

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING

VOL. 8 NO. 5

8 MARCH 2006

Searchable Archives with over 1,000 articles at <http://www.cacianalyst.org>

ANALYTICAL ARTICLES:

PUTIN TRIES TO PULL AZERBAIJAN INTO
SPHERE OF INFLUENCE

Pavel Baev

KAZAKHSTAN'S INTELLIGENCE SERVICE
IN DISSARRAY

Roger N. McDermott

EFFECT OF THE RUSSIAN WAR ON
CHECHEN CHILDREN: EXTREMISM IN
THE YOUNG GENERATIONS?

Murad Batal Al-Shishani

BALUCH UNREST IN PAKISTAN: STRIFE
BETWEEN RIGHTS AND RESOURCES?

Naveed Ahmad

FIELD REPORTS:

BAKU SEEMS DETERMINED TO TRADE TUR-
KISH ELECTRICITY BUSINESS FOR RUSSIAN-
Fariz Ismailzade

CONFRONTING CORRUPTION IN
CHECHNYA

Alisa Voznaya

CHECHEN AND INGUSH COMMUNITIES IN
CENTRAL ASIA: TROUBLED PAST, UNCER-
TAIN FUTURE?

Erica Marat

MERCHANTS VS. GOVERNMENT: CASH RE-
GISTER CONTROVERSY IN GEORGIA

Kakha Jibladze

NEWS DIGEST



Central Asia- Caucasus Institute
Silk Road Studies Program

Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING
VOL. 8 NO. 5
8 MARCH 2006

Contents

Analytical Articles

PUTIN TRIES TO PULL AZERBAIJAN INTO SPHERE OF INFLUENCE 3
Pavel Baev

KAZAKHSTAN'S INTELLIGENCE SERVICE IN DISSARRAY 5
Roger N. McDermott

**EFFECT OF THE RUSSIAN WAR ON CHECHEN CHILDREN:
EXTREMISM IN THE YOUNG GENERATIONS?** 8
Murad Batal Al-Shishani

BALUCH UNREST IN PAKISTAN: STRIFE BETWEEN RIGHTS AND RESOURCES? 10
Naveed Ahmad

Field Reports

**BAKU SEEMS DETERMINED TO TRADE TURKISH ELECTRICITY BUSINESS
FOR RUSSIAN** 13
Fariz Ismailzade

CONFRONTING CORRUPTION IN CHECHNYA 14
Alisa Voznaya

**CHECHEN AND INGUSH COMMUNITIES IN CENTRAL ASIA: TROUBLED PAST,
UNCERTAIN FUTURE?** 16
Erica Marat

MERCHANTS VS. GOVERNMENT: CASH REGISTER CONTROVERSY IN GEORGIA 17
Kakha Jibladze

News Digest 19

THE CENTRAL ASIA-CAUCASUS ANALYST

Editor

Svante E. Cornell

Assistant Editor, News Digest

Alima Bissenova

Chairman, Editorial Board

S. Frederick Starr

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.

The Analyst aims to provide our industrious and engaged audience with a singular and reliable assessment of events and trends in the region written in an analytical tone rather than a polemical one. *Analyst* articles reflect the fact that we have a diverse international audience. While this should not affect what author's write about or their conclusions, this does affect the tone of articles. Analyst articles focus on a newsworthy topic, engage central issues of the latest breaking news from the region and are backed by solid evidence. Articles should normally be based on local language news sources. Each 1000-1200 word analytical article must offer a concise and authoritative statement of the event or issue in question. An article must provide relevant, precise and authoritative background information. It also must offer a sober and analytical judgment of the issue as well as a clinical evaluation of the importance of the event. Authors must cite facts of controversial nature to the Editor who may contact other experts to confirm claims. Since *Analyst* articles are based on solid evidence, rather than rumors or conjecture, they prove to be reliable sources of information on the region. By offering balanced and objective analysis while keeping clear of inflammatory rhetoric, *The Analyst* does more to inform our international readership on all sides of the issues.

The Editor reserves the right to edit the article to conform to the editorial policy and specifications of *The Analyst* and to reject the article should it not be acceptable to our editorial committee for publication. On acceptance and publication of the edited version of the article, *The Central Asia-Caucasus Institute of The Johns Hopkins University-The Nitze School of Advanced International Studies* will issue the honorarium to the author. The copyright for the article or field report will reside with the *Central Asia-Caucasus Analyst*. However, the author may use all or part of the contracted article in any book or article in any media subsequently written by the author, provided that a copyright notice appears giving reference to the contracted article's first publication by the "*Central Asia-Caucasus Analyst, Central Asia-Caucasus Institute, The Johns Hopkins University-The Nitze School of Advanced International Studies.*"

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.

Svante E. Cornell

Research Director; Editor, *Central Asia-Caucasus Analyst*

Central Asia-Caucasus Institute, Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University
1619 Massachusetts Ave. N.W., Washington, D.C. 20036, USA.

Tel. +1-202-663-5922; 1-202-663-7723; Fax. +1-202-663-7785

PUTIN TRIES TO PULL AZERBAIJAN INTO SPHERE OF INFLUENCE

Pavel Baev

President Putin's visit to Baku on February 21-22 followed the disappointingly unsuccessful high-level talks between Azerbaijan and Armenia in Paris. A week after meeting Putin, President Ilham Aliyev declared that the occupied territories had to be returned 'no matter what it takes', and President Robert Kocharyan indicated in response that Armenia might formally recognize the Nagorno Karabakh Republic. This chain of events demonstrates Russia's centrality in security developments in the South Caucasus. Aside from alliance with Armenia and dealing with Georgia, Moscow now concentrates on pulling Azerbaijan deeper into its political networks. It is energy interests that drive this policy.

BACKGROUND: From the very start of his presidency, Putin sought to compensate the strong priority in Russia's foreign policy granted to Armenia, a trusted military ally, with a new emphasis on building ties with Azerbaijan. Paying his first visit to Baku in January 2001, he sought to establish a personal rapport with President Heydar Aliyev, while never bothering to develop any 'special chemistry' with Kocharyan. Accentuating their common background in the KGB, Putin skillfully played on the age difference, assuring the 'grand master' of Azerbaijan's politics that Moscow would have no objections whatsoever against his cherished plan for the transfer of power to his son Ilham. This message was reiterated at every following meeting and Russia held true to its word when Ilham Aliyev won the controversial presidential elections in October 2003.

In a peculiar way, that firmly orchestrated succession coincided with the beginning of the turbulent period of 'colored revolutions' in the former Soviet space marked with the emotional but bloodless storming of the parliament in Tbilisi in November 2003 and the resignation of Georgia's president Eduard Shevardnadze. Russia stood resolutely against this wave of public discontent and experienced a series of setbacks from Abkhazia to Kyrgyzstan, in which the most devastating defeat was the victory of the 'orange

revolution' in Ukraine in November-December 2004. Moscow's counter-revolutionary stance further hardened after the forceful suppression of the revolt in Andijan, Uzbekistan in May 2005, which the Kremlin supported wholeheartedly seeing it as the turning point of the revolutionary tide.

Putin has been trying to impress upon Ilham Aliyev that his place is not in the company of 'extremists' like the Georgian President Mikhail Saakashvily but in the network of 'responsible leaders' like Aleksandr Lukashenko, the President of Belarus, who know how to deter revolutionary excesses. The example might be not that attractive, since Lukashenko is treated with well-deserved contempt on the European arena, but Western criticism of the tightly managed parliamentary elections in Azerbaijan in November 2005 gave Aliyev new food for thought. Moscow expressed its full satisfaction with these elections and Putin can now argue that the West would invariably turn every following elections into a new 'democracy test' while a stronger control might become necessary for securing Aliyev's hold on power.

Before going to Baku, Putin had sent there his trusted lieutenant, Defense Minister Sergei Ivanov, with a preparatory mission. Ivanov explained that the size of the rent for the Russian early warning station at Gabala was not a big issue but the deployment of two U.S.

radar stations in Azerbaijan and the plans for expanding the Caspian Guard operation, as outlined by U.S. Secretary of Defense Donald Rumsfeld during the visit to Baku in April 2005, certainly were seen by Moscow as disturbing developments. Heading to Armenia afterwards, Ivanov emphasized that no solution for Nagorno-Karabakh could possibly be found without Russia's consent and hands-on involvement.

IMPLICATIONS: Unlike in most of Putin's other foreign visits, energy issues were not on the top of the agenda of his talks in Baku. Nevertheless, Russia's proactive policy towards Azerbaijan is driven primarily by energy interests. Early on in his presidency, Putin lifted all political objections against the construction of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, but this 'strategic' project remained a major irritant for Russia. Now that the construction is completed and, despite endless delays, the first tanker will be filled with oil before summer, Putin can only confirm that it is fine with him. He can perhaps hint, from experience, to Aliyev that as the oil starts to flow, Azerbaijan would no longer be politically or economically dependent upon the West but rather the other way around: Europe would become seriously dependent upon the uninterrupted deliveries of Azerbaijani oil.

Two assessments underpin this relaxed attitude in Moscow. The first one relates to the time factor: Azerbaijan does not have that much oil in its sector of the Caspian Sea. The currently developed Azeri-Chirag-Guneshli (ACG) oilfield at the maximum level of production could fill the pipeline for 7-8 years, if that. That is enough to bring a hefty profit to the consortium of international 'majors' led by the BP as well as a huge increase in Azerbaijan's state income, but by the end of this decade serious negotiations about pumping either Russian or Kazakh oil from the fields in the Northern Caspian would need to start. That, obviously, would be a very different ball game for Ilham Aliyev's second presidential term.

The second consideration is more immediate: Putin generally cares much less about oil than about natural gas in his claim for the status of 'great energy power'. The world oil prices are certainly of huge importance since the prices on gas are derived from them, but the

launch of the BTC is hardly going to make much of an impact on these prices. Azerbaijan is richer in gas than it is in oil and the South Caucasus gas pipeline (Baku-Tbilisi-Erserum) is currently under construction; it could bring gas from the Shah Deniz field to the Turkish market already by the end of next year. Russia has its own plans for this market and is not discouraged by the poor results of the first two years of exploitation of the 'Blue Stream' pipeline. Since early 2005, Putin has been actively courting Ankara seeking to sell Gazprom's plan for constructing the second line of the 'Blue Stream' aimed at export to South-Eastern Europe and Italy. Together with the South Caucasus pipeline, that would make Turkey a major gas hub for the EU market where, very much against the Commission's plans, consolidation currently advances far faster than liberalization. What Putin wants from Aliyev is a binding agreement on dividing shares and sectors in this market that would prevent any 'unhealthy' competition. This agreement would complement the deals with Turkmenistan and Uzbekistan who agreed to sell all their gas to Russia for further re-export; Kazakhstan, focused on oil rather than gas, may follow suit. Moscow now prefers not to call this arrangement a 'gas OPEC' (particularly since the political relevance of the oil cartel has declined) but the intention to control the supply and thus dictate the prices is unmistakable.

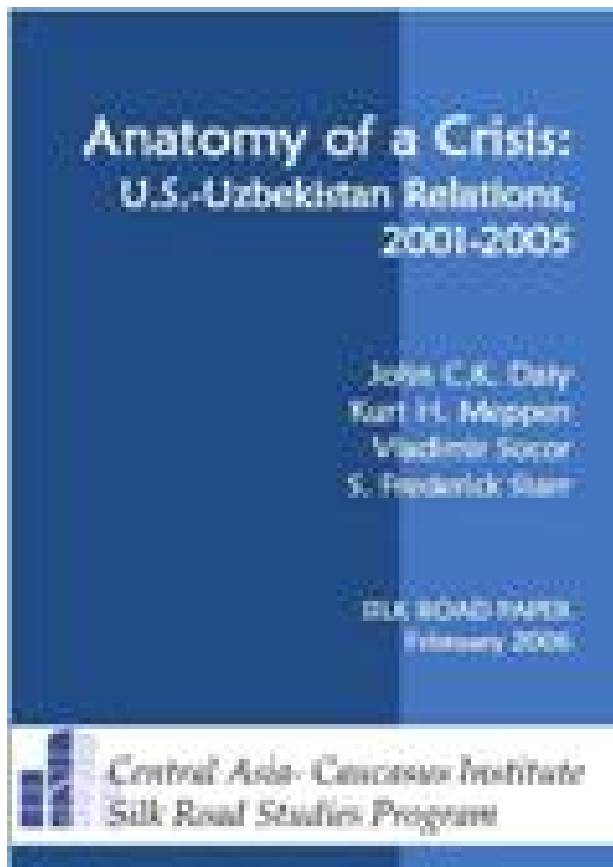
CONCLUSIONS: It is unclear what kind of incentives Putin offered to Aliyev in order to secure this energy rapprochement; his secretiveness is indeed legendary. Quite possibly, Nagorno Karabakh was mentioned even if Moscow is in no position to deliver the Armenians and could hardly assemble a credible force for a peacekeeping operation. Putin has to walk on a tightrope here, while Russian diplomacy has of recent shown few skills of this kind making plenty of awkward steps, like inviting *Hamas* to visit Moscow. What helps Putin's hand is the escalation of crisis around Iran. There is no need to convince Baku how dangerous this situation is: Azerbaijan, with 600 km of vulnerable southern border and twice as many Azeris living in Iran as in the country, is perfectly aware of the risks. The card Putin could play is provided by the U.S. pressure for joining the prospective anti-Iranian

coalition. If Azerbaijan wisely stays out, fears could be exploited that Washington might lose interest in this strategic ally and increase its demands for democratic reforms or even develop some plans for a 'colored' regime change. That places Ilham Aliyev in a very tight corner. Putin offers a seemingly easy way out but Russian 'friendship' would inevitably open doors for Gazprom, which is a far less attractive partner than BP or Statoil.

Azerbaijan is about to become seriously rich with the long-expected inflow of 'petro-dollars' but this prosperity, contrary to what models of economic transition postulate, could bring a decline in stability as stakes in many overlapping conflicts multiply and the

dispossessed turn desperate. Russia shows few doubts in exploiting and manipulating these conflicts, assuming that its role as 'energy security' provider would not suffer. Putin, however, has shown more talent for tactical maneuvering than for strategic positioning – and very little stomach for crisis management. Quite possibly, he will not even be around when the results of his current maneuvering mature, but the heritage of distrust tends to live very long in the Caucasus.

AUTHOR'S BIO: Dr. Pavel K. Baev is a Research Professor at the International Peace Research Institute, Oslo (PRIO); visit www.prio.no or respond to pavel@prio.no.



New Silk Road Paper!

Anatomy of a Crisis: U.S.-Uzbekistan Relations, 2001-2005

by John C. K. Daly,
Kurt H. Meppen,
Vladimir Socor
and S. Frederick Starr

Few, if any, observers anticipated the rapid downward spiral of U.S.-Uzbek relations during the past several years. This *Silk Road Paper* includes two articles and a detailed, annotated chronology, which seeks to identify the causes for the collapse of the strategic partnership, providing a clear understanding of the sequences of events that is necessary for both Washington and Tashkent to look ahead and seek to plot a rational path forward.

This 110-page paper is available from the offices of the Joint Center cited on the inside cover of this issue, or freely downloadable in PDF format from either www.cacianalyst.org or www.silkroadstudies.org.

KAZAKHSTAN'S INTELLIGENCE SERVICE IN DISSARRAY

Roger N. McDermott

On February 21 Major-General Nartay Dutbayev, Chairman of Kazakhstan's National Security Committee (NSC), resigned from his post, citing the involvement of Kazakhstani intelligence officials in the murder of opposition politician Altynbek Sarsenbayuly. While attempting to calm the tide of public outrage over the involvement of the NSC in this political murder, Major-General Seytzhan Koybakov, head of the NSCs Arystan (Lion) special unit also resigned. These resignations reveal only the latest manifestation of crisis within Kazakhstan's intelligence agencies, while deeper underlying problems remain unresolved.

BACKGROUND: On February 11 Sarsenbayev was stopped in a Toyota Camry car at around 9 PM in an Almaty district. He was kidnapped along with his driver and bodyguard, and taken to the city district known as Malaya Stanitsa. All three individuals were murdered shortly afterwards. As the investigation into these events unfolded, it became known that five individual allegedly involved were officers in the Arystan special unit. When this was publicly disclosed by the NSC press service on February 21, resignations were inevitable, despite its later clarification that that this involvement relates only to the kidnapping itself not the murders.

Dutbayev, 50, in his role as NSC chairman reported directly to the president. Since his appointment in December 2001, Nazarbayev has relied on Dutbayev to head the agency tasked with protecting the country from international terrorism. His resignation, coming suddenly in the middle of the publicity surrounding these events, has rocked the usually steady inner circle of the Nazarbayev regime.

During an interview broadcast on Khabar TV on February 22 Dutbayev explained, "I believe that I have no moral right to head the NSC in the current situation and therefore tendered my resignation and the resignation was accepted. I would like to say that these werewolves will certainly get the severest punishment in accordance with the law. However,

in general, the NSC's service and NSC officers have always been devoted to the people of Kazakhstan and to our independent country and carry out their military work with honour and dignity." Understandably, Dutbayev wanted to defend the NSC and attempt to distance the scandal itself from the organization. Koybakov's post, which he held since 2002, was already untenable, evoking little surprise when he offered his resignation on February 22; Nazarbayev finally accepted this departure on February 28.

Nazarbayev made speedy efforts to present him in control of the crisis. Speaking on Khabar TV on the same day news broke of the involvement of the Arystan officers Nazarbayev said forcefully, "As is known I immediately gave firm instructions to our law enforcement agencies to attract all forces to solve this crime and I am carefully monitoring the course of the investigation. The first results have been received. Irrespective of the fact who behind this crime is and who the executor, the organizer and the client of these killings are, all of them will appear before court and get the severest punishment."

IMPLICATIONS: Nazarbayev wanted to expunge any possible trace of political involvement between his own office and the murder of Sarsenbayuly. Achieving this meant selling the idea that the officers were acting on their own, without any guidance from above, to the embarrassment of

Dutbayev. The head of the Kazakh parliament's (upper chamber) Senate apparatus, Yerzhan Utembayev, was also detained during the current investigation. Utembayev has held various posts including being deputy head of the presidential administration and deputy prime minister, and he headed the state agency for strategic planning and reforms. He was appointed to his current post in March 2004. Nonetheless, key to protecting presidential integrity in the crisis is not to concentrate on the rogue element within the Arystan, but to attack the structure itself.

The timing of Koybakov's resignation coincided with a fierce attack on the Arystan unit from an unexpected source. Dariga Nazarbayeva (President Nazarbayev's eldest daughter), deputy of the Majlis (the lower chamber) of the Kazakh parliament, told journalists in Astana that it is necessary, in her view, to disband the Arystan unit and sack the current leadership of the NSC. "I believe that it is necessary not only to disband the Arystan special unit but dismiss the NSC's leadership. In this case, the service (Arystan) discredited itself. If this is a contract killing (the murder of politician Altynbek Sarsenbayuly) which it went for and used all its existing resources and professional training to fulfil such a task, which is clearly criminal, then there is something wrong with our national security service agencies," Nazarbayeva noted.

Arystan's unwanted attention, thrust into the spotlight for the wrong reasons, exposes the elite Kazakhstani unit to ridicule and raises serious questions concerning the operational capabilities of Kazakhstani intelligence. Based on the Soviet KGB, there persists within the NSC a culture of corruption and privilege that leaves enormous potential for abuse of power and wrongful use of the intelligence agencies. The recent high profile resignations could presage a more deep-seated crisis within these agencies, as they struggle to reform and cope with the aftermath of the scandal. These are the very agencies at the forefront of Kazakhstan's anti-terrorist capabilities, which simply cannot afford the risk of protracted upheaval and a sense of crisis.

Disbanding the Arystan unit will entail careful planning and consideration of how its role and personnel will be replaced, and reconsideration of its purpose and its operational tasks. It would be a mistake to view it as a knee-jerk reaction to the present crisis, or as a mechanism for deflecting political criticism from the Nazarbayev leadership.

CONCLUSIONS: Within Kazakhstan's military and security structures, the wrong people are often placed in key posts without adequate skills and knowledge or professionalism to carry out their job effectively. Thoroughness and high standards of professional conduct are sacrificed for family- or clan-based reasons. Dutbayev in his resignation took moral responsibility for the Arystan officers, yet how many more officers within the ranks of these agencies are prepared to abuse their position? Apparent damage has been done to the reputation of the NSC and a question mark now hangs over the future of the Arystan unit itself.

More than four years into the War on Terror and Kazakhstan taking an active role in Iraq through the deployment of its peacekeepers, Kazakhstan has displayed a genuine need for widespread security sector reform, going well beyond Nazarbayev's commitments to reform the Kazakhstani military. Dariga Nazarbayeva has thrown down the gauntlet by admitting "there is something wrong with our national security service agencies." Analysis of the various faults, as well as the possible remedies must be formulated painstakingly if such terrible events are to be avoided in future. There is a great deal at stake, since these agencies play such a crucial part in Kazakhstan's national security. Sarsenbayev's murder may provide the catalyst for reform.

AUTHORS' BIO: Roger N. McDermott is an Honorary Senior Research Fellow, Department of Politics and International Relations, University of Kent at Canterbury (UK) and a Senior Fellow in Eurasian Military Studies, Jamestown Foundation, Washington, D.C.

EFFECT OF THE RUSSIAN WAR ON CHECHEN CHILDREN: EXTREMISM IN THE YOUNG GENERATIONS?

Murad Batal Al-Shishani

In December 2005, the media reported news of large scale “poisoning” affecting 70 people in Chechnya, 53 of whom were children, mostly girls. Investigations indicated that the main cause was a “respiratory infection” and nerve gas resulting from the Russian war in Chechnya. The pro-Russian Chechen authorities banned media coverage of the incident. But at the same time, the incident shed light on the issue of one of the most affected groups by the Russian war, namely children. However, the impact of war on Chechen children has been significant, affecting the extremist tendencies that are increasing among them unless the international community, beginning with Russia, puts an end to the tragedy of Chechnya.

BACKGROUND: the two wars in Chechnya affected the humanitarian situation there significantly. Chechens suffers from countless health problems, in part due to attacks by Russian forces with weapons containing highly toxic substances. It has been established that 86 percent of the Chechens suffer from psychological disturbances; this is 30 percent more than the number of people suffering from mental problems in the areas around the Chernobyl nuclear plant in Ukraine following the 1984 explosion.

For example, the prevalence of tuberculosis in Russia is of 86 people per 100,000, but it is as high as three percent in Chechnya. The World Health Organization has earmarked \$3 million to fight the disease in Chechnya, but its activities are limited to the refugees in Ingushetia. Inside the region, virtually no medical facilities to fight the disease are available as the war has destroyed hospitals, undermined medical supplies and killed or driven away qualified doctors and paramedics. Moreover, the treatment and rehabilitation of the rapidly increasing number of disabled and maimed people (victims of incessant bombings and exploding land mines planted by the Russian Army) is another pressing problem. According to the pro-Russian administration in Chechnya, there are 33,000 disabled people in the region.

As the future seems increasingly bleak with no end in sight to the miseries, increasing number of Chechens are becoming drug addicts. It is officially estimated that there are about 10,000 heroin addicts in the republic. Increased drug trafficking has, in turn, led to the rapid spread of HIV among them. More than 10 percent of drug addicts have tested HIV-positive. Complicating the situation further are crimes linked to drug trafficking.

Regarding children who have been affected by the humanitarian situation caused by Russia's wars, medical experts find the entire Chechen region too hazardous for health. Out of 521 babies born in the capital city of Grozny in 2002, 20 died and 80 percent of the pregnant women were suffering from various pregnancy-related ailments while the mortality rate of children below 12 years is on the increase. The number of those suffering heart attacks at an early age is also far higher than is the case in other regions.

This is the shocking picture of the Chechens living under the shadow of Russian war. The situation is exacerbated by the brutal Russian policies that violate the most basic human rights; many youngsters, who account for about 40 percent of the Chechen population, are increasingly enticed to resort to guns and bombs.

IMPLICATIONS: Studying the case of orphans in particular, it is noticeable that according to the pro-Russian Chechen Administration's Ministry of Labour and Social Development, the country needs ten orphanages but only has three. And while it is common, according to Chechen traditions, for relatives to take care of orphans, the war has disrupted the social structure in Chechnya: 1,200 children have lost both parents, 25,000 have lost one of their parents, and only 420 of those orphans live in orphanages.

At the same time, 19,000 Chechen children are unable to attend school as a result of the war and suffer psychological problems because of all the destruction and torture. Chechnya's population under the age of 18 constitutes almost half of Chechen society and was born and raised after 1990, which means that these children, half of the population, have only known war in their country. This has implications in terms of the psychological tendencies caused by living in an environment of war. This brings back the focus to the poisoning incident in Chechnya. Most of the affected children were girls, because they have been far more affected both psychologically and physically by the war and are in a more vulnerable condition. According to some experts, this is a partial explanation for the occurrence of female suicide bombers.

A study conducted by Chechen psychologists Kahapt Akhmedova and Kuri Adisova has indicated an increase in aggressive tendencies as a result of war. The study was conducted on children inside the Chechen Republic and refugee camps. The children were asked to make drawings that

helped reflect the effects of the war in terms of emotional suffering, increased aggressive tendencies (reflected through concepts of fighting and vengeance) and constant fear among children.

CONCLUSIONS: In an interview with Medina Akhmedova, a 15-year-old Chechen orphan whose parents had died in the first and second wars, she talked of her desire and ambition to study law to fight "injustice" and "defend orphans". This child's words are a clear indication of the injustice felt by young Chechen generations who have lived in a state of war all their childhood, and many have lost one of their parents or both. While most psychological studies hypothetically provide a link between the increase in extremist tendencies and frustration, in Chechnya this is proven by empirical studies.

Although it is clear that the nature of Chechen values and traditions will play a main role in the organization of society and restoring its balance; it would seem that, this time around, Chechen society is unable to adapt because of the gravity of the damage that has been inflicted to it. It will require international efforts to seek to limit the continuing escalation of violence in the North Caucasus.

AUTHOR'S BIO: Murad Batal Al-Shishani is a Jordanian-Chechen writer who holds an M.A degree in Political Science, specializing in Islamic Movements in Chechnya. He is author of the book "Islamic Movement in Chechnya and the Chechen-Russian Conflict 1990-2000", Amman 2001 (in Arabic).



BALUCH UNREST IN PAKISTAN: STRIFE BETWEEN RIGHTS AND RESOURCES?

Naveed Ahmad

Pakistani rights groups claim that a war-like situation has developed in Baluchistan, the mineral-rich but underdeveloped largest province of the country. Pakistan's President, General Pervez Musharraf, ordered a military operation in the volatile Baluch districts after scores of rockets were fired at his helicopter in the Kohlu area on December 14, themselves in protest against the establishment of new cantonments in the province. Nationalist groups, now supported by the Baluchistan Liberation Army, seek greater provincial autonomy and control over petroleum fields, the fruits of which locals feel they have been denied for decades.

BACKGROUND: Spread over 350,000 square kilometers, Baluchistan remains extremely underdeveloped with only marginal access to education and health facilities, even in the major towns. The strategically placed energy-rich province bordering Afghanistan and Iran meets 40 percent of the country's needs of natural gas.

Marred by security threats from India and the absence of a consistent democratic regime, Pakistan has been mismanaged by successive governments since 1947. This led, among other, to uneven development patterns among the country's regions, causing frustration amongst those left behind. Eventually, East Pakistan decided to part way with Pakistan and establish its own state, Bangladesh, in 1971. Today, a sense of relative deprivation seems to be on the rise in Baluchistan, and appears directly proportionate with development taking place in other parts of the country, especially the most populous Punjab province.

The cautious Baluch population and tribal leadership receive with suspicion news of mega-projects such as the deep seaport at Gwadar, a new coastal highway, and mining contracts. Many Baluch nationalist leaders fear the strategic military facilities would be used by American forces against neighboring Iran, while Islamabad would pump out the region's natural resources.

While General Musharraf's repeatedly refused to listen to the Baluch 'noise', militant attacks by the Baluchistan Liberation Army (BLA) have emerged. The BLA was last heard of during the Soviet-inspired armed insurrection in the 1970s. The Pakistan Army at the time suppressed the rebellion with full force.

Though Baluch tribesmen were given a free hand during the rule of General Zia-ul-Haq in the 1980s in reward for accommodating Afghan refugees, no concrete development activities were initiated to address grievances. For decades, the tribal chiefs have been benefiting from the lucrative smuggling route from Spin Boldak to Chaman. Estimates of the total value of smuggling into Pakistan through the border crossing ran as high as \$5 billion in 1999, out of which the Taliban got \$70 million to finance their \$100 million war budget. Pakistan's loss through smuggling of electronic goods and other wares may have been ca. \$600 million in 1999. While the black economy generated through the Afghanistan-Baluchistan route is a serious portion of the country's GDP, the tribal chiefs are the real beneficiaries.

When General Musharraf's government announced mega-projects along with a decision to erect new military bases, the same fears of being used and dumped were sparked. The prolonged denial of political participation to the Baluch people has now led them to militancy, according to Senator Sanaullah Mengal. However, the nationalist parties are no angels either. They are working hand in hand with the Baluch tribal elders who seek to restrict government control in their respective spheres of influence. Tribal leader Akbar Bugti said in a recent interview, "The more the mega-projects, the greater the government would be!"

Tehran, with its significant Baluch population, is allegedly backing the BLA activists with training and sanctuaries. Iranian diplomats in Islamabad reject the allegation. While violence in Baluchistan makes headlines in the Indian national press, the state-run Indian radio - Doordarshan - daily airs a program to propagate the alleged atrocities of Pakistani forces in the military operation. Ershad Mahmud, a Kashmir expert and columnist, said "it seems that the Indian government has decided at a top level to highlight the Baluchistan issue, equating it with the dispute over Jammu and Kashmir."

Given the developing India-U.S. strategic relationship and Washington's opposition to the Iran-Pakistan-India pipeline, New Delhi may also use the Baluchistan card at a latter stage to pull out of the multi-billion dollar energy deal. The U.S. has already offered India greater access to nuclear technology to meet its energy needs. Moreover, the Indian foreign ministry's spokesman twice 'advised' Pakistan to exercise restraint in dealing with the Baluch issue. Pakistan responded by accusing India of supporting militants from its consulates near Pakistan's borders in Afghanistan (Kandahar and Jalalabad) and Iran (Zahedan). India denies the charges.

Paradoxically, the Pakistani army does not deal with the problem as a political issue but instead as an administrative one, which could be resolved by the use of force. Limited access provided to the media and human rights groups further undermines the credibility of official claims of silencing a few

enemy-aided miscreants and resolve to socio-economic development.

IMPLICATIONS: The Baluch nationalists, eager to limit government intervention, are playing the card of ethnic marginalization of the ingenious population in wake of the mega projects' completion. Undoubtedly, the insecure and less skilled Baluch people may not compete with more educated and skilled labor. Moreover, the Gwadar deep seaport is set to attract the best manpower in the country and real estate prices in the hitherto little known tiny city has skyrocketed, involving the nation's best land developers. The government does not seem to move beyond a mere lip service and agree on contentious issues by allocating quota for the local labor force and opening technical and vocational colleges in the region, for example.

The fueling militancy could affect the economic growth of the country. Over the past couple of years, Pakistan's growth rate has been over 6 per cent. Continuous attacks on petroleum and natural gas pipelines carrying Baluchistan's energy resources are unlikely to be effectively met by military action. Indeed, Pakistan is among the countries where natural gas-run vehicles are increasing at phenomenal pace, further heightening the importance of defusing the problems in Baluchistan.

The unrest in some parts of Baluchistan may also damage the U.S.-led campaign to apprehend al-Qaeda's leadership, a war which has inflicted the highest peacetime casualties ever to the Pakistan Army. Manning a long treacherous Baluchistan border is already a huge task at hand. Finally, there is the risk of a domino effect, with Baluch nationalism kindling grievances among other smaller and marginalized ethnic groups such as the Siraiki in southern Punjab.

CONCLUSIONS: Undoubtedly, the Baluch nationalist leaders are small in number and unable to bag electoral victories, yet the BLA is making their message reach louder and farther than political rhetoric. The Baluch tribal elders, for their part, are opposed to development in general, fearing a

backlash among the poor tribesmen who may like to break free of the feudal controls if educational and economic opportunities arise. However, there is no genuine, alternate leadership for the poor people to look to, owing to the limited political space for politicians.

Like his predecessors, General Pervez Musharraf appears comfortable dealing with strong individuals and pressure groups instead of elected representatives or genuine leaders. However, there exists strong political consensus in the parliament for giving Baluchistan increased autonomy. For that matter, the military as well as defiant tribal leaders would require some rethinking to reach a middle ground. The military would have learn to respect the diversity of opinion and ethnic shades, by creating room for federating units to choose their own path to development and prosperity; while the

Baluch representatives in parliament would have to avail the option of political dialogue to win a negotiated victory for the people of Baluchistan. While the Baluch nationalism of rebellious tribal elders could be steered from isolated to productive directions, General Musharraf would also have to mellow down his threatening tone. Like Washington and London, Islamabad also needs to address the root causes of terrorism in his own backyard before it is too late.

AUTHOR'S BIO: Naveed Ahmad is an investigative journalist, broadcaster and academic whose work regularly appears in the Pakistani daily newspaper, The News, and the monthly magazine, Newline. He serves on the panel of the Global Journalists Program, which is associated with the International Press Institute and U.S. National Public Radio.


THE CHINA AND EURASIA FORUM QUARTERLY

Central Asia-Caucasus Institute & Silk Road Studies Program

Volume 4, No. 1

February 2006

Narcotics

 Central Asia- Caucasus Institute
Silk Road Studies Program



**New Issue of the
China and Eurasia Forum Quarterly**

Vol. 4 no. 1, February 2006

Theme: Narcotics

Edited by Niklas L.P. Swanström

Articles by Vladimir Fenopetov, Louise Shelley, Pierre-Arnaud Chouvy, Kasia Malinowska-Sempruch and Nick Bartlett, Svante Cornell, Jacob Townsend, Erica Marat, Niklas Swanström and Richard Giragosian.

Find all articles online at:

http://www.silkroadstudies.org/new/inside/publications/CEF_quarterly.htm

FIELD REPORTS

BAKU SEEMS DETERMINED TO TRADE TURKISH BUSINESS INTO RUSSIAN

Fariz Ismailzade

The Turkish electricity company Barmek is again in trouble, and this time it looks very serious. On March 4, the General Prosecutor's office has started a criminal case on the company accusing it of corruption and embezzlement in large sums, violation of contract terms, and privatization of state property as a result of illegal financial deals. It was specifically noted by the General Prosecutor's office that the company is also accused of being tied to the former Minister of Economic Development Farhad Aliyev, who was arrested in last October on charges of coup attempt.

In 2000 Barmek was granted a 25-year long permission to manage the electricity distribution system of Baku, Sumgait (a major industrial town in the north of Baku) and the whole northern part of Azerbaijan. Reportedly, Barmek was chosen in the tender process over the German company Siemens, after the personal lobbying of then Turkish President Suleyman Demirel.

For the past two years, Barmek has been in the headlines, as the company started coming under the intense pressure of state officials, more specifically the head of the "Azerenergy" state electricity monopoly Etibar Piriverdiyev. Local private TV stations, such as ATV and a number of Parliamentarians have also regularly attacked Barmek for failing to fulfill its contractual obligations and for failing to provide adequate electricity supply to Baku and the regions.

Local analysts and opposition parties suspect that some members of the government intentionally

criticize Barmek in order to break the contract with the company and kick it out of Azerbaijan, and instead invite the Russian electricity monopoly RAO-UES into Azerbaijan. The use of energy tools by the Kremlin to dominate the politics of the post-Soviet space has been a widely used strategy in the past several years and regular visits by RAO-UES President Anatoly Chubais to Baku are part of that strategy. It is also not a coincidence that the attacks on Barmek and the launch of the criminal case took place immediately after Russian President Vladimir Putin's visit to Baku in early February. Some worry that President Aliyev has given some secret promises to Putin during that visit. There are also analysts who believe that the attacks on Barmek are organized by state oligarchs and "Azerenergy" itself, so that to re-nationalize the distribution network and enjoy its financial benefits.

Meanwhile, Barmek's head, Huseyin Arabul, has repeatedly denied any accusations and stated that the company has invested into Azerbaijan more than it had contracted to. Yet the tone of denials had changed somewhat this time. If before Arabul absolutely rejected all accusations and threatened to sue the government in the international court if the contract is broken, he is now more apologetic. "Everybody makes mistakes. I also have some mistakes. I am ready to leave the country if I am told so. I am even ready to serve in prison in the country in which I have invested so much," he said at a press conference, immediately following the state accusations.

ANS TV reported on March 6 that Barmek has agreed to hand back to the government the plant which produces electric meters, the source of the latest dispute and accusations. It seems that indeed, Barmek had privatized it under some shady agreement with the former minister of economy.

Yet it is not clear if this plant alone will save Barmek's fate in Azerbaijan. The launch of the criminal case has been definitely pre-agreed and approved by President Aliyev himself, and this means that the process has taken an irreversible course. At a session of the Cabinet of Ministers in mid-February, Aliyev openly suggested to investigate the performance of Barmek and if needed to "take urgent measures."

Perhaps some magic support from Turkey can once again save Barmek, however it looks more and more unlikely. The possible future departure of Barmek and the possible arrival of RAO-UES into Azerbaijan would mean a lot for regional politics. RAO-UES already dominates the electricity networks of Georgia and Armenia and by taking over Azerbaijan it will complete the regional domination and thus significantly increase its political influence over Caucasus. This, in turn, will have negative consequences for Baku's pro-Western policies.

CONFRONTING CORRUPTION IN CHECHNYA

Alisa Voznaya

Chechen officials and the Chechen branch of the Russian FSB security services have launched an attack on the large-scale theft from two major projects in Chechnya. On November 28, Abubakir Baibaturov, a former chairman of the Chechen government committee for compensation, was arrested and charged with abuse of office. Baibaturov in 2003-2004 directed the committee responsible for compensating Chechen victims, who had lost their homes or other property during the years of conflict, and is suspected of embezzling more than 15 million roubles (ca. US\$520,000) from the fund. In the same week, the Chechen branch of the FSB security service launched a criminal investigation exploring extensive theft from a project to rebuild Grozny's main airport. The project to reopen Grozny's Severny airport for

flights to Moscow has been underway since 2001, and its deadline for reconstruction ran out at the beginning of 2005.

The attempt to curb corruption comes after public outcries of the misuse of funds allocated for Chechnya's post-war reconstruction. The major concerns with the property compensation scheme are that a large number of people failed to receive reimbursements for their destroyed properties, while many others were forced to hand over extensive sums of money to officials to secure their compensation. The problem of corruption is hardly novel in the context of the property compensation scheme. In 2003, thousands of Chechens were left off the lists for reimbursement for their war-damaged property due to a short amount of time allocated to Chechen bureaucrats to order an

inventory of destroyed housing stock. But further analysis concluded that in addition to a rushed assignment, there were variable mistakes in information input and significant levels of corruption. In order to obtain their allocated funding, many Chechens had to rely on bribing the officials involved in the compensation process. In 2003, the now imprisoned Baibaturov assured the people that the errors in the inventory system would be quickly fixed in order to replace those who were entered in error in the list of beneficiaries by those locals who had indeed lost their homes. Initially, there were signs of progress, but as recent events indicate, the problem was hardly resolved.

The fact that only around 40 percent of people entitled for property reimbursements were issued funds for the reconstruction of their domiciles escalated public anger to a point that Ramzan Kadyrov, the republic's prime minister and unofficial leader, took charge of the compensation committee. Baibaturov's arrest was a means to quell the public outrage. But questions arise as to whether this was a false move, for corruption in Chechnya is so widespread that these topical punitive measures against the program director would hardly alter the course of actual fund distribution. Corruption and fraud are prevalent among both the officials and the citizens, with bribery conducted as a regular everyday transaction to obtain the desired end, be it entrance to a post-secondary educational institution or a signature on an official document. Some experts believe that this is simply a PR campaign on the behalf of the Chechen government to assure Chechens that normalcy is returning to their republic, with corruption battles being highlighted as a first step to solving serious bureaucratic problems. Yet, the punishment of the leading figure of the property scheme project fails to identify the endemic corruption schemes prevalent within the bureaucratic community of the local ministries and project funds.

In a similar vein, the FSB case is believed to involve the diversion of project funds, albeit on a much grander scale. In this case, sums of money are not extorted from ordinary citizens through bribery methods, but are misspent or even siphoned on a variety of administrative levels. The Russian national audit office calculated that only 3.5 billion out of the eight billion roubles Moscow sent for the reconstruction of Chechnya had actually been spent. This type of corruption is less visible to the regular public, but it severely undermines any realistic attempts to reconstruct the war-ravaged republic. In May 2004, a team of top state officials and energy executives came together in Grozny to announce a plan to reopen the Grozny airport for flights to Moscow, to install a central banking system, to introduce a telecommunications sector, and to induce more finances for the rebuilding of ruined houses, new roads, schools, railways and hospitals. Part of the plan was securing the funds against corruption. A year and a half later, there is little indication that this plan will succeed. The delay of the opening of the airport continues, the property project consistently emerges as one of the most corrupt operations in the region, and the citizens have become accustomed to a system of dishonest transactions, which have become a way of life.

Corruption is a difficult vice to confront and defeat, and especially so in Chechnya, where military campaigns, abductions, murders and unsanctioned detentions dominate personal security. The governmental initiative, both on the republican and federal levels, to fight corruption must continue through a further investigation of departmental and individual policies on bribe extortion and fund siphoning. Institutional measures must be installed to prevent future cases of fraud. With a mounting fight against corruption, it is possible for the Chechen government to reintroduce a level of normalcy to the otherwise very difficult existence of its denizens.

CHECHEN AND INGUSH COMMUNITIES IN CENTRAL ASIA: TROUBLED PAST, UNCERTAIN FUTURE?

Erica Marat

Only few Central Asians are familiar with the February 23 Day of Chechen Rebirth, announced by Dzhokhar Dudayev, the first President of the Independent Chechen state. On that day in 1944, Joseph Stalin forcefully deported about 500,000 Chechens and Ingush to Central Asia from the North Caucasus on the false accusation of collaborating with German Nazi troops. In the process of deportation, thousands died because of severe weather conditions and brutal means of transportation.

While the European Parliament recognized the forceful deportation as genocide, for the majority of Central Asian population February 23 is still more associated with the Soviet celebrations of the National Defense day than Stalin's atrocities against the North Caucasus nationalities.

Today Chechens and Ingush represent small, but powerful diasporas throughout Central Asia. Especially in Kazakhstan and Kyrgyzstan, the Chechen communities are known for their traditionalist culture.

Despite Kazakh and Kyrgyz publics' ignorance of the Chechen and Ingush memorial day, there is little discrimination felt against Caucasus ethnic minorities in the everyday life. Muslim religion and fluency in Russian language facilitated the quick integration of Chechens and Ingush into local societies. North Caucasus national dances and music are widely popular among Central Asian youth.

However, while not experiencing any major discrimination in the society, Chechens and Ingush encounter implicit barriers from the Kyrgyz and Kazakh state authorities. There is virtually no political representation of Chechens or other Caucasus nationalities in Kazakh or Kyrgyz local government or parliament. Chechens are known for

occupying a niche in the business sector, where family connections play an important role.

In Kyrgyzstan, the October 2005 murder of parliamentarian Tynychbek Akmatbayev by an imprisoned ethnic Chechen mafia boss Aziz Batukayev attracted attention to the local Chechen community. The assassination revealed a confrontation between Kyrgyz officials with a Chechen organized criminal gang active in the outskirts of the Kyrgyz capital Bishkek.

Aset Khadzhiyeva, leader of a Chechen women's community group in Kyrgyzstan, expressed her concerns that anti-Chechen feelings were on the rise in Kyrgyzstan after Akmatbayev's assassination. According to her, the head of the Kyrgyz security structures, Aleksandr Zelichenko, intentionally demonized the Chechen community by claiming that out of 50,000 Chechens living in Kyrgyzstan, half are involved in organized crime. Khadzhiyeva claimed that the allegations are invalid simply because the number of Chechens in Kyrgyzstan is only about 3,500.

Today, hundreds of thousands of Chechens reside outside Chechnya. Since the 1950s, the share of North Caucasus nationalities in the Central Asian region declined dramatically, and the share of Chechens alone decreased by a factor of ten, as Chechens were allowed to return to Chechnya after Stalin's death. Most Chechens migrated either to Chechnya or to Russia's major cities. In turn, ethnic Russians massively emigrated from Chechnya in the 1980s and 1990s. According to some Kyrgyz experts, in the wake of war in Chechnya in 1994, a number of Central Asian Chechens were drafted by rebels.

Kazakhstan was the largest receiver of North Caucasus nationalities during the Soviet period. According to the 1949 census, 302,526 Chechen and Ingush resided in the Kazakh SSR, compared to

62,583 in the Kyrgyz SSR and about 500 in the Uzbek SSR.

The Kazakh city of Novy Uzen, located in southwest of the country, was the most populated by the North Caucasus nationalities. In 1989 a group of ethnic Kazakhs instigated a conflict against Lezghins and other Caucasian settlers, demanding their expulsion. As a result of this inter-ethnic clash, five were killed, more than 100 injured and about 3,500 fled the city. The clash was largely muted by the Soviet and Kazakh press.

Aside from tensions in Novy Uzen, the experience of Chechens in Kazakhstan was rather peaceful during the Soviet period and in the independence. Today Kazakhstan is a major destination for Chechen immigrants from Russia and the Central Asian states. Following the terrorist acts instigated by Chechen rebels in a Moscow theater in 2002, about 12,000 Chechen refugees from Russia sought asylum in Kazakhstan. Increased xenophobia against Chechens in Russian society was the major reason driving Chechens back to Kazakhstan.

However, Kazakh authorities did not provide asylum to the majority of refugees partly because the issue could spark tensions on a bilateral level with the Russian government. Because of friendly

relations between the Russian and Kazakh governments, thousands of Chechen immigrants are unable to receive temporary or permanent legal status in Kazakhstan. Chechen groups are also often accused of drug trade and racketeering. According to Naratai Dutbayev, the former Head of the Kazakh Nation Security Committee, the Central Asian states serve as a “transfer station” for Chechen separatists and terrorists.

After the collapse of the Soviet Union, special interstate programs were designed to allow repatriation of Germans, Russians, and Jews to their ethnic homelands who were also forced to the Central Asian region in the 1930s and 1940s. No such initiative was conducted with regard to ethnic Chechens or Ingush, largely due to the unruly situation in their homelands – indeed, some Chechens migrated back to Central Asia due to conditions in Chechnya. Today, Chechens who emigrate Central Asia for Chechnya are considered rebels; those who choose to immigrate to Russia encounter discrimination; and Chechens escaping suppression by Russian authorities are unable to receive a refugee status.

MERCHANTS VS. GOVERNMENT: CASH REGISTER CONTROVERSY IN GEORGIA

Kakha Jibladze

Massive protests against a new law requiring merchants to use cash registers reflect the growing gap between the policies adopted in Tbilisi and the reality of Georgians throughout the country.

According to the law, all merchants – with the exception of street vendors selling nuts and barber shops – were required to start using a

government-approved cash register by March 1 or face serious fines. Shop owners and vendors hit the street in surprising numbers with protests in Tbilisi, reaching an estimated 1,000 people once word of the law and its implications became widespread. Protests were also reported in Batumi, Gori and the Kakheti region.

While leaders of the political opposition have been riding the wave of discontent, the government has held strong on the issue. On March 1 even the President weighed in on the conflict, stating that taxes must be paid and cash registers belong in the outdoor markets as well as indoor shops, businesses and boutiques. The law was originally passed in late December 2005, according to reports from the Georgian media, although protests only began on February 28. Shop owners and merchants are upset on three issues. First, they claim the cash registers – a reported 300 lari for the government approved model – are too expensive for them to purchase. Second, they argue that while no one is against paying taxes, the cash registers will encourage corruption instead of fighting it. One vender interviewed on Droebea, a program on the Imedi television station, claimed that now shop owners will skim more off the top by only giving receipts when sales are small and pocketing the larger sales. Third, according to protestors, no one knows how to use the cash registers. Georgia – like most developing nations – is a cash-based economy where it is more common to see an abacus than a calculator, and cash registers have been reserved for large stores. One merchant interviewed on television noted that he tried to ring up a sale for 14 lari but entered 114 lari by mistake; now he will be forced to take the register to the tax authorities to fix the mistake. According to vendors, a flat tax based on their inventory would be more efficient for both sides. The government is implementing the program in an effort to better enforce tax laws; the Saakashvili administration has made improved tax revenues one of the bywords of

its government and pushed through new, simplified tax legislation in December of 2004. However, a year later there are still problems with collections, largely at the local level where both officials and small business owners are unsure how much tax they are required to pay according to the new legislation.

The protests against the law picked up just a few days before the fines would be enforced, a reflection on the heavy public announcements from the ministry of finance informing the public of the penalties in store for wayward businesses. According to the ministry, stores not using cash registers by the March 1 deadline will be fined 500 lari (\$273) for the first violation and up to a whopping 10,000 lari (\$5,464) for each additional violation. That is a lot for small shops and vendors whose wares sell for much less.

While the advertising urged citizens to pay ‘every tetri’ for the future of their country, it appeared mere days before the law was set to come into force, hitting those affected by surprise and opening the public up to a slew of misinformation and political propaganda.. President Saakashvili was brought to power thanks to public support and public opinion. However, his government has repeatedly locked the public out of the decision-making process and closed venues for public debate. The Georgian economy needs tax revenue and cash registers are a step in the right direction. However, if the government continues to implement major reforms without properly educating the population before hand – or even considering potential problems along the way – it runs the risk of losing the valuable public support and trust needed for the difficult reform road ahead.

NEWS DIGEST

AZERBAIJANI WORKERS END STRIKE AT AMERICAN ENERGY COMPANY

24 February

Some 1,000 striking workers at the U.S. oil-services company McDermott in Azerbaijan ended on 24 February their strike after reaching an agreement with management. The workers initiated the one-day strike in response to a move by two foreign managers to remove posters marking a national day of mourning for victims of the Nagorno-Karabakh conflict. The strike at the McDermott facility followed an earlier labor dispute in late November 2005, when workers demanded higher wages and more generous benefits. (Turan)

KAZAKHSTAN TO BEGIN OIL EXPORTS TO CHINA IN MAY

24 February

Kazakhstan's Energy Ministry has announced that Kazakhstan will start "full-scale oil exports" to China through the Atasu-Alashankou pipeline in May. The pipeline, which became operational in December is designed to have an initial annual capacity of 10 million tons. Also on 24 February, Energy Minister Baktykozha Izmukhambetov told Interfax that Kazakhstan hopes to increase oil production 30 percent by 2010 in comparison with 2005 figures. Izmukhambetov said that forecasted annual output of 24 million tons at the Tengiz oil field will aid the production boost. According to the U.S. Department of Energy, Kazakhstan produced 1.22 million barrels of oil a day in 2004, with production expected to increase by approximately 10 percent in 2005. (Interfax-Kazakhstan)

PROSECUTORS SAY MURDER OF KYRGYZ WAS PROBABLY HATE CRIME

26 February

Ethnic enmity figures among the main motives behind the murder of a female Kyrgyz citizen in St. Petersburg, officials with the city prosecutor's office told Interfax. "The murder case has been handed over from a district prosecutor's office to the city Department for Investigating Serious Crimes," an official said. Several unidentified assailants attacked two women, aged 28 and 34, both of them citizens of Kyrgyzstan of Kazakh origin, in St. Petersburg's Kalininsky district early on Saturday. "The two women, who were vendors in a street kiosk, were returning home from work and one of them was talking over a cell phone in the Kazakh language. Three young men attacked them, stabbing one of the women to death. The second woman suffered serious knife wounds

and was hospitalized," the city police reported. The assailants escaped. They did not steal cash, cell phones or jewelry from the women. The incident is under criminal investigation. (Interfax)

GEORGIA, ABKHAZIA AGREE ON REOPENING RAILROAD

27 February

During talks in Sukhum on 25 February, Georgian and Abkhaz government representatives reached agreement on all issues related to the resumption of rail communication between Russia and Armenia via Abkhazia's Black Sea coast and Georgia, Abkhaz Prime Minister Leonid Lakerbaya told Caucasus Press. Russian Railways head Vladimir Yakunin said on 25 February that a joint venture will be established to attract the investments required to finance repairs and renovation of the rail line, which has been in disuse since the outbreak of the 1992-1993 war. The cost of doing so has been estimated at between \$100-150 million. (Caucasus Press)

GEORGIA MAY DEMAND DAMAGE PAYMENT FROM RUSSIA

27 February

Georgia could demand \$15 billion from Russia in damages it says it suffered during the standoff in Abkhazia and the Tskhinvali region. "Russia has annexed Abkhazia and South Ossetia, inflicting damage on Georgia estimated at no less than \$15 billion. A parliamentary commission must be set up to gather all evidence and show them to the world," Shota Malashkhia, chairman of the interim parliamentary committee for the restoration of Georgia's territorial integrity, told the parliament on Monday. Malashkhia suggested that the commission come up with an exact estimate of the damage done to Georgia by Russia. (Interfax)

KYRGYZ PARLIAMENT SPEAKER RESIGNS

27 February

Omurbek Tekebaev officially resigned from his post as speaker of Kyrgyzstan's parliament on 27 February. Parliament, which had previously failed to confirm his resignation, accepted Tekebaev's decision, with 53 legislators voting in favor. Tekebaev initially offered his resignation after referring to President Kurmanbek Bakiyev as a "dog." Tekebaev said that his final decision to resign came after two days of consultations with the heads of committees and voting blocs. Bakiyev's office issued a statement on 27 February saying that the president will not interfere in parliament's efforts to elect

a new speaker. Deputy speaker Bolot Sherniyazov also resigned on 27 February. (gazeta.kg)

KAZAKH INTERIOR MINISTER SAYS SENATE ADMINISTRATION HEAD ORDERED KILLING OF OPPOSITION LEADER

27 February

Interior Minister Baurzhan Mukhamedzhanov announced at a briefing in Astana on 27 February that Erzhan Utembaev, head of the administration of the Senate, ordered the killing of opposition leader Altynbek Sarsenbaev out of "personal enmity." Utembaev has been arrested in connection with the killing of Sarsenbaev, whose body was discovered on 13 February. Mukhamedzhanov said that the kidnapping and actual killing was carried out by five rogue members of the National Security Committee's Arystan special-forces unit and that Rustam Ibragimov, a former law-enforcement officer, oversaw the whole operation, which included the killing of Sarsenbaev's bodyguard and his driver. Mukhamedzhanov said that Utembaev took out a \$60,000 loan from a bank to pay for the killing. All of the suspects are in custody and, according to Mukhamedzhanov, are testifying to their involvement in the crime. (Interfax-Kazakhstan)

CHECHNYA'S ALKHANOV ANNOUNCES TROOP REDUCTION

28 February

The number of troops in Chechnya is being scaled down, the republic's President Alu Alkhanov told a news conference at the Interfax central office in Moscow. "The number of military units is being reduced. In particular, a decision was taken at a recent session of the regional operational headquarters for the counter-terrorist operation in the North Caucasus chaired by Arkady Yedelev to close down ten checkpoints," he said. Nearly all Defense Ministry units have already left the republic, he said. "Only the 42nd motorized rifle division will be deployed in Chechnya on a permanent basis. All the Defense Ministry's other units will be withdrawn," Alkhanov said. Control over the republic's military commandant offices has been transferred to the Interior Ministry, the Chechen president said. "It is clear that peace and stability in the republic are crucial to any moves to scale down the military contingent in the republic," Alkhanov said. (Interfax)

CHECHEN PM TENDERS RESIGNATION

28 February

Chechen Prime Minister Sergei Abramov has tendered his resignation, the republic's President, Alu Alkhanov, told a news conference at the Interfax central office in Moscow. "I can say that I received a letter of resignation from Sergei Borisovich [Abramov] today. We will

consider it," he said. Abramov was severely injured in a road accident last November. "To my regret, Sergei Borisovich's condition does not allow him to fulfill his duties," the Chechen president said. Alkhanov, however, declined to say who might replace Abramov as Chechen prime minister. "As far as his future successor is concerned, I would not like to speak about the matter now. Time will tell," he said. (Interfax)

BEREZOVSKY FINANCED MASKHADOV REGIME - ALKHANOV

28 February

Chechen President Alu Alkhanov said he has no doubts that businessman Boris Berezovsky funded the Aslan Maskhadov-led government. "As for Berezovsky and the dollars he handed over to Maskhadov's regime, nobody has any doubts about that," Alkhanov told a news conference at the Interfax central office on Tuesday. "We all know that, and [Chechen warlord Shamil] Basayev himself has admitted that. If anybody is still surprised, it is not a surprise to me," he said. "It has been proved," he added. Alkhanov, however, said he cannot officially confirm that Berezovsky gave separatist envoy Akhmed Zakayev \$1 million to organize an assassination attack on the late Chechen president Akhmad Kadyrov. "But people like Basayev and Zakayev doubtlessly benefited from that. But I cannot offer strong evidence of their participation in the crime," he said. (Interfax)

ALKHANOV VOWS CRACKDOWN ON ABDUCTIONS

28 February

Eradicating abductions is a key challenge facing the Chechen government, the republic's President Alu Alkhanov told a news conference at the Interfax central office on Tuesday. "The main task is to prevent or eradicate this crime in the Chechen republic," he said. The number of kidnappings and other serious crimes has already started to decline in Chechnya, he said. "The abduction of even one person is a tragedy for his entire family and relatives," Alkhanov said. The observance of human rights in Chechnya was addressed during the recent visits by UN High Commissioner for Human Rights Louise Arbour and Council of Europe Commissioner for Human Rights Alvaro Gil-Robles to the republic, the Chechen president said. "I am saying at all levels that we do not deny crimes and abuse of office by individual security service officers," he said. (Interfax)

YEREVAN RESIDENTS PROTEST OUTSIDE ARMENIAN PARLIAMENT

28 February

Several dozen people, who have been evicted from houses in Yerevan's Buzand Street, congregated on 27 February

outside the Armenian Parliament to protest the withdrawal by six parliamentarians of their signatures under an appeal to the Constitutional Court, RFE/RL's Armenian Service reported. The street is being demolished to make way for a new multimillion dollar development. A total of 32 parliament deputies initially signed the appeal, more than the minimum required of 27, but six of them, including deputies representing the ruling coalition, withdrew their signatures on 20 February following criticism from Prime Minister Andranik Markarian. Some of the evicted families have filed suit against the Armenian government with the Strasbourg-based European Court of Human Rights, claiming that they have not been offered adequate recompense for the loss of their homes. (RFE/RL)

GEORGIAN INTERIOR MINISTER UNDER PRESSURE OVER BANKER'S MURDER

28 February

Vano Merabishvili was summoned to parliament on 28 February to answer questions about the investigation into the killing of Sandro Girgvliani, an employee of United Georgian Bank. Girgvliani was found dead on the outskirts of Tbilisi on 28 January following a public argument the previous evening in a Tbilisi bar with men believed to have been Interior Ministry personnel. On 24 February, Georgian ombudsman Sozar Subar called on Merabishvili to dismiss ministry spokesman Guram Donadze for having attributed the murder to a dispute among the "Svan mafia" (Girgvliani's surname clearly identifies his family as originating in Georgia's northwestern Svaneti region), but Merabishvili refused. Opposition parliament deputies, some of whom have called on Saakashvili to dismiss Merabishvili over the murder, walked out of parliament on 28 February to protest Merabishvili's refusal to answer questions about the murder investigation, Caucasus Press. Elene Tevdoradze, who chairs the parliament Human Rights Commission, argued on 27 February that the Prosecutor-General's Office should take over the investigation into Girgvliani's death. (Caucasus Press)

KYRGYZ PARLIAMENT FAILS TO ELECT SPEAKER

28 February

The Kyrgyz parliament failed to elect a new speaker on Tuesday. "None of the four proposed candidates got the required 38% of votes in three rounds of voting," an Interfax correspondent reported. Former Speaker Omurbek Tekebayev earlier resigned. On Thursday, the Kyrgyz parliament is to hold repeat elections, but none of the candidates put to a vote on Tuesday are eligible in the next round. (RFE/RL)

KAZAKH PRESIDENT'S SON-IN-LAW DENIES INVOLVEMENT IN MURDER

28 February

Deputy Foreign Minister Rakhat Aliev, who is also the son-in-law of President Nursultan Nazarbaev, issued a statement on 28 February condemning various reports alleging that he was involved in the killing of opposition leader Sarsenbaev. Aliev called the reports a "stage-managed smear campaign to accuse me and other well-known people in Kazakhstan of purported involvement in the murder of Altynbek Sarsenbaev." Aliev said that the reports are a "hideous lie" and "a part of the overall plan that began with the murder of this well-known politician." The aim of the campaign, Aliev said, is to "destabilize our society." He stated that his lawyers are readying suits against the "authors and disseminators of this libel." (Kazakhstan Today)

IRANIAN DELEGATION ARRIVES IN MOSCOW

1 March

An Iranian delegation has arrived in Moscow to negotiate the establishment of uranium enrichment a joint venture in Russia. The Iranian delegation is led by Supreme National Security Council Secretary Ali Larijani, and it also includes Vice President for Atomic Energy Qolam-Reza Aqazadeh. The delegation was originally planned to arrive several hours earlier, to hold a meeting at the Russian Security Council and leave Moscow in the evening, but the departure from Tehran was delayed. The consultations in Moscow will be the third round of these negotiations in the past week. An Iranian delegation led by Deputy Security Council Secretary Ali Hosseinitash visited Russia on February 20-21, and Russian Federal Atomic Energy Agency chief Sergei Kiriienko traveled to Iran on February 24-27. (Interfax)

GEORGIAN TRADERS' PROTEST GATHERS MOMENTUM

1 March

As they have done over the past week, several hundred market traders gathered outside the Georgian parliament building on March 1 to protest the new law that went into effect that day requiring them to install cash registers. Similar protests have been reported in Batumi, Zugdidi, and Gori, where police blocked roads to Tbilisi on March 1 to prevent traders traveling to the capital to join the protest there. The traders complain that they cannot afford to buy cash registers, and want the new law to take effect only in 2008; they have proposed that a profit tax be introduced instead. But Agriculture Minister Mikheil Svimonishvili countered on February 25 that cash registers cost as little as 200 laris (\$109). He also explained that the cash-register requirement does not extend to small farmers seeking to sell agricultural produce at markets. Members of the opposition Labor party who

joined the Tbilisi protest on March 1 argued that "if the president and the parliament do not want to listen to the people, we shall demand their resignation and new elections." (Caucasus Press)

GEORGIAN PRESIDENT DENIES PRICE FOR IRANIAN GAS WAS EXORBITANT

1 March

Mikheil Saakashvili has denied in an interview with Ekho Moskvyy that Georgia paid \$250 per 1,000 cubic meters for the gas it imported from Iran in late January while gas supplies from Russia were temporarily disrupted after the main Russia-Georgia gas pipeline was blown up. Georgian Energy Minister Nika Gilauri and Economic Development Minister Irakli Chogovadze both declined on 1 February to specify the exact price paid for the Iranian gas; they and other government ministers ignored a subsequent request from parliament to clarify the issue, "Akhali taoba" reported on 17 February. Saakashvili said in his Russian radio interview that the price was lower than the \$110 Tbilisi previously paid for Russian gas. (RFE/RL)

UZBEK COURT SENTENCES OPPOSITION LEADER TO 10 YEARS

1 March

A court in Tashkent sentenced Nodira Hidoyatova, coordinator of the opposition Sunshine coalition, on March 1 to a 10-year prison term for a variety of economic crimes. Hidoyatova, who maintained her innocence, was convicted of membership of a "criminal group" along with the brothers Abror and Sanjar Umarov. Sanjar Umarov, leader of the Sunshine coalition, is also on trial for economic crimes; he is expected to be sentenced in the coming days. (ferghana.ru)

KAZAKH PRESIDENT'S DAUGHTER BLASTS PUBLICATIONS ABOUT FAMILY

1 March

In a statement on March 1, Darigha Nazarbaeva, the daughter of President Nursultan Nazarbaev and head of the Asar Party, criticized press reports about members of her family that have appeared since the murder of opposition leader Altynbek Sarsenbaev. Nazarbaeva said that various media "are knowingly disseminating false information about the involvement of close relatives of the president in this crime." She said that the publications, "in addition to ridiculous accusations, [contain] direct threats toward members of my family." Nazarbaeva concluded: "I consider it necessary to issue a resolute warning to the authors of such libelous publications, in whatever public outlet or country they have appeared, that not one of these actions will be left without the inevitable legal consequences provided for by law, including international law." (Kazakhstan Today)

KAZAKH DEMONSTRATION ORGANIZERS JAILED, FINED

1 March

A court in Almaty on 28 February sentenced the organizers of an unsanctioned 26 February demonstration, activists from the opposition group For a Just Kazakhstan, to fines and short jail terms, Russia's "Vremya novostei" reported the following day. Tolen Tokhtasynov and Asylbek Kozhakhmetov were sentenced to 15 days in jail, Amirzhan Kosanov and Marzhan Aspandiyarova to 10 days, and Bulat Abilov and Petr Svoik to five days. Gulzhan Ergalieva was fined \$300, while For a Just Kazakhstan head Zharmakhan Tuyakbai and Oraz Zhandosov were fined \$200 each. The report noted that all those who received jail time were placed in detention immediately after sentencing despite a stipulated 10-day period in which they are legally allowed to appeal. The unsanctioned demonstration was held to honor the memory of slain opposition leader Altynbek Sarsenbaev. (RFE/RL)

KYRGYZ OPPOSITION FIGURE SAYS CHANGES MINIMAL IN PAST YEAR

2 March

In a March 1 interview with the newspaper "Delo No," former Foreign Minister Roza Otunbaeva said that little has changed in Kyrgyzstan since the ouster of President Askar Akaev on March 24, 2005. She said, "I do not think the country has undergone drastic changes. There was crime when Akaev was in power, and crime has remained since [current President Kurmanbek] Bakiev came to power." Otunbaeva is currently co-chair of the Asaba Party. (RFE/RL)

ARMENIA WILL RECOGNIZE KARABAKH IF TALKS HIT DEAD-END - KOCHARIAN

3 March

Armenia will de jure recognize the independence of Nagorno-Karabakh if negotiations with Azerbaijan on a settlement of their conflict over the predominantly ethnic Armenian enclave in Azerbaijan reach a deadlock, Armenian President Robert Kocharian told journalists on Thursday evening. "Armenia should be prepared that the talks may reach an impasse, although chances to make progress still remain," he said. "However, if Azerbaijan firmly states that time is working for Azerbaijan and tries to resolve the Karabakh issue by bolstering the army and using force, Armenia will take the following steps: first and foremost, it will de jure recognize the independence of the republic of Nagorno-Karabakh," the president said. The second step would be "a set of agreements and laws that would allow Armenia to ensure the security of the people of Nagorno-Karabakh. I am speaking about signing a wide variety of treaties that

would view any attack on Nagorno-Karabakh as an attack on Armenia," Kocharian said. The third step would be the creation of a so-called 'security belt', he said. (Interfax)

AGREEMENT ON RUSSIAN BASES IN GEORGIA TO BE SUBMITTED TO PUTIN

3 March

The Russian government will submit to President Vladimir Putin a draft agreement regulating the withdrawal of Russia's military bases from Georgian territory. The document envisions the withdrawal of the Russian bases in Batumi and Akhalkalaki by the end of 2008, giving Russia until late 2006 to withdraw military hardware from the Akhalkalaki base. The Russian base in Akhalkalaki is to be closed down on December 31, 2007, at the latest. The closure of the Batumi base and the withdrawal of the command of the Group of Russian Troops in Transcaucasia will take place in 2008. (Interfax)

THREE TROOPS KILLED IN SKIRMISH WITH MILITANTS IN CHECHNYA

4 March

Three troops from Russia's Interior Forces were killed in an armed shootout with militants in Chechnya's Kurchaloi district on Friday, a source in local law enforcement told Interfax on Saturday. In the course of a reconnaissance operation in a wooded area near the community of Niki-Khita, the servicemen ran into an illegal armed unit numbering up to 20 people. Three servicemen were killed in the ensuing shootout. The gunmen retreated towards the village of Avtury in the Shali district. The scene of the clash will be examined later on Saturday. (Interfax)

UZBEK PROSECUTORS SEEKING FREEDOM HOUSE SHUTDOWN

4 March

The Tashkent City Court will consider a request by prosecutors seeking to shutdown the office of the U.S.-based human rights organization Freedom House in Uzbekistan on Monday, March 6, a source with the city prosecutor's office told Interfax on Saturday. On February 10, the Tashkent City Court civil board ruled to suspend Freedom House's activities in Uzbekistan for half a year, until July 11, 2006. In addition, a criminal case was opened on February 10 against a number of Freedom House employees on charges of operating without a license. The criminal case was dropped on February 24 under an amnesty proclaimed by the Uzbek Senate at the end of 2005. The Tashkent City Court's civil board on October 28, 2005, received a request from the Justice Ministry that the organization's activities be suspended for half a year, based on violations the ministry says it

uncovered while monitoring the organization. In particular, the Justice Ministry blamed the Freedom House office for violating the law On Non-governmental Organizations. On May 28, 2005, the organization held a training seminar for members of human rights organizations from the Samarkand, Jizak, and Bukhara regions without securing permission from the registration agency, in which members of unregistered human rights organizations took part, it said. In addition, the Freedom House office in Uzbekistan in June 2005 completed a project on protecting the rights of local non-governmental organizations and promoting their registration with Justice Ministry agencies. To this end, the British Embassy in Tashkent first allocated \$15,000 then \$17,000 to pay fees for the lawyers involved in the project and to finance the payment of registration fees, the rent of offices, and housing and utilities. However, according to the Justice Ministry, the Freedom House office refused to disclose information on the use of property and financial resources and to submit financial and accounting reports, which is a violation of the law. The Freedom House office also provided access to the Internet to a wide range of users without a license, it said. (Interfax)

EURASIA FOUNDATION TO HALT UZBEKISTAN PROGRAM

4 March

The Eurasian Foundation has decided to halt its operations in Uzbekistan. Jeff Erlich, the Eurasia Foundation's regional director in Uzbekistan, told tribune.uz that Uzbek authorities initiated proceedings on February 28 to stop the Eurasia Foundation from working in Uzbekistan, and the organization decided to close its Tashkent office rather than waste energy and resources on what it felt was a doomed legal struggle. Erlich noted that Uzbekistan's Justice Ministry has severely hampered the organization's work over the past year. "We improved the lives of many Uzbek citizens," he told tribune.uz. "I'm sure that if they'd given us a chance to work, the results of our collective efforts would have been more significant." (tribune.uz)

TWO SUSPECTED HUMAN BIRD FLU DEATHS REPORTED IN AZERBAIJAN

5 March

Bird flu is suspected to have caused human deaths in Azerbaijan. Six members of the same family were hospitalized on suspicion of contracting bird flu. Two girls, the daughters of the head of the family, died a few days ago, presumably from bird flu, Azerbaijan's Deputy Health Minister Abbas Velibekov told journalists on Sunday. "Those hospitalized have been diagnosed with acute pneumonia, but the cases arouse a great deal of suspicion," Velibekov said. Experts continue laboratory

tests and blood samples have also been sent to London. The family lives in Azerbaijan's Salyany district and keeps poultry. (Interfax)

STATUS QUO NOT DESIRABLE IN CONFLICT ZONES - GEORGIAN PM

5 March

The international community has no interest in perpetuating the status quo in the conflict zones in Abkhazia and the Tskhinvali district, Georgian Prime Minister Zurab Nougaideli said. "It's clear to everyone that a perpetuation of the status quo will not advance the peace process," Nougaideli told the press on Sunday while commenting on his visit to the U.S. and talks with UN Secretary General Kofi Anan. "The peacekeeping operation is not aimed at maintaining the status quo in the conflict zones. This would be in no one's interests," Nougaideli said. "The peacekeeping operation can have only one result - ultimate settlement of the conflict, and the restoration of regional peace and Georgia's territorial integrity," he said. "The international community has no other viewpoints on this issue," the Georgian prime minister said. (Interfax)

GEORGIAN COMMUNISTS MARK STALIN'S DEATH ANNIVERSARY

5 March

A gathering to mark the anniversary of Stalin's death was held on Sunday by Georgian Communists in the Georgian town of Gori, the birthplace of Stalin. About 100 communists and members of the Dzhugashvili family, among them Stalin's grandson Yevgeny Dzhugashvili, gathered in front of the local Stalin museum, an Interfax correspondent reported. After the meeting, wreaths were laid to a monument to Stalin in the center of Gori. (Interfax)

ABKHAZIA MAY SUPPORT SOUTH OSSETIA IN CASE OF WAR - OFFICIAL

6 March

Abkhaz Prime Minister Alexander Ankvab objects to a pullout of Russian peacekeepers from the unrecognized republic and says that Sukhumi might assist South Ossetia if the conflict escalates. "Abkhazia has declared 2006 the year of South Ossetia. No one can deny us the right to help [in case of hostilities in South Ossetia]," he said in an interview published in the Monday issue of the newspaper Vremya Novostei. Ankvab said that he feels very "negative" about the tensions surrounding South Ossetia. "This must stop. Georgia will not survive another war," he said. (Interfax)

UZBEKISTAN JAILS OPPOSITION CHIEF

6 March

A court in Uzbekistan has sentenced another opposition leader to more than 10 years in prison. Sanjar Umarov, head of the Sunshine Uzbekistan Opposition Alliance, was convicted of alleged economic crimes. He was arrested shortly after calling on members of parliament to discuss economic reform. Critics say Mr Umarov is the latest victim of the Uzbek government's determination to quash all criticism and political dissent. A court in the Uzbek capital, Tashkent, sentenced Sanjar Umarov to a total of 14 years in prison, but said the sentence should be reduced to just over 10 years under an amnesty agreement. Umarov was also ordered to pay more than \$8m in fines. He was found guilty of heading a criminal group laundering money through offshore companies, tax avoidance and hiding foreign currency. He declared that he was innocent of all the charges. (BBC)

IRAN REFUSES TO STOP NUCLEAR WORK

8 March

Iran will continue its controversial nuclear research programme no matter what action the UN takes against it, an Iranian nuclear delegation has said. It also composed a statement to the UN nuclear watchdog warning that the US could face unspecified "harm and pain" for its opposition to the programme. Watchdog members are debating a report from its head on Iran's programme. The US said Iran had enough nuclear material for 10 atomic bombs and it was time for the Security Council to act. The council could begin talks on Iran as soon as next week. It has the power to impose sanctions, but it is not clear that all its key members would back punitive measures. Javad Vaidi, Iran's top delegate to the UN watchdog - the International Atomic Energy Agency (IAEA) - said Tehran would continue small-scale enrichment despite the IAEA's opposition. His delegation's statement to the watchdog said: "The United States may have the power to cause harm and pain but it is also susceptible to harm and pain. "So if the United States wishes to choose that path, let the ball roll." The White House responded by saying that Iran's threat was provocative and further isolated Tehran. Mr Vaidi also suggested Iran might at some point cut oil exports. However, Iranian Oil Minister Kazem Vaziri-Hamaneh later said his country would not halt oil exports even if sanctions were called over the nuclear issue. "[Economic sanctions] could affect the oil market and prices could go up but it will not affect our decision to continue our supply," he said. Iran is the world's fourth largest oil exporter. Its economy relies heavily on selling oil. (BBC)