisions on the essentials of country's political orientation tend not to be publicly discussed.

**AUTHOR'S BIO:** Dr. Blanka Hancilova is analyst of international relations with a focus on the CIS and the co-founder of Apreco Consulting Group. Olga Azatyan is an analyst with Apreco Consulting Group.



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# KAZAKHSTAN THREATENS OIL EXPORT DUTY FOLLOWING KASHAGAN SETTLEMENT

Robert M. Cutler

*Two weeks after successful renegotiation of Kazakhstan's participation in the Kashagan offshore project, the country's energy minister stated on January 29 that Kazakhstan may impose a duty on nearly half of all exports of crude and oil products beginning in 2009. The Italian company Eni will cease to be operator of the Kashagan consortium, but the Kazakhstan state company KazMunaiGaz will not gain that status, which it coveted.*

**BACKGROUND:** When the Kashagan oil strike was first confirmed in 2000, the original start-up date for production was set for 2005; it was then delayed by the consortium dominated by Western companies to 2008, and then again to 2010. Kazakhstan holds the Western partners responsible for the failure of the Kashagan field to enter into production. While it is true that there are significant technical obstacles to the development of the field, means exist to overcome them. For example, Kazakhstani environmental law requires that the associated gas be captured and not flared. This gas, as well as the underlying oil, has high sulfur content and is under extremely high pressure under its overlying dome. The companies also cite to the difficulties of extracting resources in shallow water with drifting ice during the winter. However, all of these conditions were known when the strike was confirmed in 2000.

In early November 2007, President Nursultan Nazarbayev of Kazakhstan signed a bill passed by Parliament that would allow the government to change or revoke natural resource contracts deemed to threaten national security. At the time, this was assumed to be merely a means to put pressure upon the consortium of mainly Western oil companies developing the Kashagan deposit in the Caspian offshore. Indeed, following his approval of the bill, negotiations between the government and the consortium members accelerated.

On January 13, the Kashagan consortium agreed on a new deal with Kazakhstan. In particular, the

current Kashagan exploration consortium (Agip KCO) will be converted in 2011 into a new entity for developing the field, and the Kazakhstan state company KazMunaiGaz (KMG) will hold a plurality stake of 16.81 percent in the new consortium while the share held by each of the largest Western shareholders (Eni, ExxonMobil, Royal Dutch Shell, and Total) will fall to 16.66 percent. Two other, more minor investors (ConocoPhillips and Inpex) will also see their shares reduced. The new agreement also reset the start-up date from 2010 to 2011.

**IMPLICATIONS:** It appears that this new distribution of shares will enter into effect respecting the present Agip KCO consortium, but that KMG will actually hand over the (rather low) sum of US\$1.78 billion in payment for shares from the Western partners only after the current exploration consortium disappears on schedule in 2011 in favor of the newly agreed production



consortium. The new agreement maintains the year 2041 as the end date for the project, rejecting the insistence of one of the Western partners for an extension, but gives the consortium the right of first refusal of extension at that time as well as the right to meet competing offers. The new agreement means that KMG will not become co-operator of the project, as Kazakhstan appeared strongly to have desired during negotiations up until the end of last year, but also Eni will lose its status as operator, as the project operator will be a new operating company owned by all the participants in Agip KCO. In addition, the investors will pay \$5 billion additional compensation to Kazakhstan either immediately or over the life of project (which could therefore grow to \$20 billion taking inflation into account).

In a new development on January 29, Kazakhstan's energy minister Sauat Mynbaev has stated that Kazakhstan may impose a duty on exports of crude and oil products as from 2009. It is estimated that this new measure would apply to about two-fifths of 2007 production volumes. It is officially stated that one motive for this development is that Kazakhstan will not receive significant revenue from Kashagan until production starts, yet it has promised its citizenry better social and economic infrastructure. Kazakhstani officials have also suggested that Kazakhstan is introducing the new oil export duties in order to help stabilize the price and quantities of oil supplied to the domestic market, inasmuch as KMG's larger stake gives it control of proportional output. However, the country's energy minister also hinted at an ancillary motive, that this is being done because it can be done. He acknowledged that it could represent a risk to Kazakhstan's negotiations for accession to the World Trade Organization, "but if we do not do it now, we will never do it."

**CONCLUSIONS:** The provisions announced by energy minister Mynbaev at the end of January would apply only to PSAs having variable rather than fixed taxation schemes, thus excluding Kashagan and most other major ventures. Only for

political reasons would they not be applied across the board to all hydrocarbon development projects. It is unclear whether they would apply to state or para-statal companies such as CNPC, which has important operations around Aqtobe and already exports oil to China from the Kumkol field that it owns jointly with KMG in central Kazakhstan. According to Mynbaev, there would not be a blanket imposition of such duties, but rather the government would hold discussions with individual companies having PSAs, in order to establish the final list of those affected. It is not immediately clear how the newly announced duties would be integrated with the "rent tax" introduced in January 2004, according to which the tax on oil income rises progressively with the world price of oil, or the excess profit tax introduced at the same time.

Recent developments in applicable Kazakhstani law are part of a general trend of "resource nationalism" in the country's foreign economic policy. At the end of 2007, the government proposed and then abandoned as unworkable the idea to abolish the PSA regime altogether and turn existing PSAs essentially into concessions. (By coincidence or not, this proposal was floated as a trial balloon during a particularly difficult late stage of the Kashagan negotiations.) At the same time, they may be seen as part of an trend in Kazakhstan, not necessary contradicting the one just mentioned, to increase transparency of consortium budgets and resource inventories, in line with the government's participation in the Extractive Industries Transparency Initiative (set up following the July 2005 G-8 Summit in Gleneagles upon the proposal of former British prime minister Tony Blair) and its own official adoption in May 2007 of a programmatic Concept of Sustainable Development to guide national economic development through 2024.

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# A MEDVEDEV PRESIDENCY: IMPLICATIONS FOR CHECHEN-RUSSIAN RELATIONS AND RAMZAN KADYROV

Kevin Daniel Leahy

*It was never a secret that Ramzan Kadyrov, Chechnya's pro-Moscow president, wanted his most powerful political benefactor, Vladimir Putin, to retain the Russian presidency for at least another four years. Nevertheless, Kadyrov seems quite at ease with Putin's chosen successor, current First Deputy Prime Minister Dmitri Medvedev. Why is Kadyrov so comfortable with Medvedev's candidature? How do the two men regard one another? What implications will Medvedev's expected inauguration hold for future relations between Moscow and Grozny?*

**BACKGROUND:** In fact, there is no way of knowing for certain how Dmitri Medvedev regards the situation in Chechnya as it presently stands. For government officials working under Putin, it has been impermissible to publicly debate the pros and cons of the Kremlin's prevailing policy in Chechnya. This taboo has proven remarkably durable, even during times of serious crisis such as the Dubrovka theatre siege in 2002 and the Beslan tragedy in 2004. Policy making in respect of Chechnya has been the preserve of President Putin and a small cabal that includes his deputy chief of staff, Vladislav Surkov.

Medvedev has certainly not been a member of this group. Nor has he shown any desire to become a member. During a whistle-stop visit to Chechnya last April – an occasion that potentially represented an opportunity for him to establish his credentials on the Chechnya question – Medvedev was noticeably demure.



Chaperoned by Ramzan Kadyrov, Medvedev restricted himself to uttering a series of banal observations on the general progress of the republic's reconstruction scheme before hurriedly flying back to Moscow. On hearing that President Putin had named Medvedev as his preferred successor, Kadyrov said: "I am personally familiar with Dmitri Medvedev and consider him to be a man of his word". Kadyrov went on to predict that 99.9 percent of the North Caucasus' electorate would vote for Medvedev in Russia's presidential elections in March.

Aside from the fact that Medvedev is Putin's choice (Putin being Kadyrov's most powerful patron in the federal hierarchy) why is Kadyrov so keen on his candidacy? Could it be that he perceives Medvedev as a soft touch, someone he could manipulate with relative ease? How strong Medvedev will prove in the face of aggressive lobbyists has emerged as a cause for concern for some analysts in recent

weeks. Speaking to the *Moscow Times* last December, the head of the Institute of Globalization Problems, Mikhail Delyagin, predicted that Medvedev would be “raped by lobbyists right on his table on the second day of his presidency” due to the supposed weakness of his personality.

However, Medvedev is already reputedly under the sway of Russia’s perhaps most successful political lobbyist of the past ten years – the aforementioned Vladislav Surkov. Throughout Putin’s tenure, many observers have come to regard Medvedev as Surkov’s subordinate political ally. However, doubts had recently been expressed about the closeness of the connection between the two when Medvedev publicly took issue with Surkov’s cherished ideological brainchild, the concept of “sovereign democracy”. But no lasting rift between the two has emerged on the basis of this disagreement. United Russia, a party intimately associated with Surkov, has openly endorsed Medvedev’s candidature. Surkov is presently accompanying Medvedev on the latter’s pre-election tour of the Russian regions.

**IMPLICATIONS:** There are strong indications that the locus of decision making regarding Chechnya will, as of March of this year, be shifting from the Kremlin to the cabinet room. The nature of Putin’s relationship with the Kadyrov clan has been highly informal, with the president deputizing Surkov with the task of maintaining propitious ties with Ramzan (and before him his father, Akhmed-Hajji). The informal, extra-institutional nature of these relations means that they are unlikely to survive the upcoming presidential transition *per se*. Instead, this relationship will be reconstituted via the Russian cabinet room, where Vladimir Putin is set to alight next March as the country’s new, post-election prime minister.

From March onwards, therefore, Kadyrov’s political weather vane will be located atop the Russian White House rather than the domed towers of the Kremlin, as previously. Another development of significance in this context is the return of Dmitri Kozak to Moscow after serving three years as Putin’s presidential representative to the southern federal district, a jurisdiction that includes

Chechnya and the wider North Caucasus. Kozak now sits at the cabinet table as minister for regional development. The importance of this particular ministry is set to grow over the next year or so. Already, the number of staff working in this ministry has doubled, from 300 to 600.

More importantly, the ministry is set to become the main source of federal funding for the regions. This development will undoubtedly turn Kadyrov’s head, given the importance he places on continued federal funding for Chechnya as well as the fact that his relations with Kozak during the latter’s time in the southern federal district were never cordial. [See 31 October 2007 issue of the CACI Analyst.](#)

During Kozak’s tenure as presidential representative, relations between Grozny and the Kremlin were, in a formal sense, supposed to proceed as follows: Chechnya’s president (Ramzan Kadyrov and before him, Alu Alkhanov) lifts the phone to Kozak in Rostov-on-Don, who in turn lifts the phone to call the president’s office to relay the Chechen president’s message. Similarly, Putin was to communicate with the Chechen leader through the good offices of his presidential representative. In reality, however, especially with regard to matters of real political significance, Kadyrov (in reality the republic’s key powerbroker well before he actually replaced Alkhanov as president) simply called Surkov directly, who communed with Putin on whatever subject was troubling the Chechen president. Hence, the officially designated Alkhanov-Kozak-Putin communication relay was consistently trumped by its virtual counterpart, the Kadyrov-Surkov-Putin connection. The latter line of communication has remained prominent since Kadyrov’s elevation to the republic’s presidency last spring. However, with Kozak now in charge of the federal purse-strings, Kadyrov will surely be obliged to adopt a more solicitous attitude toward him.

**CONCLUSIONS:** With Putin set to become prime minister in March, Ramzan Kadyrov can rest assured that his principal benefactor will remain a figure of considerable political import under a Medvedev presidency. Indeed, during an indiscreet moment on the fringes of United Russia’s

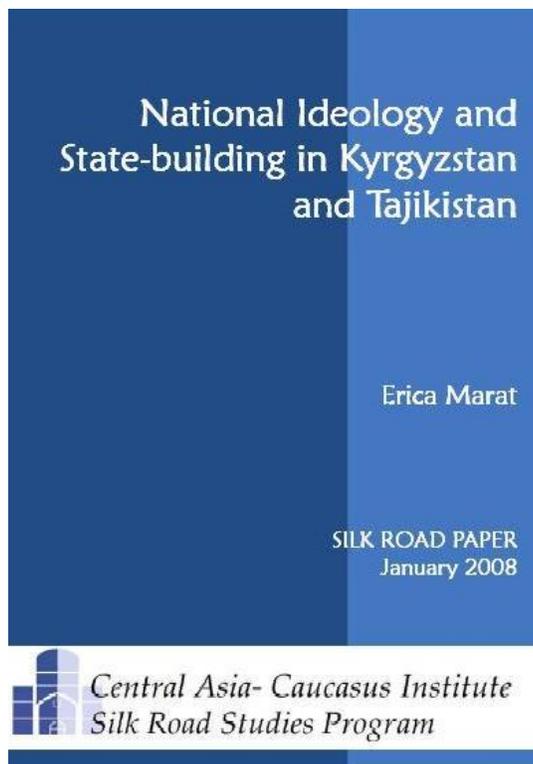
December 17 congress, Kadyrov according to Itar-Tass reportedly said that Putin would remain Russia's most influential person after the presidential election. This may be why Kadyrov has so lavishly feted Medvedev's candidacy. He is confident that a "President Medvedev" will keep his nose out of Chechen affairs. Interestingly, there is no allusion in any of Kadyrov's sound bites to how Medvedev's presidency will auger for Chechnya. This is likely because Kadyrov confidently expects the *status quo ante* to prevail following Medvedev's likely election.

But the advent of a Medvedev presidency may well indirectly affect Kadyrov's future relationship with the federal center. As mentioned, Kadyrov's political antenna will soon be trained specifically on the Russian cabinet room. While he will be comforted by Putin's projected presence at the head of the cabinet table, he will simultaneously have to contend with Kozak, a prudent and relatively capable official, who now oversees federal fiscal policy in respect of Chechnya and other locales,

where he operates with a mixture of stubbornness and tact, as noted in the [July 26, 2006 issue of the CACI Analyst](#).

It has become clear that Kozak was recalled from the south not because he was considered a failure there, but because Putin had earmarked him for grander, although not altogether unrelated, duties. The prospect of Kadyrov petitioning Kozak's ministry for additional federal subsidies may actually represent the first step along the path to properly institutionalizing relations between Grozny and the federal centre. Hence while Medvedev's likely election will not worry Kadyrov in and by itself, it could portend significant alterations in the contours of the current relationship between Grozny and the federal center.

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



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# TBILISI AND MOSCOW PONDER NEXT STEPS AFTER SAAKASHVILI'S INAUGURATION

Richard Weitz

*Both Georgian and Russian officials have expressed a desire to improve their bilateral relationship. Yet Moscow and Tbilisi each seem to be waiting for the other to take the initiative in overcoming the divisive economic and political issues separating them. In addition, Georgia's intensified campaign to move closer to NATO will present a major near-term obstacle to an enduring resolution of Georgian-Russian tensions, even if the alliance members themselves remain divided over how to treat Georgia.*

**BACKGROUND:** In his January 20 inauguration address, newly reelected Georgian President Mikhail Saakashvili offered to “extend the hand of partnership and cooperation to Russia. Georgia and Russia should be friends, should come closer together, and we should stand shoulder to shoulder.”

The week before, in his first news conference after winning reelection, Saakashvili invited Russian President Vladimir Putin to visit Georgia: “We really hope that President Putin will find the time and the opportunity to come to Georgia. We believe that, against the background of this cold winter, we should begin a thaw in our relations.” Saakashvili added that “one of my main regrets is that during my first presidential term relations Russia were spoiled.” Saakashvili later stressed that he was prepared to go to Russia if that would help normalize relations: “If I am invited, I am always ready to travel to Moscow.”

Georgia's new Foreign Minister, David Bakradze, affirmed that achieving “good-neighborly relations with Russia [was] important for Georgia” because “Russia is one of Georgia's major partners, including in resolving problems that arouse Georgia's concern and creating a positive moment, which may happen in Georgian-Russian cooperation.” The Georgian Foreign Ministry is establishing a new department for Russian affairs that Saakashvili said “will work to improve relations with Russia.”

Despite Moscow's having cast aspersions on the legitimacy of the January 5 ballot, Putin formally

congratulated Saakashvili on his victory after Georgia's central election commission officially declared Saakashvili the winner, with 53.47% of the vote. “I congratulate you on your re-election to the post of President of Georgia,” Putin wrote. “It is my hope that the upcoming period will bring constructive development in the relations between our countries.”

Furthermore, although some observers expected that the Russian government would boycott Saakashvili's inauguration or send a low-level representative, Foreign Minister Sergei Lavrov himself led the Russian delegation to the January 20 ceremony. He was the highest-ranking Russian government official to visit Tbilisi since the October 2006 spy scandal. Lavrov said that his delegation's “participation in the Georgian president's inauguration ceremony confirms Russia's sincere and deep intention to normalize relations with Georgia.” Lavrov subsequently told Bakradze that Russia intended “to work in a constructive way to improve interstate relations.”

Yet, it remains unclear whether Russian leaders genuinely anticipate resolving their numerous differences with Tbilisi. Responding to Saakashvili's overtures, Russian State Duma Speaker Boris Gryzlov told Interfax that, “I think we should welcome any proposals and ideas aimed at restoring the historically friendly relations between Russia and Georgia. Yet we wish these statements were supplemented with particular deeds.” Russia's Ambassador to Georgia, Vyacheslav Kovelenco, likewise said “Russia is

seeking to normalize relations and friendship. Russia expects Georgia to make a specific step, actions that could be regarded as a drive to normalize relations.”

The Russian government has yet to commit to lifting the numerous economic sanctions it has levied against Georgia since early 2006. Moscow's unilateral measures have included severing direct transportation and postal links between the two countries, imposing new visa restrictions, prohibiting the importation of Georgian wine and mineral waters into Russia, and carrying out mass forced repatriations of ethnic Georgians working in Russia. According to the Georgian government, exports to Russia in 2007 amounted only to \$53 million, a 30 percent decline from the previous year. As a result, only 9.8 percent of Georgia's foreign trade in 2007 involved Russia, a 3.9 percent decrease from 2006.

**IMPLICATIONS:** One of the most important variables affecting Russian-Georgian relations in the near term will be the evolution of Tbilisi's relations with NATO. Georgia already has negotiated an Individual Partnership Action Plan with NATO and is seeking a Membership Action Plan at the early April 2008 NATO summit in Bucharest, en route to full membership at a later date.

In his inaugural address, Saakashvili reaffirmed his intent to continue Georgia's "Euro-Atlantic orientation" and pursue deeper relations with NATO and the European Union. According to an International Republican Institute September 2007 survey, 81 percent of Georgians surveyed support joining the EU. Polls indicate a similar level of support among Georgians for NATO membership.

In the recent presidential elections, Saakashvili was even more direct in affirming his intent to deepen Tbilisi's ties with NATO. In late December, he told Georgian TV that, "In case I am elected president for another term, Georgia will become a NATO member during my second term of office." All of Saakashvili's main opponents for president also professed to support Georgia's joining NATO, with only one fringe candidate dissenting. On January 5,

concurrently with the presidential ballot, the Georgian people voted overwhelmingly (by 72.5 percent) in favor of a referendum endorsing the country's entry into NATO.

The day before Saakashvili's inauguration, Matthew Bryza, U.S. Deputy Assistant Secretary of State for European and Eurasian Affairs, told a January 19 Tbilisi press conference that better relations between Georgia and Russia would facilitate the realization of Georgia's membership aspirations. "We believe a positive relationship between Georgia and Russia will actually help us achieve our shared goal with regard to Georgia's NATO aspirations." Bryza noted that Georgia, like any European country, would need to continue to rely on Russia for at least some of its energy supplies. He also downplayed the significance of the referendum: "Certainly, the opinion of the population is always taken into account but membership is first of all granted to states meeting NATO criteria."

Russian officials have made clear they oppose NATO's further expansion into former Soviet territory. Likewise, they have repeatedly objected to NATO's further expansion eastward, especially into the Caucasus. Russian government representatives also have blamed the alliance's past membership enlargement for disrupting the European balance of power established after the end of the Cold War by the Conventional Forces in Europe Treaty. Finally, some Russian officials have intimated that Moscow might increase its military presence in Georgia's separatist regions of Abkhazia and South Ossetia in retaliation, if NATO governments recognize Kosovo's independence from Serbia.

Dmitri Rogozin, Russia's controversial new Ambassador to NATO, has gone so far as to argue that Georgia is unfit for NATO membership: "Georgia has not settled a single substantial question in a manner that confirms the country's independent existence - neither economic, nor political, nor in the area of territorial integrity, nor in the military area, (proving that) the country doesn't correspond to any of the NATO criteria." Rogozin attributed the widespread popular support

for the NATO referendum to Georgians' desire to inveigle the alliance into helping Tbilisi employ coercive means to reassert control over the country's pro-Moscow separatist regions: "Georgians essentially voted for an exterior force to help them resolve their problems of territorial integrity."

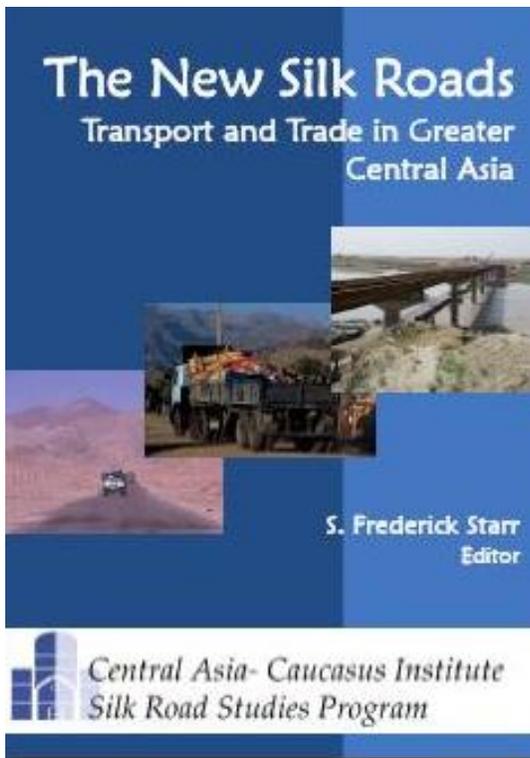
Even without NATO membership, Georgia's booming economy, which experienced 12 percent GDP growth in 2007, has provided the government with the resources to strengthen its armed forces considerably in recent years. The Georgian defense budget has been one of the fastest growing in the world. The government has purchased large quantities of Western military equipment, transformed the Georgian army into a professional force by abolishing conscription and moving toward an all-volunteer system, and deployed 2,000 Georgian soldiers to Iraq.

**CONCLUSIONS:** The agenda for NATO's summit in Bucharest is expected to include the issue of a Membership Action Plan (MAP) for Georgia. Some NATO governments favor advancing

Georgia's membership process to the next stage by offering the MAP. They hope that the possibility of NATO membership will, as in Eastern Europe during the 1990s, serve to moderate Georgia's foreign and defense policies as well as discourage Russian adventurism in the Northern Caucasus.

Other members, however, worry that offering Tbilisi a more explicit Western security guarantee could encourage Georgians to consider using their newly strengthened military, which has benefited from substantial recent increases in government defense spending, to reoccupy the country's separatist regions. They also fear further antagonizing Moscow at a time when Russian-NATO relations are already strained over other issues and when some Russian officials appear open to considering new initiatives to improve Moscow-Tbilisi relations now that Saakashvili is likely to remain Georgian president for several more years.

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## FIELD REPORTS

### FIGHTING HUMAN TRAFFICKING IN UZBEKISTAN

*Erkin Akhmadov*

The problem of human trafficking and the “export” of forced prostitution is present in every state of Central Asia. In Uzbekistan, increasing numbers of human trafficking victims has led the problem to receive growing attention from state organs. According to the Ministry of Internal Affairs of Uzbekistan, more crimes of this character were investigated in the past several years, but the number of persons trafficked and abused is steadily growing. Most of the time, male labor migrants seek easy money in the Near Abroad, in Kazakhstan and Russia, while young girls and women, by contrast, earn their bread in the Far Abroad. Their route usually leads to the United Arab Emirates (UAE), Turkey or Thailand. The Ministry of Internal Affairs statistics account as many as a thousand Uzbek girls smuggled abroad for commercial prostitution annually.

Currently, the government of Uzbekistan works on a bill to counteract human trafficking in the country. In addition to that, a database has been launched at Tashkent airport, which keeps track of people who often travel to the Arab states and CIS states. In October 2003, a special government regulation ordered border control services to check young women traveling to Turkey, the United Arab Emirates, South Korea, Malaysia and Indonesia without accompanying husbands more thoroughly. Moreover, they were given the authority to prevent women under age 30 from flights to these countries. Perhaps because of such regulations, lately flights from the Kyrgyz city of Osh to Sharja and Dubai in

the Emirates have become the most common route for smuggling illegal migrants from Uzbekistan.

In fact, it is quite easy for citizens of Uzbekistan to travel to these countries legally, as any travel agency in Uzbekistan can easily issue tourist visas. The only formal requirement for most of these states is a marriage stamp in the passport. The visa issuing process is much harder and more sophisticated for travelers to Western countries, which explains the fact that the biggest receivers of Uzbek trafficked women are Turkey, the Emirates and Thailand.

On average, the price of an Uzbek girl smuggled for the purpose of sexual slavery is reported to be \$10,000. For transportation and delivery, the smugglers receive about \$2,500-\$5,000. After being smuggled to a foreign country, Uzbek women are subjected to numerous human rights violations. In the UAE they are reportedly treated the worst. According to confidential information of the Ministry of Internal Affairs, annually 5-6 Uzbek trafficked women get killed in the UAE. These are usually the ones who are not “in demand” anymore or are victims of wayward Arabs. Another option for such women is imprisonment for months on charges of visa regime violation, or illegal drug trafficking. Practically, there is nothing to protect or help the victims of the violations.

Article 135 of the Criminal Code of the Republic of Uzbekistan punishes those smuggling people “with trickery” for the purposes of sexual exploitation with five to eight years of imprisonment. Most of

them, however, state in the court that they have just promised the victims work and a salary.

Four years ago, the Soros Foundation and a number of local women's NGOs conducted a conference on the problems of trading in women. Only after this event did Uzbekistan signed the Convention on preventing human trafficking and sexual exploitation. In 2003, a center for the victims of sexual abuse was established in Tashkent, becoming one of the most reliable sources for information about sexual slavery in the country. In December 2007, an International Conference on fighting human trafficking was held in Kyrgyzstan.

Fighting sexual slavery, human trafficking and the violation of human rights of Uzbek women abroad is a lofty act on the part of the state. Nonetheless, in

many ways the effectiveness of the strategy could be strengthened by countering the roots of the problem. In most cases, women commit themselves to earning their living abroad because they are highly aware of the fact that they cannot earn even a portion of that money at home. As most of the women engaged in such activities evidently come from rural areas, it is a signal of the scale of the desperation and vulnerability of women in the rural areas. The high unemployment rate has the effect of forcing many women from Uzbekistan to search for sources of income abroad. Thus, the problem of human trafficking, besides calling for the attention of international community, exposes some of the internal problems of Uzbekistan.

## HANDLING OF RUSSIAN SPY SCANDAL IN BAKU REFLECTS FOREIGN POLICY PRIORITIES

*Azer Karimov*

Past week, two spy scandals erupted in Baku, both linked to the Russian secret services. On the first occasion, the head of security at Baku International Airport, Emil Suleymanov, was arrested on charges of espionage on behalf of Russia. Apparently, Suleymanov and his staffers put listening devices in the special VIP room, where President Ilham Aliyev would chat with his advisors prior to departures.

In another case, the former permanent representative of Azerbaijan at the United Nations, Eldar Guliyev, was reported by Russian and foreign media to have been spying for Russia while serving in office. Although Guliyev is retired at the moment, the news about his possible collaboration with the Russian secret services raises serious concerns about the national security of Azerbaijan.

A Spokesman for the Ministry of Foreign Affairs, Khazar Ibrahim, refuted rumors about

Guliyev, and assured the local reporters that all foreign service officers pass through special security checks before being admitted to the work in the ministry.

Nevertheless, independent political scientists and experts believe otherwise. Former advisor to President Heydar Aliyev on foreign affairs Vafa Guluzadeh thinks that it is normal for foreign countries to use spies in other countries, and that many countries most likely have spies in Azerbaijan as well. But in his interview to the news agency Day.az on February 4, he urged the government not to hire people to key government positions if they have studied in Russia. A vocal anti-Russian critic, Guluzadeh recommended that Azerbaijan cooperate with the U.S. and Israel in counter-intelligence operations.

Indeed, it is no surprise that such spy scandals would occur in Azerbaijan. The country has a

very important geo-strategic value to the regional powers, and foreign governments are known to use covert operations to influence domestic developments in the country. A symptomatic case is the recent arrest of members of the radical Islamic organization "Said's group" which had links to Iranian intelligence services.

What is surprising, however, is the reaction of the Azerbaijani government. Unlike neighboring Georgia, where the government also arrested a number of Russian spies last year and made a huge political scandal out of this, the Azerbaijani government keeps its head cold and manages the criminal case internally, behind closed doors, without a major diplomatic scandal. In fact, the efforts on the part of President Aliyev and his team not to allow these cases to ruin the fragile normalized relations with the northern neighbor are clear.

This, however, does not mean that Azerbaijani government fears Russia. On the contrary, the government's persistence on fighting such cases without concealing that they are related to Russia shows that the political leadership is eager to send a message to the Kremlin. The message is "we are independent and confident and are ready to tackle these challenges if needed."

Indeed, Azerbaijan is perhaps one of the few countries in the post-Soviet space which manages to maintain normal relations with Russia but also to pursue a free and independent

foreign policy, geared towards the West. Rich energy resources, skillful tending to the interests of the regional powers and enhancing relations with the EU and NATO help this process even more.

This week, Slovenian Foreign Minister and acting EU chairman Dmitriy Rupel, and EU Commissioner for European foreign policy and neighborhood relations Benita Ferrero-Waldner visited Baku and discussed bilateral relations with President Aliyev and Foreign Minister Elmar Mammadyarov. They also opened the EU's first permanent office in Baku – a clear sign of growing and deepening relations between Brussels and Baku.

As the energy needs of the EU countries grow and the supplies of the energy become rather unreliable, Baku emerges as a strong partner to the EU members in terms of providing alternative energy routes and ensuring the energy security of the European countries. The Kremlin is irritated by these developments, but there is only so much it can do. Further attempts to pressure official Baku is likely to push the latter even further into the hands its Euro-Atlantic partners.

Thus, Azerbaijan's foreign policy priority towards Euro-Atlantic integration is clear and helps Azerbaijan strengthen its international standing. Relations with Russia also remain a priority, but as the spy scandals show, official Baku is not ready to be a push-over.

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## TURKMEN-UZBEK RAPPROACHMENT REACHES A NEW PHASE IN ASHGABAT

*Chemen Durdiyeva*

On January 31, Ashgabat hosted the third session of the Turkmen-Uzbek intergovernmental commission on trade, economy, science and technology and a humanitarian partnership. The

main subject of the bilateral summit was dedicated to making effective use of the countries' economic and humanitarian potential. As the bilateral forum was leaping forward, a broad exhibition of

Uzbekistan's goods and services, businesses, culture and traditions was also staged in the Exhibition Palace in Ashgabat.

A large delegation from Uzbekistan, headed by Batyr Hojaev, the Minister of Economy and Elyor Ganiev, the Minister of Foreign Economic Relations, Investment and Trade arrived in Ashgabat to participate in the forum. Nazarguly Ataguliyev, the Minister of Trade and Foreign Economic Relations of Turkmenistan, headed the Turkmen side of the joint commission. In contrast to earlier sessions of the commission, Ganiev said that the representatives of Uzbekistan's financial structures and businesses are more willing and ready to participate in investment projects and private sector development processes in Turkmenistan.

The joint delegation also expressed a new initiative for establishing a regular exchange of economic figures and macroeconomic data of development in both countries. The Turkmen participants in the commission in particular called for closer cooperation in the agricultural sector. Part of the summit's agenda was dedicated to preparing new agreements for President Gurbanguly Berdimukhammedov's expected visit to Tashkent in mid-2008.

While the commission continued exploring new aspects for bilateral cooperation, local media sources turned the spotlight on to an exhibition of Uzbekistan being staged for the first time in a major way in Turkmenistan. Representatives of major state and private businesses of Uzbekistan took part in the exhibition and reached common ground to sign contracts with Turkmen counterparts for delivering goods and services to the Turkmen market.

Turkmenistan is particularly interested in purchasing tractors and other agricultural machines needed for the cotton and wheat industries in the country. Annually, Turkmenistan places orders for hundreds of tractors from Belarus at relatively high prices, and buying similar machines with equal quality from neighboring Uzbekistan appears to be

much more cost-effective. Therefore, Turkmen authorities want to see Uzbekistan as a long-term trade partner for developing its agricultural sector.

By implication, the three-day long bilateral summit and an almost weeklong exhibition in Ashgabat marked the increasing level of bilateral cooperation both at the state and private sector levels. More importantly, it showed a major positive step in leaving the frosty past behind and moving toward a new phase of rapprochement in Uzbek-Turkmen relations. Under former President Saparmurad Niyazov's leadership, Uzbek-Turkmen relations were frozen, especially following the alleged assassination attempt on Niyazov's life in November 2002. Turkmen authorities had then accused Tashkent of providing assistance to coup plotters in Ashgabat and expelled the Uzbek ambassador, declaring him a *persona non grata*. Similarly, tight security measures in border areas were reinforced and diplomatic connections halted.

A somewhat ambivalent, but relatively decisive thaw was reached during Karimov's historic two-day visit to Ashgabat in October 2007. By signing a package of eight major agreements, the two sides laid a new ground and legal basis that would decide the future course of Turkmen-Uzbek relations. While lifting the "iron curtain" between the two countries, Karimov appeared to have found a personal rapport with his counterpart Berdimukhammedov. Berdimukhammedov's conferring on Karimov the rank of "Honorary Elder of the Turkmen People" and Karimov's giving his counterpart the highest award of Uzbekistan, "Buyuk Hizmatlary Ucun" (For Great Services) added a symbolic meaning to the personal rapport. Apparently, both Karimov and the new leadership in Turkmenistan seem to have realized the importance of closer cooperation for resolving common problems and pursuing economic interests.

Finding a common ground on the effective use of water resources, among other, nevertheless still remains one of the major issues in the intergovernmental commission's agenda. Since the time when former president Niyazov decreed the creation of an artificial lake in the Karakum Desert,

Uzbekistan's concern grew that water from the Amu-Darya River flowing through the territory of Turkmenistan and to the Aral Sea would dramatically diminish. On Turkmenistan's part, Berdimukhammedov needs Tashkent's cooperation in carrying out Turkmenistan's planned

*Turkmenistan-China* gas pipeline, a mega-project expected to export 30 billion cubic meters of blue fuel to China starting from 2009. As expected, 530km of this 7000-km long pipeline is to cross through the territory of Uzbekistan.

## TAJIKISTAN ONCE AGAIN PLUNGES INTO DARKNESS AND COLD

*Sergey Medrea*

This year's winter is the coldest in the last 25 years in Tajikistan, what people call a Russian winter. Winter brought not only unusually heavy snowfalls and very low temperatures, but also the usual, yet despondent power shortages. Tajikistan has been experiencing these during winter for several years now, but this year seems to be particularly miserable, being coupled with severe weather conditions and rising gas and food prices.

On January 19, Dushanbe switched to a new schedule of power supply. Now, people will have electricity cut off from 10 PM to 5 AM, instead of the previous 9 PM to 6 PM. This became possible after President Emomali Rahmon ordered a 1 million KWh increase of daily power supply to Dushanbe residents, by decreasing supply to the Tajik aluminum company TALKO. Some experts claim these measures are rather inefficient, because they insignificantly affect the population, whereas further limitations to TALKO can cause momentous fallout to factory equipment.

The chance to have electricity all day long, with cuts only at night, would seem paradise in Tajikistan's other districts. Most districts and regions have electricity for only 2-4 hours per day. In the Soghd Region, people have electricity from 6 AM to 8 AM, and then again from 6 PM to 8 PM, and that is all for the day. Oftentimes, not even this schedule is observed, so people can be cut off for several days. Electricity curfews comprise only half

the misfortune. The supply of gas is also limited, while the concept of central heating disappeared into Soviet history. Basically, people do not have any means to keep their houses warm.

Another misfortune is the increased price of natural gas. Costs for gas went up in early January, from \$100 per thousand cubic meters to \$145. Initially, Uzbekistan planned an increase of prices to world prices, estimated at \$180, which would have been devastating and unaffordable for Tajikistan. After negotiations and several visits by Tajik officials to Uzbekistan, the price was agreed at \$145, under the condition of advance payment. Also, an electricity price hike of 20 percent took place, which Tajik officials explain is necessary for the government to repay debts to investors and lenders involved in hydroelectricity projects.

The new gas prices mean that common people have to pay 30-45 Somoni (\$10-15) in advance; once the payment is made, they are to receive 14 hours of blue fuel per day. Since the hike in gas prices, other prices for basic goods were also affected. Very few complain about the increased gas prices, as people are eager to receive gas no matter what, since it is the only source of heat. Many are cheering the thought that winter will come to an end in another couple of months and, in April, when the irrigation season starts, the electricity cuts should end as well. While the irrigation season will bring the long-

awaited electricity, there will be water shortages and people will once again wait for better times.

The government had promised that this winter would see fewer energy shortages. Throughout the whole autumn, the government had regular sessions, where various measures to improve winter conditions were discussed and left to be undertaken. The production of coal, as well as the extraction of natural gas, was planned to increase. But the set targets were only partially met and in no way eased the winter shortages.

The construction of the first aggregate of the hydroelectric station Sangtuda-1 was planned for December, then moved back to early January, and finally work started on January 20. Nevertheless, it can hardly help ease the energy crisis in the country. The hydroelectric station is constructed jointly by Tajikistan and Russia, the Russian share being 75 percent. During the official ceremony opening Sangtuda-1, President Imomali Rahmon said that

the one working aggregate will supply one additional hour of electricity to the population. This, however, is not enough to end the energy crisis.

Finally, to prepare for winter, many negotiations with the neighboring countries such as Turkmenistan and Uzbekistan took place, seemingly successfully as they promised a warmer winter. Turkmenistan alone agreed to supply 1.2 billion KWh of electricity, whereas Uzbekistan agreed only to 600 million KWh for the winter period. However, the supply of such quantities of energy did not actually happen, neither country coming through. The main excuse is that, due to the cold winter, these countries need electricity themselves.

The Russian winter came to Tajikistan as a revelation. It painfully showed that this year, Tajikistan is painted into a corner not only by nature, but also by geopolitics.

## NEWS DIGEST

### UZBEKISTAN CUTS GAS SUPPLIES TO TAJIKISTAN

**24 January**

Fathiddin Mukhsiddinov, a senior official of Tajikistan's state-owned natural gas distributor TojikGaz, said on January 24 in Dushanbe that Uzbekistan has cut its supplies of natural gas by one-third. Mukhsiddinov explained that the Uzbek decision to cut off gas supplies was due to the roughly \$7 million in arrears that TojikGaz owes Uzbekistan. But he noted that the arrears arose from the fact that TojikGaz is owed some \$5 million by the Tajik state-owned Barqi Tojik energy company, another \$2.5 million by the Dushanbe cement factory, one of the country's largest industrial factories, and an estimated 144 million somonis (\$41.5 million) in outstanding debt from domestic consumers. The Uzbek cutoff effectively reduces the daily supply of natural gas to Tajikistan from 3 million to 2 million cubic meters. The move will only exacerbate an already serious energy crisis in Tajikistan, and comes only days after an announcement that an electricity shortage has forced the closure of many of the country's largest industrial plants. (Asia-Plus)

### ARMENIA FORMS ELECTION FRAUD TASK FORCE

**24 January**

The Armenian Prosecutor-General's Office announced on January 23 the creation of an ad hoc unit tasked with preventing election fraud and reacting swiftly to any reports of irregularities during the February 19 presidential ballot, RFE/RL's Armenian Service reported. The unit will be headed by Deputy Prosecutor-General Aram Tamazian, who told journalists on January 23 that so far he has not seen any evidence of serious violations.

Harutiun Hambartsumian, who heads the NGO It's Your Choice, which plans to deploy observers at each of Armenia's almost 2,000 polling stations, told RFE/RL that his organization has registered only minor violations to date, and no allegations of the vote buying that was widely reported during the May 2007 parliamentary ballot. Meeting on January 22 with Ambassador Geert-Hinrich Ahrens, the head of the OSCE Election Observation Mission, outgoing President Robert Kocharian affirmed that the Armenian authorities will take all available organizational measures to ensure that the conduct of the ballot meets international standards for free and fair elections, RFE/RL's Armenian Service reported. (RFE/RL)

### GEORGIAN PRESIDENT ADDRESSES PACE

**25 January**

Mikheil Saakashvili told the spring session of the Parliamentary Assembly of the Council of Europe (PACE) in Strasbourg on January 24 that the January 5 preterm presidential election, in which according to official returns he won 53.47 percent of the vote, was "successful" and demonstrates the existence of democracy in Georgia. Opposition parties, including the nine aligned in the National Council, claim the outcome was rigged to preclude a runoff between Saakashvili and National Council candidate Levan Gachechiladze, and refuse to acknowledge Saakashvili as Georgia's legitimate president. Saakashvili also said that despite the ban imposed by Russia on imports of Georgian produce, Georgia registered 12 percent GDP growth in 2007. He reaffirmed Georgia's commitment to further Euro-Atlantic integration, noting that in a plebiscite held concurrently with the presidential ballot, 77 percent of those who cast ballots registered approval of

Georgia joining NATO. As during his inauguration speech on January 20, Saakashvili again affirmed his hopes for an improvement in strained relations with Russia, saying he is "always ready" to travel to Moscow for talks with the Russian leadership. (Caucasus Press)

### **KYRGYZ PREMIER DISCUSSES NEW REGIONAL CUSTOMS UNION IN MOSCOW**

**27 January**

Kyrgyz Prime Minister Igor Chudinov on January 26 concluded an official two-day visit to Russia, after participating in a Moscow summit meeting of the Eurasian Economic Community (Eurasec). Chudinov joined his counterparts from Kazakhstan, Russia, and Belarus on January 25 to discuss the terms of a draft agreement to create a new customs union agreement. The customs agreement, which follows a series of negotiations between the presidents of the Eurasec member states in 2006, is to "abolish artificial obstacles" to the movement of "people and goods" and seeks to foster eased transit and migration. Following an initial agreement among Belarus, Kazakhstan, and Russia to sign the agreement, the organization now plans on launching talks with the three remaining Eurasec members -- Kyrgyzstan, Tajikistan, and Uzbekistan -- for their subsequent ratification. (AKIpress)

### **TAJIKISTAN ASKS TURKMENISTAN TO RAISE ELECTRICITY SUPPLIES**

**28 January**

Tajikistan has asked Turkmenistan to increase electricity supplies. This issue was in the focus of attention during Monday's telephone conversation between the Tajikistani and Turkmenistani presidents, Emomali Rakhmonov and Gurbanguly Berdimukhammedov, the Turkmenistani president's press service said. Rakhmonov and Berdimukhammedov stressed that the energy link between the two countries was operating smoothly and in accordance with bilateral agreements, the press service said. President Rakhmonov asked his Turkmenistani counterpart to increase the amount of electricity supplied to his country due to an abnormally cold winter, the press service said. Berdimukhammedov met this request with understanding and support, saying, "The amount of electricity supplies will increase proceeding from the possibilities of our country and

the technical condition of power transmitting lines." The resumption of Turkmenistan-generated electricity to Tajikistan after a four-year-long pause was in the focus of numerous reciprocal visits between the presidents of the two countries in 2007. The Uzbekistani president's visit was also dedicated to this matter, the press service said. The three countries agreed on the delivery of one billion kilowatt-hours of electricity to Tajikistan in the autumn-winter period of 2007-2008, the press service said. At the first stage, the price is 2.1 cents per one kilowatt-hour, the press service said. Turkmenistan will receive aluminium for its electricity supplies to Tajikistan, the press service said. (Itar-Tass)

### **RUSSIAN COMPANY ACQUIRES UZBEK TELECOM FIRM**

**28 January**

Meeting in Tashkent, the Uzbek State Committee for Demonopolization and the Support of Competition and Entrepreneurship on January 28 approved the Russian acquisition of a major Uzbek telecommunications firm. The deal involves the purchase of 100 percent of the shares in Uzbekistan's Golden Telecom by Vimpelcom, Russia's second-largest mobile phone operator, for an undisclosed amount. In 2006, Vimpelcom took over Uzbek mobile operators Buztel and Unitel for \$200 million and \$60 million respectively. (Interfax)

### **KAZAKH HEALTH MINISTER REPORTS ON REGISTERED HIV CASES**

**28 January**

Speaking to the lower house of the Kazakh parliament, or Majlis, in Astana, Health Minister Anatoly Dernovoi announced on January 28 that the total number of registered HIV cases in Kazakhstan reached 9,378 by the end of 2007, including 223 children and minors. Dernovoi noted that although new cases were reported throughout the country, the most significant increases were reported in four key regions: Karaganda, South Kazakhstan, Pavlodar, and Kostanay, as well as in the city of Almaty. He added that according to official estimates, about 74 percent of all registered HIV cases resulted from intravenous drug use. Last September, the Kazakh State Statistics Agency reported a sharp rise in the number of HIV cases since 2006, which was

attributed at that time to unsanitary blood transfusions performed by medical workers who reused disposable syringes. In June 2007, a district court in Shymkent sentenced 16 doctors and medical workers to prison terms on charges of negligence for administering tainted blood transfusions to some 120 children, 10 of whom have subsequently died of AIDS. (Interfax-Kazakhstan)

### **POLICE USE FORCE TO DISPERSE DEMONSTRATION IN INGUSHETIA**

**28 January**

Police on January 26 resorted to force to disperse demonstrators who converged on Nazran to participate in a planned demonstration in support of President Putin's antiterrorism policies and to demand an end to endemic corruption among the republic's leadership. Thousands of people from all over the republic reportedly headed for Nazran to join the protest, but only between 200-300 managed to reach the designated venue. The protesters reportedly threw stones and Molotov cocktails at police, who retaliated by beating them and opening fire over their heads, wounding one of them. Russian media reported that the Hotel Assa and the editorial office of the government daily "Serdalo" were set ablaze, but failed to explain by whom and in what circumstances. Rather than risk a major confrontation, the organizers of the protest called on participants to disperse and scheduled a further protest for February 23. Police detained over 40 participants, most of them aged between 18-30; two human-rights activists; and several Russian journalists. The demonstrators were released late on January 26 after the parents of many of them gathered outside the Nazran police headquarters, except for four who were sentenced to three days' administrative arrest. The two human-right activists were also released, while the journalists were taken to Vladikavkaz in neighboring North Ossetia before being allowed to go free. Police thwarted a similar planned protest in Nazran two months ago. (RFE/RL)

### **AZERBAIJAN RELEASES CAPTURED ARMENIAN SERVICEMAN**

**28 January**

The Azerbaijani authorities handed over to Armenian military police on January 25 an Armenian serviceman, Hambartsum Asatrian, who

was taken prisoner by Azerbaijani forces in August 2007, reportedly after deserting from his unit just days after beginning his compulsory military service, RFE/RL's Armenian Service reported. Asatrian told RFE/RL after being repatriated that he strayed on to Azerbaijani territory by mistake. He also said he wanted to escape to Russia to rejoin his parents there. Asatrian claimed he was subjected to torture by Azerbaijani interrogators who sought to persuade him to testify that he deserted to avoid hazing at the hands of fellow servicemen. (RFE/RL)

### **GEORGIAN GOVERNMENT UNVEILS AMBITIOUS ECONOMIC PROGRAM**

**29 January**

The Georgian government has submitted to parliament three draft laws and 22 draft amendments to existing legislation that together are intended to transform Georgia into a global financial center and attract up to \$10-12 billion in investment. The proposals include liberalization of the tax code and of customs regulations with regard to the planned Poti free economic zone; reducing income tax from 25 percent to 15 percent over the next five years; and establishing funds for the accumulation of the annual budget surplus and income from privatization. The measures are part of a broader government program for the period 2008-10 entitled "Georgia Without Poverty," according to Prime News-Business on January 28. (RFE/RL)

### **TAJIKISTAN REGISTERS STEEP INCREASE IN FOREIGN DEBT**

**30 January**

Tajikistan's foreign debt rose by over 29 percent in 2007 to reach \$1.12 billion, according to the Tajik Finance Ministry. That sum is the equivalent of 30 percent of gross domestic product (GDP). The ministry said the steep rise is the consequence of 11 separate loan agreements totaling \$154.3 million signed in 2007. Tajikistan's largest creditors are the World Bank (\$400 million), the Asian Development Bank (\$300 million), and China (\$216 million), which is engaged in several major highway and power-line construction projects in Tajikistan. (RFE/RL)

### **ARMENIAN OPPOSITION PRESIDENTIAL CANDIDATE ALLEGES NUMEROUS VIOLATIONS**

**31 January**

The campaign staff of former President Levon Ter-Petrossian have released an evaluation of the first 40 days of the campaign leading up to the February 19 presidential election, in which Ter-Petrossian is widely regarded as the most serious challenger to the government's candidate, Prime Minister Serzh Sarkisian. That evaluation noted "many" violations on the basis of which it concluded that the ongoing campaign represents "a step backward" in comparison with previous elections. It accused Sarkisian of abusing his official position, and government media of "unprecedented" attacks on Ter-Petrossian. That latter accusation has been partly corroborated by the findings of monitoring of the Armenian media conducted by the OSCE Office for Democratic Institutions and Human Rights Election Observation Mission, RFE/RL's Armenian Service reported on January 30. The OSCE registered disproportionate coverage by most major television channels of Sarkisian's campaign activities compared with only minimal coverage of the other eight candidates, and noted that Ter-Petrossian "was regularly portrayed in a negative light." (RFE/RL)

**UZBEKISTAN RESTORES GAS SUPPLIES TO TAJIKISTAN****1 February**

Uzbekistan has restored full gas supplies to neighboring Tajikistan after Tajikgas repaid a \$7 million debt, a pro-government Web site said Friday, citing a gas company executive. After the payment of the debt "the gas supply to Tajikistan has increased to 3 million cubic meters a day," Internet site press-uz.info quoted an official from the Uzbek company Uztransgas as saying. Uzbek gas supplies to Tajikistan were cut by a third earlier this year because of debts, causing blackouts amid freezing winter weather in the mountainous Central Asian state. Uzbekistan raised the price of gas to Tajikistan from \$100 per 1,000 cubic meters in 2007 to \$145 for 2008. Tajikistan depends almost entirely on energy imports from Uzbekistan. (AFP)

**SEVERE WEATHER KNOCKS OUT WATER AND POWER IN TAJIKISTAN****1 February**

Extreme cold and power cuts have left large numbers of people without water or light in

Tajikistan in Central Asia, the UN children's charity, UNICEF, said Friday. A major hydro-electric power plant had been affected by falling water levels as rivers froze, threatening production, while energy supplies from neighbouring countries such as Uzbekistan had also been reduced. Frozen wells and disrupted pipe supplies had left many families relying on melted snow for drinking water. The price of wood as fuel had doubled to 20 dollars, out of range of many people. At least two newborn babies had died in maternity hospitals due to electricity shortages the UN organization said in a statement. Up to 60 per cent of maternity units had no access to safe water. Children in all 3,800 schools across the country were exposed to extreme cold with many forced to stay at home. The extreme cold was set to continue throughout February, said UNICEF, which has launched an appeal for 720,000 US dollars, in response to an appeal by the Tajikistan Health Ministry, to help fund emergency generators, soap and baby blankets. (earthtimes.org)

**TAJIKISTAN SEIZES 500 KILOGRAMS OF AFGHAN NARCOTICS AND ARRESTS EIGHT SMUGGLERS****1 February**

Authorities in Tajikistan claimed a rare victory against the drug smugglers working along the country's border with Afghanistan Thursday when security officers seized one of their largest hauls of illicit narcotics in years. Special service officers in the Central Asian nation late last week seized about 500 kilograms (1,100 lbs) of illegal narcotics, including 73 kilograms (160 lbs) of heroin, and detained eight smugglers, said Nozirdzhon Buriyev, a spokesman for the state security service. The impoverished former Soviet republic is a major route for trafficking illegal drugs from Afghanistan but it struggles to police the largely unmanned 1,300-kilometer (810-mile) border. Around one-fifth of Afghan opium and heroin is smuggled through Central Asia, mostly through Tajikistan, according to the United Nations Office on Drugs and Crime. The U.N. says Afghan farmers grow most of the world's illegal opium, the raw ingredient in heroin, in a trade worth more than US\$3 billion. "This special operation has uncovered a transport route for contraband narcotics from Afghanistan and identified a number of Afghan citizens connected with the trade," Buriyev said. Investigators are

conducting further work to establish the name and citizenship of the eight drug mules, or carriers, he said. More than 5,200 kilograms (11,500 lbs) of illegal drugs were seized in Tajikistan in 2007, a 10 percent increase on the previous year. Over 4,000 kilograms (8,800 lbs) of the seized narcotics were opium or heroin. (AP)

### **U.S. AND KAZAKHSTAN SNUB RUSSIA WITH NEW MILITARY DEAL**

**2 February**

The United States promised Kazakhstan on Friday to help it bring its armed forces up to NATO standards in a new military cooperation pact certain to irritate Russia, Kazakhstan's former Soviet overlord. Kazakhstan's ties with Moscow have cooled over the past year as the energy-rich Central Asian state -- the biggest economy in the region and home to some of the world's largest oil fields -- seeks to pursue a more independent diplomacy. On a visit to Kazakhstan, U.S. Deputy Assistant Secretary of Defence Mitchell Shivers signed a new five-year cooperation plan with Kazakhstan envisaging fresh U.S. assistance in matters ranging from military reform and equipment to education. "This is a building block in the expanding partnership between our two nations," Shivers said in remarks sent to Reuters by the U.S. embassy. "As a member of NATO, the U.S. is committed to helping Kazakhstan in improving its interoperability with equipment and training to U.S. and NATO standards." Kazakhstan inherited its military force from Russia and it relies on Moscow for most of its defense contracts. Any deviation from this tradition annoys Russia which sees Central Asia as part of its sphere of interest. Russia has long criticized NATO's military expansion towards Russia as a throwback to the Cold War and expressed displeasure when ex-Soviet Ukraine applied to NATO to take the first steps towards membership this month. In a symbolic gesture of support for the West, Kazakhstan has sent a contingent of military engineers to assist U.S. military efforts in Iraq. Kazakhstan has, however, stressed it would continue buying hardware from Russia. Washington has also shown interest in Kazakh plans to build up its naval force on the Caspian Sea to guard its offshore oilfields and diversify arms imports. "We declare our intention to strengthen our security relationship through

increased dialogue and defense military cooperation," the two sides said in a joint statement. Shivers added: "We are very excited about this expanding partnership with the Kazakhstan ministry of defense, its armed forces and the people of Kazakhstan." (Reuters)

### **KAZAKHSTAN RAISES CENTRAL ASIAN GAS TRANSIT FEE**

**4 February**

Kazakhstan has raised its fee for the transit of Turkmen and Uzbek gas to Russia to \$1.4 per 1,000 cubic metres across 100 km from \$1.1, the state gas pipeline company said on Monday. Russia's Gazprom buys about 55 billion cubic metres of Central Asian gas annually and resells it mostly to Ukraine. KazTransGas, the Kazakh state gas pipeline company, said in a statement the new fee would remain in place for at least one year. Reuters had reported the increase on Jan. 25, citing a source in state oil and gas company KazMunaiGas [KMG.UL]. Gas supplies from Central Asia help Gazprom, the world's largest gas producer, cover demand in the former Soviet world as well as Europe to offset stagnant output in Siberia. Both Turkmenistan and Uzbekistan have raised prices for their gas this year. A spike in Turkmen gas prices has already led to a 38 percent price rise for Kiev, which is paying \$179.50 per 1,000 cubic metres from the New Year. (Reuters)

### **EU TO OPEN ITS OFFICES IN AZERBAIJAN, ARMENIA**

**1 February**

The European Union (EU) intends to open its permanent offices in Azerbaijan and Armenia next week. They will be inaugurated during visits to the South Caucasus countries due on February 4-6 by the EU Commissioner for External Relations and Neighbourhood Benita Ferrero-Waldner and Slovenian Foreign Minister Dimitri Rupel, whose country holds the EU rotating presidency. During the trips to Armenia and Azerbaijan the officials intend to meet with national leaders and discuss prospects for the intensification of economic cooperation and ways in which the EU can help resolve frozen conflicts in their territories. (Itar-Tass)

## **EU OFFICIALS SEEK BETTER TIES WITH AZERBAIJAN**

**4 February**

The European Union wants to boost ties with energy-rich Azerbaijan and supports plans to ship gas from Central Asia across the Caspian Sea for delivery to Europe, senior E.U. officials said Monday. The E.U. opened its first diplomatic mission in ex-Soviet Azerbaijan Monday during a high-level visit by officials including External Relations Commissioner Benita Ferrero-Waldner and Slovenian Foreign Minister Dimitrij Rupel. "We are designing new plans and also new projects to encourage more cooperation between the European Union and Azerbaijan," said Rupel, whose country currently holds the E.U.'s rotating presidency. Azerbaijani Foreign Minister Elmar Mammedyarov praised the opening of the new diplomatic mission as "a very important step in the development of our relations." Ferrero-Waldner said "energy is very high on our mutual agenda" and pledged support for a proposed pipeline to ship gas from Kazakhstan and Turkmenistan across the Caspian Sea to Azerbaijan, bypassing Russia to feed European markets. She also encouraged Azerbaijani participation in the E.U.'s Nabucco project, a 3,300 kilometer pipeline to transport gas from the Middle East and Central Asia to Europe. The flagship pipeline is scheduled for completion in 2012. "The trans-Caspian pipeline and also the Nabucco pipeline are of high interest to the European side and indeed we will work closely with our Azeri friends in order to make things happen," she said. Both officials said they hoped to see further democratic development in Azerbaijan, where critics accuse President Ilham Aliyev of persecuting opponents and muzzling the media. Presidential elections due in late 2008 "will be an opportunity to demonstrate the attachment of Azerbaijan to European values and to further cooperation with the European Union," Rupel said. Azerbaijan, a U.S.-friendly Muslim state wedged between Russia and Iran, is a key partner in a Western-backed corridor of oil and gas pipelines built in recent years to deliver Caspian energy resources to the West. (AFP)

## **HADDAD ADEL: IRAN'S SCIENTIFIC DEVELOPMENTS BELONG TO WORLD MUSLIMS, FRIENDS**

**5 February**

Majlis Speaker Gholam Ali Haddad Adel said on Tuesday that the remarkable achievements of Iranian scientists in launching Explorer-1 into space as well as construction its launch pad were dedicated to world Muslims. Iran is ready to fully cooperate with Muslim countries in various scientific fields, Haddad Adel said. According to the Information and Press Bureau of Majlis, Haddad Adel made the remarks in a meeting with visiting Azeri deputy head of Iran-Azerbaijan parliamentary friendship group Addar Ibrahimov. "World Muslims should not be dependent on the West forever and give them permission to do whatever they wish with Muslim nations," he said. He voiced Iran's readiness to broaden all-out ties and cooperation with Azerbaijan. Given the historical, cultural and religious commonalties, he said these relations enable the two sides to deepen ties more than before, he said. Iran is determined to bolster and expand cooperation with Azerbaijan, he said adding that the two sides should be watchful not to harm the ties. Iran was among the first to recognize independent Azerbaijan, he said adding that from the early years of Azerbaijan's independence, Iranian people and government have always backed Azeri nation through hardship. The Azeri official, for his part, said his country's high ranking officials are determined to broaden all-out ties with Iran. The Azeri people never forget Iran's kindness and support, he said. Iranian companies play a much active role in implementing various infrastructure projects in Azerbaijan, he underlined. He thanked Iran for supporting his country's territorial integrity. (IRNA)

## **GUAM TO MULL COOPERATION WITH U.S., JAPAN, POLAND - GOVT**

**5 February**

GUAM, an association bringing together Georgia, Ukraine, Azerbaijan and Moldova, will hold a meeting on February 12-13 to consider guidelines for cooperation with the United States, Japan and Poland, among other issues, the Ukrainian Foreign Ministry announced on Tuesday. The meeting, which will be held in Kyiv and at which the member states will be represented by their national GUAM coordinators for GUAM, will also consider interaction between member countries in seeking to settle conflicts under the UN aegis, ministry

spokesman Vasyl Kyrylych told a briefing in Kyiv. The meeting's agenda includes preparations for a planned GUAM summit in Tbilisi and aspects of cooperation between individual industries of GUAM member states. The meeting would also work on protocols to an agreement to set up a GUAM virtual center for fighting terrorism, organized crime, drug- trafficking and other particularly dangerous forms of crime and to an agreement to set up a GUAM information and analysis system. The coordinators would examine documents on an intellectual property agreement as well. Ukraine has proposed that the meeting consider more extensive cooperation in the energy and transportation industries, the country's Foreign Ministry said. The meeting would also deal with organizational aspects of GUAM activities and the operation of its secretariat in Kyiv. (Interfax)

### **PUTIN MAKES SURPRISE VISIT TO MOUNTAINS**

**5 February**

President Vladimir Putin on Monday visited a military unit in an area of the North Caucasus where fighting in 1999 led to the Chechen war that first propelled him to popularity. Putin made the surprise trip to the mountains of violence-plagued Dagestan province, adjacent to Chechnya, at a time when he is maneuvering to retain power after next month's presidential elections. He is barred from running for a third consecutive term, but said he would become prime minister if his protege, Dmitry Medvedev, is elected president. State-run television showed Putin speaking to soldiers in one of two brigades of mountain troops deployed last year in Russia's North Caucasus, near the country's southern border, under a decree he signed in 2006. The brigade is based in Dagestan's Botlikh district, the site of armed incursions by Islamic militants from Chechnya in August 1999, the month President Boris Yeltsin named the relatively little-known Putin as his prime minister. Russian forces entered Chechnya weeks after the attacks, starting the second of two post-Soviet wars in the mostly Muslim region and driving its separatist leadership from power. The new war was popular among Russians, in part because it followed deadly apartment-building bombings blamed on Chechen rebels, and Putin's tough stance boosted his image.

Yeltsin stepped down in December 1999 and ceded the presidency to Putin, who was elected the following March. Putin also visited Botlikh in 1999. On Monday, accompanied by several Cabinet ministers, he met with local officials there and discussed economic issues of interest in Dagestan. The poor province is troubled by violence linked to the conflict in Chechnya, a police crackdown on Islamic militancy and internal disputes and power struggles. While major fighting died down in Chechnya years ago and the region is controlled by a Kremlin-backed government, militant attacks and alleged abuses of civilians by government forces have increased in surrounding provinces in the North Caucasus. (AP)

### **U.S. ADMINISTRATION PROPOSES \$24 MILLION AID FOR ARMENIA IN FY 2008**

**5 February**

Given Armenia's support in the global war against terrorism as well as the ongoing attempts by Turkey and Azerbaijan to isolate Armenia, the Armenian Assembly of America today expressed its opposition to the Administration's Fiscal Year (FY) 2009 Budget. As in years past, the Budget proposal calls for asymmetrical military assistance to Azerbaijan and Armenia. The Administration's spending plan recommends \$3 million in Foreign Military Financing (FMF) to both countries, but Azerbaijan is slated to receive \$600,000 more than Armenia (\$300,000) in Military Education and Training (IMET) assistance.

Azerbaijan President Ilham Aliyev recently proclaimed that "Armenia did not win the war. The war is not over. Only the first stage of the war has been completed." He added that Nagorno Karabakh will never be independent. "Given Azerbaijan's increased war rhetoric, I have strong concerns with giving any military aid to Azerbaijan, and we definitely should not give them more than we're providing Armenia," stated Armenian Caucus Co-Chair Joe Knollenberg (R-MI). "I will work with my colleagues to ensure that Armenia has the resources needed to continue to strengthen its democracy as well as ensure its security," continued Knollenberg. The FY 2009 Budget also calls for \$24 million in economic assistance to Armenia, the lowest request to date made by the Administration. The figure represents \$34 million less than what

Congress approved last year, and \$11 million less than the Administration's request in FY 2008. Assembly Executive Director Bryan Ardouny echoed Congressman Knollenberg's concerns, stating: "President Bush missed an important opportunity to demonstrate that his Administration is serious about a policy of regional cooperation and economic integration in the region." "Azerbaijan's continued threats to resume war, undermines U.S. objectives in the region and I am confident that Congress will reject this approach," Ardouny added. "In a budget that calls for over \$39 billion in the International Affairs account, \$24 million for Armenia is woefully inadequate. Rather than reduce funding to Armenia, we urge the Administration to work with Congress to end the dual blockades imposed upon her by Turkey and Azerbaijan." The announcement is the first step in a lengthy budget process. The next step is for the House and Senate to review the Administration's request through committee hearings. (PanArmenian.net)

### **UZBEKISTAN SUSPENDS ELECTRIC POWER SUPPLIES TO TAJIKISTAN**

**6 February**

Uzbekistan has suspended electric power supplies to neighbouring Tajikistan that is experiencing global energy crisis, the deputy head of the Tajik state-run electricity provider Barki Tojik, Rashid Gulov, said on Wednesday. This is a short-term suspension caused by Uzbekistan's domestic difficulties, including the lack of fuel for electric power generation, he said. Within days Uzbekistan will resume electric power supplies of 2.2 million kilowatt-hours. At the request of the Tajik government and President Emomali Rakhmon Turkmenistan doubled electric power export to Tajikistan to 6.6 million kilowatt-hours per day, Gulov said. In compliance with an intergovernmental agreement Ashgabat will supply

1.2 billion kilowatt-hours to Tajikistan in winter/spring. Although electric power supplies were increased, Tajik population's electricity consumption is restricted to two-three hours per day. This restriction is linked with lower electric power generation at the republic's largest Nurek hydropower plant over water level reduction in the water storage reservoir. Meanwhile, Tajikistan has unusually cold winter for the first time over the past 25 years. Tajik weather forecasters warn over the Siberian anti-cyclone that will bring cold weather with 15 degrees below zero after February 7. (Itar-Tass)

### **KAZAKHSTAN PRACTICES OWN POLITICAL STATE SYSTEM MODEL-PRESIDENT**

**6 February**

Kazakhstan will be improving its model of political state system combining the generally recognised regularities of democratic development and traditions of the society, President Nursultan Nazarbayev said in his annual address to the nation on Wednesday. "Over 16 years of independence we have materialised our own model of ensuring public stability, the formation of Kazakh identity, nationwide patriotism of Kazakhstan. It is our Kazakh know how and we are rightfully proud of it and must carefully safeguard it," the president stressed. "No matter what they say, we are following our own path, we are not behind anybody regarding freedoms and human rights, but all our actions on further steps in this sphere as well we will correlate with stability in our country," Nazarbayev emphasised. The president of Kazakhstan noted once again that for "the further strengthening of the state, its security and sustainable development of the economy it is necessary to have long-term stability, peace and accord." (Itar-Tass)