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THE CENTRAL ASIA-CAUCASUS ANALYST

Editor: Svante E. Cornell

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KEY ISSUE: A short 75-word statement of your conclusions about the issue or news event on which the article focuses.

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

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

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

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

Svante E. Cornell

Research Director; Editor, Central Asia-Caucasus Analyst
Central Asia-Caucasus Institute & Silk Road Studies Program
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

REACHING THE SUMMIT: IMPLICATIONS OF VILNIUS FOR GEORGIA

Stephen Jones

The November 29 initialing of Association Agreements (AA) in Vilnius between the EU on the one hand, and Georgia and Moldova on the other, have been interpreted almost exclusively in geo-political terms. The reasons for this are at least twofold: Armenia's and Ukraine's withdrawal from their initial commitment to sign under pressure from Russia, and Russia's own intervention in the process. Russia, behaving like something between a regional hegemon and a Cold War remnant defending its sphere of influence, framed the Vilnius Summit as a stark choice between East and West.

BACKGROUND: But Moscow, it seems, miscalculated; its antagonism to the Eastern Partnership along with threats of retaliation against Ukraine should it sign the AA, galvanized open opposition to President Yanukovich on the streets of Kiev, and reinforced Moldova's commitment to European integration. It has made Europe a touchstone of domestic politics, although the Ukrainian government's decision to withdraw was based largely on economic calculations, and on an unwillingness to introduce reform that could threaten its survival. Yanukovich, dealing with a shrinking economy and widespread corruption, is thinking about the tough battle ahead in the 2015 presidential elections.

Russian behavior continues to jeopardize its own relations with the EU, with its potential 500 million consumers and combined economic clout of 12.9 trillion Euros. Whatever credit Russia accrued from its involvement in the Syria agreement, it lost in November as it showed what most populations in the former Soviet republics have long known: Russia behaves differently

abroad than with its neighbors – at home Russia is the big bully on the bloc.

Georgian First Deputy Foreign Minister David Zalkaliani, a member of the Georgian delegation to Vilnius, declared the agreement “irrevocable.” For Georgia, it represents further consolidation of the country's long-stated ambition to join Europe, a direction underlined by the pro-Western policies and rhetoric of former President Saakashvili. Georgia's decision to sign the AA should at last end accusations that the new Georgian government's pragmatic approach toward Russia can only be achieved at the cost of its European commitment.

However, irrevocable is a strong word – and it is worth remembering the Agreement's limitations. It is the beginning of integration, and far from being the last stop on the road to “consolidation.” The Agreement will not protect Georgia from global recession, which almost tore the EU apart and continues to threaten Georgia's recovery; it will enhance Georgia's security but not prevent continuing threats from Russia. Currently the EU is only willing to



commit 200 unarmed observers to the post 2008 administrative border between South Ossetia and Abkhazia on the one hand and Georgia on the other. Irrevocability, when it comes, depends on the EU moving beyond the AA to permitting Georgia (and Moldova) more realistic integration into the EU, including greater participation in the decision-making process (this could be achieved without full membership). Georgians should not be handed another disappointment after the Vilnius hype. Too often, EU agreements are a way to postpone the difficult negotiations and costs of meaningful integration and engagement.

IMPLICATIONS: Yet Zalkaliani gets somewhere near the truth. The AAs are civilizational documents. The EU has always represented itself as a community of values, and the long negotiations with Georgia which led to Vilnius were based on the core ideas of better governance, in spite of remaining deficiencies within the EU, more accountability, more transparency, and improved civil rights. The agreements vary in their demands and commitments from partners – some include an offer of EU membership (as with the Western Balkan states), others like those signed with Moldova and Georgia, do not, although the Agreements do not specifically exclude membership either. Some articles in the

agreements are binding, others are only recommendations.

Western analyses of the AAs almost always focus on trade benefits, and these are extremely important. Both Georgia and Moldova initialed a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU as part of the Association agreement. But the DCFTA means more than easing tariffs and customs duties; it commits Georgia and Moldova to EU legislation in consumer protection, environmental regulation, and employees' rights. There are at least 350 EU laws which will have to be passed by the new Association partners within ten years. This will have a powerful influence on domestic structures, though the quality of political practice may take more time. In Georgia, it will reverse the lean American model of state minimalism and introduce regulation that will enhance consumer rights and protections. This will make Georgia "European" in a way it has not been until now, despite Saakashvili's brash rhetoric. In this sense, the AAs, and the economic convergence they bring, will have major political implications for the new partner states.

AAs are more concrete than the broad instruments of European soft power, such as the European Neighborhood Policy and the Eastern Partnership. The AA is a step significantly higher than simple cooperation. In Georgia's case, the AA will, when the visa-free regime is signed, simplify travel for Georgians to the EU; it will provide greater access to European markets (including EU support for Georgia's small businesses), will intensify Georgia's participation in EU programs, encourage foreign investment and refocus attention on the South

Caucasian transit corridor. The AA is also an opportunity for the EU to integrate its new strategically placed partners into expanded energy, telecommunication and transport networks that reach eastward to markets in China and Japan.

The Agreement will ultimately stimulate social change which goes beyond shallow institutional reform. Article 349, chapter 14, of the Agreement, for example, calls for greater gender equality and an end to discrimination based on sexual orientation. This does not mean sexual equality for Georgian gays, but it could provide a platform for NGOs and activists in the field, and give them support and protection.

Much depends on the EU's own courage. This is, after all, a partnership, and the EU must go beyond technical measures to make the AA effective and real for Georgians. As yet, the EU has failed to convince most Georgians that it will bring tangible benefits to them as citizens, employees, and consumers. The AA presents a new opportunity to do this.

CONCLUSIONS: At Vilnius, only two of the six Eastern Partnership members initialed the AAs. In the South Caucasus, Armenia chose the Russian dominated Custom's Union and Azerbaijan is still in the process of negotiation. This could be seen as a failure, or yet another demonstration that the EU never offers enough to clinch the deal ("integration without membership" provides limited incentives). But in other ways, the summit was a success, most certainly for Moldova and Georgia who see the AAs as milestones in their advance toward Europe.

In the medium-term – provided the EU stays focused on monitoring, supporting, and improving the status and privileges of its new partners – there will likely be a “demonstration effect” on regional neighbors too. Five years of stability, security, freer travel, and legal protections for citizens in Georgia will impact neighboring citizens in Azerbaijan and Armenia. The EU, for all its failings, still represents privilege and status for South Caucasians, and it may not be too long before we see the same elemental demand for “Europe” and all it represents in Armenia and Azerbaijan, as well as in Ukraine.

AUTHOR'S BIO: Stephen Jones is a Professor at Mount Holyoke College.

MASSIVE EAST-WEST TRANSIT CORRIDOR NEARS CRUCIAL PHASE

Richard Weitz

The Western Europe-Western China International Transit Corridor aims to improve the efficiency and safety of the main roads between China and Europe that pass through Kazakhstan. Despite the international focus on promoting rail traffic through Eurasia, it is also important to build better roads since Central Asian countries can more easily input their goods through them than through railways. The roads also promote short-distance trading within and among Central Asian countries. Otherwise, extra-regional actors will simply see and treat Central Asia as a transit zone for their transcontinental railways, which would not provide additional incentives to invest in Central Asian economies.

BACKGROUND: The goal of the corridor is to increase east-west commerce by accelerating the movement of goods between Europe and Asia while reducing transportation costs. At present, businesses seeking to send goods from China to Europe face a dilemma. They can send items by the existing trans-Siberian railway, which normally requires 14 days, but this mode is costly, or they can send goods by sea, through the Suez Canal, which costs less but takes three times longer. Thus far, some 80 percent of China's manufactured goods reach Europe through this latter sea route. The proposed Eurasian corridor aims to allow shippers to send goods even faster by land (10-day travel times from China to Europe) and at considerably lower cost, resulting in more businesses using the land route. Construction and other project-related activities occur along the 8,445-km route running from St. Petersburg in Russia to China's eastern port of Lianyungang. Some 2,787 kilometers of these roads traverse Kazakhstan, running from the Zhaisan Border Checkpoint with Russia

to the Horgos Border Checkpoint on the border with China, through the cities of Aktobe, Kyzylorda, Shymkent, Taraz, Kordai and Almaty. The route encompasses some of the least developed areas of Kazakhstan, with decaying rural roads built in Soviet times that now see many accidents. The new roads will be safer, more durable, capable of carrying heavier vehicles, and allow for faster driving speeds. They will also make their regions better able to trade with other parts of Kazakhstan as well as abroad, making them more attractive to investors. The construction process itself will generate investment, manufacturing, and many jobs. The total cost of Kazakhstan's portion of the corridor will amount to approximately US\$ 5.6 billion, but international organizations are loaning Kazakhstan most of the funds. Yet, the main focus of international efforts so far has been on developing a longer fast rail link between China and Germany. This "Silk Road" China-Europe railway, which began limited operations in 2011, is still under construction. The annual volume of



freight turnover totaled about two million metric tons in 2013 and is planned to increase to some 15 million metric tons annually in coming years. Thanks to strong government support, Kazakhstan still expects to finish its portion of this track by 2015, the original deadline. In October 2013, the Kazakhstan Minister of Transport announced in 2013 that 915 kilometers were already opened and 1,721 should be opened by the end of this year. Kazakhstan is eager to benefit from China's growing exports to Europe. Kazakhstan's container rail freight traffic with China had risen by 62 percent during the first nine months of 2013, compared to the same period in 2012.

IMPLICATIONS: Kazakhstan's President Nursultan Nazarbayev has called the Western Europe-Western China corridor the "construction of the century." The Western Europe-Western China Corridor project will provide many economic benefits to Kazakhstan. Living in the largest landlocked country in the world, Kazakhstanis are very interested in deepening its foreign trade and transportation links. In his December 2012 State of the Nation address, Nazarbayev said the corridor should double the transit capacity across Kazakhstan by 2020. He set a new goal of increasing this capacity tenfold by 2050.

Besides providing Kazakhstan with major economic gains, the project will

help advance Nazarbayev's vision of his country as a nexus of international commerce and his goal of promoting greater regional integration within Central Asia and beyond. For example, in 2005, Nazarbayev told the attendees of an international conference entitled Strategy Kazakhstan-2030, that, "I see Kazakhstan as a junction country in the Central Asian region, an integrator of intra-regional economic ties, a center of gravity of capital and investments, and a location of regional production or the subsidiaries of the world's major companies aimed at the Central Asian market and international services." In time, he added, "Kazakhstan might perform the function of an important link, a transcontinental economic bridge, for interactions between European, Asia-Pacific and the South Asian economic regions."

The project also aligns well with Kazakhstan's multi-vector foreign policy of developing strong ties with all the major powers in order to avoid becoming overly dependent on any one of them. The Nazarbayev administration has encouraged Kazakhstanis to engage in regional commerce as well as wider economic intercourse in order to limit Kazakhstan's dependence on any single supplier, customer, investor, or market. Nazarbayev has warned that, "the destiny of all Central Asian peoples depends on this most important factor—whether we can become a transportation route of global significance or will be pushed off to the side of the road again."

The Western Europe-Western China international transit corridor also harmonizes with the "New Silk Road" vision of other countries. The project will enable goods to exit and enter China

much more quickly and cheaply. Since its Chinese nexus is Xinjiang, the project promotes Beijing's goal of deepening trade ties between Central Asia and Xinjiang, a region that has experienced ethnic unrest between its growing Han community and the native Uyghurs. Both the U.S. and the EU have supported various projects designed to revive the old Silk Road trade route to China through Eurasia. For example, the U.S.-Central Asia Trade and Investment Framework Agreement (TIFA) process focuses on identifying means to overcome impediments to intra-regional trade, economic development, and foreign investment.

Yet, Russian enthusiasm for the Europe-China road corridor has been slow to materialize. In March 2013, Russian Minister of Transport Maksim Sokolov announced that the Russian portion would not be built until 2020. But an article that month in *Rossiyskaya Gazeta* noted that the "final route of the corridor [is] still not precisely defined." At a meeting with his Russian counterpart in September 2013, the Kazakhstani foreign minister simply expressed his "hopes for Russian support for the 'Western Europe-Western China' transcontinental project." Russia may also be reluctant to pursue broader regional transit integration, with accompanying single tariffs and simplified customs procedures, because of concern about its market being flooded with cheap Chinese goods. While officials are certainly aware of the need to reduce border delays to attract transit and are making some attempts to do so, "lobbying interests" prevented a projected law on transit policy, submitted in the Duma in 2008, from becoming legislation until the spring of 2013.

Furthermore, a southern China-Europe route (through Kazakhstan) may undercut Russia's efforts to harness East Asian dynamism for its own underdeveloped Far East territory by linking the Trans-Siberian Railway to rail systems on the Korean peninsula.

CONCLUSION: Looking ahead, the participating national governments and international institutions need to surmount some challenges. For example, excessive customs duties, the absence of a free trade zone or common Central Asian membership in the World Trade Organization, and Eurasia's undeveloped transportation, communication, and other essential commercial infrastructure still impede regional commerce. Some additional initiatives would help the project realize its full potential. In addition to the large, state-driven, top-down economic integration projects, care must be taken to ensure that the private sector is allowed to make its contribution. Many Central Asian businesses have strong commercial incentives to engage in multinational operations; some have already developed cross-national ties and conduct business in more than one country, though these activities are not fully reflected in official statistics since the managers can use family members and informal contacts to circumvent customs fees, foreign trade controls, and other obstacles to trade. Foreign governments should offer these private actors more support since they can sometimes make the case for regional integration more persuasively with their national governments than can international actors.

AUTHOR'S BIO: Dr. Richard Weitz is a Senior Fellow and Director of the

Center for Political-Military Analysis at
the Hudson Institute.

DAGESTAN'S NEW ADMINISTRATIVE DIVISION REFLECTS GOVERNANCE CRISIS

Valeriy Dzutsev

In a surprise move, Dagestan's President Ramazan Abdulatipov has decreed to divide the republic into four sub-regions, each of which will have a plenipotentiary representative of the republican president. While Abdulatipov reassures the public that the move will strengthen Dagestan's unity, there is also a risk that it may worsen the conflict in the republic and increase demands for its actual division. The government's decision to substitute substantive reforms in Dagestan with an administrative reshuffle is unlikely to resolve the conflict-prone republic's pressing problems.

BACKGROUND: At a republican government meeting in November, President Abdulatipov made an unexpected statement about the possible establishment of four administrative areas within Dagestan. Abdulatipov quickly followed up on his vision of the administrative changes with a decree signed on November 25, several days after his statement. The decree established the Central, Northern, Southern and Mountainous districts in Dagestan. Each of the districts will have a plenipotentiary representative of the president of Dagestan. Several observers immediately highlighted the risk that the administrative reform could provide an incentive for disintegration in this multiethnic republic.

Rasul Kadiev, a member of the human rights council before the President of Russia, told *Gazeta.ru* that the equal representation of ethnic groups would be a major concern for the residents of the newly created districts. "The introduction of districts and positions of plenipotentiary representatives has galvanized everyone. I have not yet heard

anyone speaking positively of this idea," Kadiev warned.

Dagestan is currently divided into 52 municipal territories, including 10 cities. The smallest municipality, Bezhtinsky Uchastok, is an area at the border between Dagestan and Georgia, with a population of slightly more than 7,000 people. The largest municipality is the republic's capital Makhachkala, with a population of over 500,000. Dagestan is the largest and ethnically most diverse republic of the North Caucasus.

Its total population, according to 2010 census, was about 3 million people. Avars, the largest ethnic group of the republic, comprise just below 30 percent of the population. Dargins come second at 17 percent, followed by Kumyks at 15 percent, Lezgins at 13 percent and so on. Similar to other North Caucasian republics, the percentage of ethnic Russians in Dagestan has dropped significantly in the past several decades and was estimated at below 4 percent in 2010. Half of Dagestan's municipal territories are nearly mono-ethnic and the other half has a mixture of various ethnic



groups.

One of the primary concerns for Dagestan's government is the high and unswerving volatility of the republic. In 2012, out of 700 estimated victims of the conflict in the North Caucasus, more than 400 people were killed in Dagestan. In the first 9 months of 2013, an estimated 239 people were killed in the republic out of the total 375 across the North Caucasus. Dagestan's current president Abdulatipov considers clans and corruption to be the primary causes of the republic's economic backwardness and the related radicalization of youth and insurgency. Breaking up the administrative borders and the virtual borders of clan networks is apparently the republican leadership's primary objective.

Besides the insurgency-related violence, numerous ethnic tensions are brewing on micro and macro levels in Dagestan. The tension between lowland and highland residents of is one of the best known and ongoing trends. Kumyks, a Turkic-speaking nation, traditionally inhabited much of the lowlands. However, highlanders such as Avars and Dargins have gradually carved out large areas in the Dagestan lowlands for themselves, rendering the Kumyks a minority in many of their traditional areas of settlement. At the same time, smaller ethnic groups, such as Nogais and Laks have voiced concerns of becoming

sidelined by the larger ethnic groups and sought separate autonomies for themselves.

IMPLICATIONS: With Dagestan's new administrative division, some ethnic groups will become more concentrated within the four districts, while others will become more scattered. Hence, the most disadvantaged groups may revive their demands for separate ethnic autonomies. Such demands have been especially strong among Nogais settled in northern Dagestan, in the neighboring Stavropol region, Chechnya and Karachaevo-Cherkessia. Some Dargins point to an attempt by the authorities to distribute their ethnic group evenly among the four newly created districts, so that they cannot form strong horizontal ties.

Abdulatipov himself explained the purpose of Dagestan's new administrative layer by the need for an improved flow of information. He also dismissed the claim that the republic's new make-up would pose a danger of disintegration. "This is one of the tools for integrating Dagestan, affirming the republic's unity through taking into account local and regional interests," Dagestan's president defended his decision.

Enver Kisriev, a well-known Dagestani academic based in Moscow, told *Gazeta.ru* that the government's objective to control every aspect of social life in the republic was misplaced and dangerous. "[The authorities'] meddling in local affairs is one of the primary factors of instability in the republic. Self-governance should be stimulated with regard to all issues that are not of concern to the entire state. But [self-governance] is impossible in a rigid, pyramid-like structure that was formed by Moscow and impinges upon the lowest

[administrative] level, demanding full accountability from top to bottom. The latest decision will be yet another blow [to stability],” Kisriev concluded.

After coming to power in Dagestan at the beginning of 2013, Abdulatipov soon launched a campaign against corrupt officials in the republic. Corruption was often found at municipal level. The arrest of Said Amirov, Makhachkala’s mayor and one of the most powerful politicians in the republic, in June 2013 became the most notorious case. Many other municipal officials fell as the new head of the republic sought to implement sweeping changes. However, Abdulatipov’s decision to create another level of administrative control between the republic authorities and the municipalities indicates that his anti-corruption campaign did not reach the intended results.

Abdulatipov was hailed as the first Dagestani leader in many years that was not marred by connections to the powerful corrupt clans in the republic. However, the new leader’s disconnection from regional life also meant that he was unable to compose a team of reformers. Moscow further undermined Abdulatipov’s credibility in the republic as he was appointed by the president of Russia last September, rather than elected through popular vote. Given his relatively modest support base in such a complex republic as Dagestan and his limited mandate from the central government, Abdulatipov is now forced to improvise to maintain some visibility for his reforms and administrative efficiency.

It has been pointed out that despite Abdulatipov’s attempts to emulate Chechnya’s ruler Ramzan Kadyrov, he

has not been able to repeat his neighbor’s success in controlling the republic and receiving unconditional support from Moscow. Apart from Dagestan’s complexity that prevents Abdulatipov from becoming Dagestan’s Kadyrov, Moscow is also disinclined to grant yet another head of a North Caucasian republic as much power as it ceded to Chechnya’s strongman.

CONCLUSIONS: Given Moscow’s reluctance to grant the North Caucasian republics the right to elect their governors through direct popular elections, administrative reshuffles remain one of the few avenues open to the republican leader for resolving existing problems in the region. In Dagestan, however, the proposed division lines may harden over time and the republic may experience another round of secessionist demands. Changes in the republican administration reflect the government’s inability to normalize the situation in Dagestan within the existing rigid political framework. Moscow neither wants to extend popular voting rights to the North Caucasian republics, nor does it want to repeat the Chechen experience of granting virtually unlimited powers to the regional governor. Haphazard measures taken by the republican government to resolve Dagestan’s problem of volatility are likely to result in continuing challenges to the security situation in this republic.

AUTHOR’S BIO: Valeriy Dzutsev is a Senior Non-Resident Fellow at Jamestown Foundation and Doctoral Student in Political Science at Arizona State University.

NEW ANTI-TERRORISM LAW TO TARGET FAMILIES OF NORTH CAUCASUS INSURGENTS

Huseyn Aliyev

New legislation adopted by the Russian parliament in November, aimed at punishing families and relatives of terrorist suspects, intends to legalize the “hard” form of counter-insurgency already practiced in several North Caucasus republics. The new law allows authorities to confiscate the assets of suspected terrorists' family members, and obligating them to compensate for damages incurred by those acts. The new legislation entered into force on November 17 and although it has not yet been implemented in practice, the collective punishment practices it permits are already used by authorities across the restive North Caucasus.

BACKGROUND: The amendments to the Civil and Criminal Codes and to the law On Combating Terrorism, first introduced by President Vladimir Putin to the Russian State Duma on September 27, 2013, includes the introduction of criminal responsibility for participation in training aimed at conducting acts of terror and organizing terrorist groups. The new legislation also stipulates that the federal law enforcement bodies are now authorized to seize the material assets belonging to families and relatives of persons accused of committing terrorist acts and to use these assets in compensating for “damages, including moral ones” resulting from those acts.

The law emphasizes that the federal authorities in charge of combating terrorism are instructed to demand that family members and relatives of terror suspects provide evidence on the origins of money, valuables, real estate and other forms of material property in order to ensure that these assets have not been acquired as a result of “terrorist activity.” In case no evidence can be presented confirming that the property has been

purchased by legal means of income, received legally, or acquired prior to the suspect’s involvement in terrorist activities, the property shall be confiscated. The law also empowers authorities to investigate financial and material assets not only of family members and relatives of terror suspects but also of “individuals with close connections” to such persons.

It should be noted that this form of “collective punishment” has already been practiced occasionally as a form of counterinsurgency in the North Caucasus region. The human rights group Memorial reports that since 2008, persecution of insurgents’ families and friends has been widespread across the North Caucasus and has frequently included the destruction of their property. Such acts have ranged from covert arson attacks on the houses of militants’ family members to officially sanctioned demolition of real estate belonging to militants or to those who sheltered them. Most widely practiced by Ramzan Kadyrov’s government in Chechnya, this “hard” form of counter-insurgency has



been dubbed the “Chechen model.” In accordance with Kadyrov’s approach to tackling the insurgency, not only militants but also their families, friends and property are selectively targeted as part of counter-terrorism measures. Yet, this approach is practiced elsewhere in the region. For instance, a house belonging to family members of the former leader of the Ingush insurgency, Emir Magas, was blown up in March 2011.

Although the demolition of houses used or owned by militants has become an ordinary practice across the region, the recent suggestions by Ingushetia’s President Yunus-bek Yevkurov to not only destroy the property owned by militants and their families but also to confiscate their land, emphasized the transition towards a purposeful expropriation of terror-suspects’ property. As if preparing the public for the forthcoming legislation, Yevkurov commented in the aftermath of a siege by law enforcement forces of a house occupied by militants, that: “houses of families sheltering bandits will be demolished and the land they own will be appropriated for government use.”

IMPLICATIONS: The adoption of new legislation not only coincided with the recent suicide bombing in Volgograd, committed by a female from Dagestan,

but is also viewed as part of the efforts to step up security ahead of the Sochi Olympics. However, the transition towards “hard” counter-insurgency methods is also the result of a long-term frustration on the part of federal authorities in the North Caucasus, who have continually failed to undermine the public support of insurgents and to weaken their kinship-centered support base, which allows militants to raise funds, secure shelters and conduct recruitment among their relatives and friends.

Analysts already predict that the new law, apart from exacerbating the problem of unlawful practices often employed by the federal authorities in the North Caucasus, will create additional channels for corruption and ostracize families of suspected militants, who have otherwise often functioned as mediators between the authorities and their kin. The obscure definition of “persons with connections to terror-suspects” also allows law enforcement agencies to target almost anyone who happen to know the suspect. The new law is similarly ambiguous on the types of evidence that relatives of a suspected terrorist must present in order to prove that their property has not been purchased through income obtained from terrorist activity. In an interview to *Caucasian Knot*, the chairman of the trade union of Dagestan’s Ministry of Internal Affairs Magomed Shamilov commented that terrorist acts usually cause damages worth several millions of rubles and that it is therefore unclear how families and friends of terror suspects would ever be able to make such payments. He also noted that Islamist militants in the North Caucasus are waging an ideological conflict and do not

engage in robberies or looting in order to acquire material property for themselves and their families.

Rinat Gamidov, a North Caucasus lawyer, explained in an interview to *Caucasian Knot* that customs in the region imply that the property in question is often inherited or received as a gift, rather than purchased, making it difficult to provide legal evidence of its origins. Besides, it is unclear how the relatives and friends of a terrorist should compensate for moral damages to the victims.

The current law also resembles the draft bill “On social protection of victims of terrorist acts” prepared by civil groups such as Mothers of Beslan and The Voice of Beslan, which was unsuccessfully presented to the parliament on two occasions in 2008 and 2012. The bill demanded that the state pays compensations to the victims of terrorist acts, provide them with free healthcare, communal benefits and free access to public transport. As estimated by the *Caucasian Politics* (kavpolit.com) news agency, the law could if implemented cost the state billions every year. Therefore, it seems that the new amendments to the anti-terrorism laws and the Criminal Code present a combined effort to address the issue of compensating the victims of terrorism and at the same time tackle the insurgency problem in the North Caucasus.

The new law has been described as yet another step in the transformation of the Kremlin’s counter-insurgency policies in the North Caucasus towards more hard-line methods, and is part of Moscow’s attempts to legalize the relatively effective “Chechen model” and expand it

to the rest of the region. However, given that new recruits join the armed underground not only due to religious motives but also because of socio-economic problems, poverty or desire for revenge, the new law can be expected to increase the numbers of volunteers willing to join the rebels.

Grievances over confiscated property will most likely drive family members and friends, who may have already been sympathetic to their cause, into the ranks of the militants. As stated by the International Crisis Group, by adopting the new law the government alienates and antagonizes insurgents’ relatives, who are often interested in their family members return to peaceful life, rather than seeking cooperation with them.

CONCLUSIONS: Although neither Russia's President, who introduced and signed the new amendments, nor the lawmakers behind the draft the law have emphasized the connection between the new legislation and the ongoing insurgency in the North Caucasus, the new law formally legalizes and expands the norms of collective punishment long practiced in the region as a form of counter-insurgency. However, by legalizing the persecution of militants’ relatives and friends and expropriating their property, the state further reduces its chances of resolving the conflict peacefully.

AUTHOR’S BIO: Huseyn Aliyev is a Ph.D Candidate at the University of Otago, New Zealand.

"RUSSIA WILL NOT ABANDON THE CAUCASUS," PUTIN TELLS ARMENIA

Haroutiun Khachatrian

Russia's President Vladimir Putin visited Armenia on December 3, for the third time since he took office in 2000. The visit was strategically scheduled immediately after the EU's Eastern Partnership summit in Vilnius.

While Armenia participated in Vilnius at the highest level, Armenia's President Serzh Sargsyan rejected to initial the Association Agreement (AA) with the EU negotiated earlier. The Vilnius summit can be considered a success for Putin as Ukraine, a key country for Russia, also declined to sign an AA with the EU, opting instead to retain and deepen its trade with Russia. Hence, Putin's visit to Armenia was Russia's first possibility to announce its policy after the Vilnius summit.

The visit did not start in Armenia's capital Yerevan but in Gyumri, the location of the Russian military base no. 102. Both presidents visited the military base, which was recently reinforced with a number of heavy helicopters and new anti-aircraft missiles. This was a clear signal to the neighboring countries; Georgia, Turkey, Azerbaijan, Iran, and even Syria, that Russia does not intend to reduce its military presence in the region, and that protecting Armenia's borders with Turkey and Iran is one key pretext for staying deployed.

Moreover, Russia's president made clear that, as one of the countries co-chairing the OSCE Minsk Group, it will support efforts to reach a peaceful settlement of the Nagorno-Karabakh conflict. This

means that Russia will continue to encourage meetings and negotiations between the Presidents of Armenia and Azerbaijan without giving preference to either party, while continuing to sell weapons to both sides. "Russia will not abandon the Caucasus," Putin said in one of his speeches in Yerevan.

In addition, he visited the Memorial of the 1915 Genocide in Yerevan, indicating that his country continues to support Armenia in its dispute with Turkey over the terrible events of that year.

Perspectives in the economic sphere are less clear as much depends on the future steps of the Armenian side, although most of the twelve documents signed during the state visit were of an economic nature. In particular, Armenia expects to receive cheap raw diamonds, which will create many jobs in the local diamond-cutting industry as was the case in early 2000s. Also, Russia will supply Armenia, and possibly the South Caucasus in general, with cheap motor fuels, a commodity that Armenia currently imports primarily from Romania.

In particular, Russia plans to build a new oil refinery on its Black Sea coast and Armenia plans to participate in it. The Russian state-owned oil company Rosneft will eventually buy shares in the Armenian rubber producer Nairit, thus allowing it to continue operating. Finally, Russian will provide Armenia with natural gas at a price of US\$ 189 per

1,000 cubic meters, down from the previous price US\$ 270 since April 2012. This price will remain in place at least until 2018, and will serve to boost the popularity of Sargsyan's ruling Republican Party.

Retail gas prices will nevertheless remain unchanged in Armenia, since the government subsidized gas during the election season in 2012-2013 (except for a revision on July 7, 2013). To compensate Gazprom for the reduced gas price, the Russian state company will take over the Armenian government's 20 percent stake in Armrosgazprom, Gazprom's local subsidiary.

In educational cooperation, the parties signed an agreement to open a branch of the Moscow Lomonosov university in Yerevan in the near future.

Some opposition leaders find the obtained compensation inadequate and plan to challenge it in court. Also, this deal and several other events reinforced perceptions that Putin treats Armenia like a Russian region, not a foreign country and some activists claim that Armenia is

losing its independence. For this reason, the day of Putin's arrival saw an event unprecedented in the history of the Armenian-Russian relations; a rally protesting the Russian President's arrival. The rally was small, gathering approximately 1,000 people, and was closely watched by police. About 100 protestors were taken into custody but were released after several hours.

In summary, Putin's visit to Armenia demonstrated that, after Armenia's rejection of the AA with the European Union, the country will continue to enjoy military and economic protection from Russia, that Armenia is the only country in the South Caucasus that needs Russian protection, and that Russia also needs Armenia.

SOCIOECONOMIC SITUATION IN KAZAKHSTAN'S WEST REMAINS UNSTABLE

Georgiy Voloshin

After the violent riots of oil industry workers rocked in Kazakhstan's Zhanaozen in December 2011, marring the celebration of the 20th anniversary of the country's independence, Kazakhstani authorities have been at pains to stabilize the situation there. According to official figures presented this September, the government has since January 2012

allocated some US\$ 90 million for socioeconomic needs in the Mangistau region, where riot police killed at least 14 people and wounded over 100 others during the Zhanaozen protests. Most of the funds have been directed to the creation of new jobs and the implementation of social support

programs, for instance in establishing the necessary infrastructure.

However, the situation on the ground is still far from stable, making the Mangistau region a potential stage for more socioeconomic conflicts in the near future. As Kazakhstan's Ministry of Labor recently reported, seven protests took place in the region between January and August 2013, more than in any other province across the country. Earlier in the summer, Nurlan Yerimbetov who currently heads the Center for social partnership under Kazakhstan's sovereign welfare fund Samruk-Kazyna visited Zhanaozen. Speaking to the press, Yerimbetov noted at the time that shrinking employment opportunities and wage problems could trigger new labor strikes. Mangistau's economy is still largely dominated by oil and gas production which provides thousands of jobs to local dwellers.

Another factor contributing to social instability in western Kazakhstan is related to changing demographics. According to the country's National Statistics Agency, Zhanaozen's population grew by a staggering 78 percent between 2003 and 2013, reaching over 100,000 people this year. Overall, the population of the entire region grew by 1.7 percent in January-June 2013, which makes it an absolute leader on the national scale. Thus, the Mangistau region is rapidly leaving behind the Southern Kazakhstan province traditionally considered as the most populous and fastest-growing of the country's 14 regions.

Natural demographic growth is further spurred by the unending inflow of ethnic Kazakhs from neighboring Turkmenistan. Although the Kazakhstani

government has recently decided to scale down funding for the repatriation of foreign-born Kazakhs under a special budgetary program, Mangistau still continues to receive more settlers from across the border.

While local authorities have become more proactive and nimble in responding to incipient socioeconomic threats by target measures, two labor disputes recently erupted in the Mangistau region in October-November 2013. On October 4, more than 50 employees of a local locomotive depot went on strike over salary cuts representing in some cases up to 45 percent of the previous wages. As the company's representative explained, this change was enacted in response to the ongoing modernization of most locomotives that had presumably rendered redundant scores of locally employed maintenance workers. In order to relax tensions, the Kazakhstan Railways (KTZ), which owns a controlling stake in the company, has nonetheless decided to maintain average salaries and devise solutions for reemployment. Four days later, a two-hour strike took place within the ranks of oil and gas industry workers on a site operated by a major Russian company.

Later in mid-November, some 80 persons employed by Caspiy Asia Service Company Ltd denounced over US\$ 180,000 worth of unpaid salaries and other benefits owed by the company's management to several hundreds of engineers. As most other companies based in the Mangistau region, this one operates in the local petroleum industry which continues to suffer from lackluster growth and dim prospects for the future. Even though official statistics remain firmly on the upside, with Mangistau's

oil production said to have expanded by 1.8 percent in January-October 2013, Kazakhstan's energy sector still counts many precarious and poorly remunerated jobs. Gaps in wages between Kazakhstani and foreign workers also remain high, even prompting President Nazarbayev's personal involvement in this issue. However, little has changed so far, since Kazakhstan's authorities have proved unable to change managerial practices in large oil and gas firms.

In the short term, more turmoil is likely in Kazakhstan's hydrocarbon-rich west. In the Atyrau region, the failed launch of the supergiant Kashagan oil deposit will most probably entail negative

consequences for hundreds of service companies working on this field. Meanwhile, the Kazakhstani government is already preparing new measures to tackle potential socioeconomic instability on the Caspian Sea. In early November, Nazarbayev slightly reshuffled his cabinet of ministers, appointing the experienced Bolat Zhamishev as head of the Regional Development Ministry. His predecessor, Bakytzhan Sagintayev, retained his first Deputy Prime Minister's portfolio. Thus, the government will seek to avoid the eruption of any serious labor disputes similar to what happened in Zhanaozen two years ago.

GEORGIA'S POST-VILNIUS CHALLENGES

Archil Zhorzholiani

At the Vilnius Eastern Partnership summit on November 28-29, Georgia's Foreign and Economy Ministers, Maia Panjikidze and Giorgi Kvirikashvili, the EU's foreign policy chief Catherine Ashton, and EU Trade Commissioner Karel De Gucht initialed the EU-Georgia Association Agreement (AA), including a Deep and Comprehensive Free Trade Agreement (DCFTA).

As the next step, the foreign ministers of the EU member states will define several key areas on the basis of which the European Commission will develop precise benchmarks. The EU will monitor Georgia's performance in each of those areas and determine its eligibility to sign the AA, which in turn requires ratification in the legislative

bodies of the EU member states and the European Parliament. Some DCFTA provisions, including phytosanitary measures, intellectual property rights and competition policy regulations as well as some parts of the agreement, related to sectoral cooperation, will go into effect before ratification.

Although the Georgian government aspires to sign the AA/DCFTA by September 2014, several technical and political challenges must be overcome to reach this ambitious goal. Technically, the government must ensure a comprehensive modification of Georgian legislation. Whereas this task is certainly important, the main factors affecting Georgia's AA perspectives are certainly political. Due to the expected pressure

from Kremlin, the period after the Sochi Olympics and before the actual signing of the agreement will likely be critical for Georgia.

Although Georgia's President Giorgi Margvelashvili insists that Russia holds no levers to derail the country's European integration and prevent it from signing the AA, it remains to be seen whether a small country with unresolved conflicts and limited economic resources will prove able to withstand Moscow's pressure better than Ukraine did.

Whereas the volume of bilateral trade has not reached a level that could be used adversely by Russia, the reopening of the Russian market to Georgian goods has boosted turnover between the two countries. According to the Georgian national statistics office, in January-September 2013 Georgian exports to Russia grew by three times compared to the same period of last year. Russia is now Georgia's fourth largest trading partner while it was the sixth largest in 2012. The tendency suggests that a further increase of bilateral trade could well imply a possibility for "trade wars" against Georgia.

However, even without a resumed embargo on imports from Georgia, Russia possesses a wide range of instruments to provoke tensions in the country. An intensification of the process of so-called "borderization," reflected in the installation of barbed wire fences across the administrative boundary line of breakaway South Ossetia, is one of the most effective devices at the Kremlin's disposal. Recently, signposts warning people not to move beyond the marked point as it represents "the state border" of South Ossetia, emerged in the middle of

cultivated land in villages of the occupied Tskhinvali region.

On December 4, the Russia's Foreign Minister Sergey Lavrov ironically stated that the fences protect the borders of a "sovereign state" and will no longer be required after "hotheads cool down" in Georgia. Continuing detentions of local residents for "illegal border crossing" and separation of their lands, plots, and cornfields can easily ramp up the protest and trigger turmoil locally. The Kremlin could also stimulate disorder by fanning separatist and anti-Muslim sentiments in Georgian regions populated by ethnic and religious minorities.

Another effective manipulative tool is Georgia's heavy dependence on labor remittances from Russia. The introduction of a deportation policy against ethnic Georgian migrants will certainly harm the country's economy and may compel the government to make political concessions. Efforts will likely be made to cement ties between the Georgian and Russian Orthodox Churches to avert the distribution of "corrupt" Western values foreseeing the protection and promotion of sexual minorities' rights. This sort of "defense policy," intending to encapsulate orthodox society from Western influence, is largely shared by the Georgian Church which enjoys the highest confidence among political and social institutions.

In this perspective, it is uncertain how irreversible Georgia's European course will be in the immediate future. This course is likely about to be tested by increased Russian support not only for pro-Russian but also Euro-skeptic political forces in Georgia, which will prop up "multi-vector" and ultra-

nationalistic policies respectively, in efforts to shake the proclaimed indispensability of Georgia's European direction.

A thorough application of these extensive leverages could eventually force Georgia to make a foreign policy U-turn. At an initial stage, Moscow can continue to stir tensions around the occupied territories to weaken the Georgian government domestically. Against this background, indirect support for ultra-nationalistic

groups against ethnic and religious minorities will on the one hand strengthen anti-European sentiments in Georgia, and on the other hand demonstrate to Brussels that Georgia remains politically immature and "non-European."

Whereas it remains an open question whether this negative scenario will actually materialize, the Georgian government should remain vigilant of Moscow's ability to use it.

BISHKEK MAYOR STEPS DOWN

Arslan Sabyrbekov

Bishkek mayor Isa Omurkulov resigned on December 4, two days after an investigation into alleged abuse of office charges were filed against him by the Kyrgyzstan's Prosecutor General. During the press conference, Omurkulov stated to the public that his decision to step down was unrelated to the probe, but declined to specify the concrete reasons for his resignation.

A member of Kyrgyzstan's ruling Social Democratic Party, Omurkulov assumed the post of Bishkek mayor in 2010 following the violent overthrow of former President Kurmanbek Bakiev's regime. During his term in office, he was heavily criticized for failing to improve the city's infrastructure and prevent the illegal seizure of land. Perhaps most damaging to his public reputation, however, was a traffic accident involving his son Azamat Omurkulov, who was charged in connection with a mid-August crash near the southern city Tokmok in which his SUV collided with another

vehicle, killing its driver and two young passengers. The court later dismissed the case, stating that the victims' relatives had forgiven the defendant. Despite the controversy surrounding this incident, Omurkulov retained his post as the mayor of Kyrgyzstan's capital and largest city.

Two days before his resignation, Kyrgyzstan's Prosecutor General's Office issued a public announcement that Omurkulov and several members of his office were suspected of redefining the borders of Bishkek's Victory Park with the intent to accommodate an illegal construction operation from 2002 to 2010, and to allow for the further construction of new buildings on park grounds. Omurkulov has denied all allegations of wrongdoing and expressed his readiness to cooperate with the Prosecutor's Office during the investigation. He added that as mayor of Bishkek he did his best to improve the

city, which in his words “was an extremely challenging and difficult task.” The news about Omurkulov’s voluntary resignation has provoked immediate and widespread public discussion. Some argue that this resignation serves as an example of an improving political culture, while others claim that the power holders are simply demonstrating to the public that the fight against corruption is not selective and extends to members of the ruling party as well. However, according to the political analyst Marat Kazakbaev, the case launched against Omurkulov is of a financial nature, giving him plenty of room to escape imprisonment – quite unlike other opposition politicians already serving sentences.

Bakyt Baketaev of the Center against Corruption believes that “through Omurkulov’s resignation, President Atambaev demonstrated his strength in the eyes of the opposition, which has always been using the mayor’s poor performance to criticize the power holders.” But this must be yet proven by electing a new mayor capable of finding solutions to a number of problems facing the largest and economically strongest city of Kyrgyzstan.

A number of influential Kyrgyz parliamentarians have also commented on this resignation. According to Felix Kulov, a leader of the parliamentary faction Ar Namys, Omurkulov’s resignation is a “welcome step and will

defuse the current political situation in the country.” The MP went on to state that “there is a need for a thorough investigation to be carried out and until then everyone must refrain from stating that the ex-mayor is guilty of any deeds.

Indeed, the recent developments in Kyrgyzstan demonstrate that Omurkulov is not the sole representative of the ruling party charged with criminal misuse of authority. On November 29, Kyrgyzstan’s parliament created a special parliamentary commission to investigate the activities of the Gradient Company, affiliated with close relatives of Deputy Prime Minister Tairbek Sarpashev from the ruling SDPK party. According to local media, Gradient won a tender to repair some roads and became the sole supplier of fuel and lubricant materials for the Gold Mining Company Kumtor. The MPs suspect that Sarpashev misused his authority and influenced the outcome of the tender in favor of his relatives.

It remains to be seen whether these investigations against members of the ruling party will be taken to court. The outcome of these cases may have significant influence on public perceptions of whether the fight against corruption is being waged in earnest or if it remains “politics as usual.”