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Contents

Analytical Articles

**PUTIN APPOINTS RUSSIAN MILITARY GENERAL
TO RULE THE NORTH CAUCASUS** 3
Valeriy Dzutsev

**KAZAKHSTAN'S KASHAGAN OIL FIELDS FACES
PROBLEMS AND SOARING COSTS** 6
John C.K. Daly

IS AN IRANO-AZERBAIJANI RAPPROCHEMENT TAKING PLACE? 10
Stephen Blank

SEPARATISM IN UZBEKISTAN? KARAKALPAKSTAN AFTER CRIMEA 13
Slavomír Horák

Field Reports

GEORGIA ENDORSES ANTI-DISCRIMINATION LAW 17
Eka Janashia

NEW GOVERNMENT FORMED IN ARMENIA 19
Haroutiun Khachatrian

ADDRESSING TORTURE IN KYRGYZSTAN 21
Ebi Spahiu

TURKMENISTAN'S PRESIDENT VISITS TAJIKISTAN 23
Oleg Salimov

THE CENTRAL ASIA-CAUCASS ANALYST

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Submission Guidelines:

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 1,100 and 1,500 words. The articles are structured as follows:

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.

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

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

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PUTIN APPOINTS RUSSIAN MILITARY GENERAL TO RULE THE NORTH CAUCASUS

Valeriy Dzutsev

Russia's President Vladimir Putin is reshaping the administration of the North Caucasus and reshuffling his envoys to the region. The changes reflect Moscow's frustration with the developments in this unstable territory, the declining financial resources of the central government, and a rebound of imperialist ideology in the Russian Federation. Previous attempts by the Russian government to use economic development as a policy tool to stop the violence and to assert greater control over the North Caucasus largely failed. Moscow's fears of North Caucasian separatism still play a prominent role in the government's policies in the region. Having crushed the large-scale insurgency, Russia still faces simmering conflict and has a profound lack of vision for the future of the region.

BACKGROUND: On May 12, President Putin dismissed his envoy to the North Caucasus, Russia's vice Prime Minister Alexander Khloponin. His replacement, Sergei Melikov, came from Russia's military circles. Until his most recent appointment, Lieutenant General Melikov was the commander of the joint military force that combats insurgency in the North Caucasus. The administrative changes did not stop there. On the same day, Putin set up the Ministry for North Caucasian Affairs and Development. The governor of the Krasnoyarsk region in Siberia, Lev Kuznetsov became the head of the newly established ministry.

Alexander Khloponin was appointed to represent the President of Russia in the North Caucasian Federal District at the time of its establishment in 2010. Khloponin was known as a successful businessman and an influential governor of the Krasnoyarsk region prior to his appointment in the North Caucasus. Constructing world-class ski

resorts in the North Caucasus that would resolve the region's unemployment and eliminate the social base for the insurgency became the hallmark of Khloponin's term. However, the government's promises to invest billions of dollars and attract vast funding from private investors to transform the North Caucasus did not materialize. As the investment climate in Russia progressively worsened in the past several years and practically collapsed after Russia's latest incursion into Ukraine, the central government's ability to sustain lavish subsidies to the North Caucasus is apparently coming to an end.

Khloponin was commonly seen as a representative of Moscow's soft-liners in the North Caucasus. However, he had very limited influence over the counterinsurgency operations in the region. Yet, Khloponin was certainly able to influence Moscow's policies in the region via his associates in the Kremlin. For example, whether



coincidentally or not, the process of dialogue between Dagestan's Salafi and Sufi communities started at the time when Khloponin was Moscow's envoy. It appears that the Russian government could not agree on how much discretionary power Khloponin should be granted, hence in some North Caucasian republics such as Kabardino-Balkaria and North Ossetia, Khloponin could easily reprimand regional officials. In Chechnya and Dagestan, however, Khloponin held much less sway over regional authorities and rarely said anything critical about them.

Reputedly a soft-liner, Khloponin may have been appointed specifically to offset the risks and challenges surrounding the Sochi Olympics. He embodied Moscow's promises of grandiose developmental plans in the North Caucasus that supposedly should have impressed both republican elites and the general population. As soon as the Olympics were over, however, the changes were probably inevitable. An increasingly hardline approach is looming ahead for the region as Moscow does not need to buy local elites or the wider population, nor is it projected to have enough funds to do so in the near future.

IMPLICATIONS: Putin has essentially divided the functions of his envoy into two parts. Military control has been assigned to the newly appointed head of the North Caucasian Federal District, Sergei Melikov. Economic control has been handed over to the Ministry for North Caucasian Affairs and Development. The new system resembles the old imperial Russian rule in the Caucasus when the Russian Emperor appointed a General Governor to rule the region. Even the special ministry for North Caucasian affairs has by some observers, including the well-known North Caucasus expert Ivan Sukhov, been termed "the Ministry for Colonial Affairs." According to Sukhov's commentary in the Russian journal *Profil*, the "reconfiguration of [North] Caucasian governance looks like a demonstration of resoluteness in anticipation of bad times." In other words, Moscow is preparing for a war in the region, rather than its peaceful development and integration.

In the beginning of May, President Putin abolished all Federal District level departments of the Russian Interior Ministry, leaving only the Interior Ministry's North Caucasian Directorate intact. The Ministry for the North Caucasian Affairs and Development became the third such ministry in Russia, the other two being the Ministry for Development of Crimea and the Ministry for Development of the Russian Far East region. The recent acquisition of Crimea has further complicated the already complex administrative structure of the Russian Federation,

prompting the revival of imperial or quasi-imperial mechanisms such as de-facto General Governors and regional agencies.

Even though Moscow's frequent reforms in the North Caucasus reflect a level of crisis in the Russian government's view of the region, there is also a certain rationale in its moves. The Kremlin apparently intends to establish a more direct rule in the North Caucasus, further reducing the autonomy of the republics. Instead of an outright abolishment of the republics, Moscow chose to construct another level of regional governance – the North Caucasian Federal District – that would gradually supplant and replace the republican authorities. According to Russian experts, Sergei Melikov will have the power to appoint chiefs of federal agencies in the North Caucasus. The administrative takeover is carried out under a powerful government-sponsored campaign about corrupt local elites that should be replaced with honest people sent directly from Moscow.

Russia's plans for a hostile takeover of the North Caucasus is naturally meeting stiff, though muted resistance in the region. Melikov will find it hard to subdue Chechnya's strongman, Ramzan Kadyrov, and is certain to encounter some opposition in Dagestan and elsewhere. Despite a long-standing policy of directly appointing governors in the North Caucasus after the abolition of governor elections, Russia is dissatisfied with the type of leaders in the region. Regional governors tend to either become overly self-reliant and

nearly autonomous from Moscow, like Kadyrov in Chechnya, or they are fully under Moscow's control but cannot exercise much control in their republics, like the President of Karachaevo-Cherkessia, Boris Ebzeev, who resigned from his position before the end of his first term in 2011 for precisely this reason.

CONCLUSIONS: The frequent changes of governing rules in the North Caucasus indicate that Moscow is grappling to find a solution for the unstable region. Its emphasis on control, rather than inclusion and public participation, renders Moscow's tasks in the region rather futile and tied to the extensive use of force. The latest administrative reshuffles show that Russia's policies in the North Caucasus increasingly resemble those implemented by the Russian Empire in the 19th century. Devising special rules for ethnically non-Russian regions will likely worsen tensions in the North Caucasus, rather than mitigate the problem of violence. While Moscow may consider the risk of violence to be an acceptable price for controlling the North Caucasus and retaining Russia's territorial integrity, discriminatory policies reinvigorate the grievances that will make the North Caucasus less friendly to the central government.

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KAZAKHSTAN'S KASHAGAN OIL FIELDS FACES PROBLEMS AND SOARING COSTS

John C.K. Daly

In the past two decades since the collapse of the Soviet Union, Kazakhstan has become a major oil producer. In 2013, Kazakhstan's oil production surged to roughly 1.64 million barrels per day. A key element in Kazakhstan's continued growth in oil exports will be the further development of its giant onshore Tengiz and Karachaganak fields and the coming online of its massive Caspian offshore Kashagan fields, along with the development of additional export capacity. But while Tengiz and Karachaganak are already up and running, Kashagan's development has been far more troubled, and the difficulties in bringing it online persist.

BACKGROUND: Kazakhstan's offshore Kashagan Caspian Sea field, discovered in 2000, is the largest oil field uncovered in the last 30 years, with potential reserves estimated to be as high as 70 billion barrels. For comparison, the Norwegian sector of the joint British-Norwegian North Sea oil fields contains approximately 30 billion barrels of recoverable crude.

Kashagan is the sole "superfield" to be discovered in the last four decades. The total Kashagan Contract area covers more than 2,125 square miles of northern Caspian Sea waters and contains five separate fields - Kashagan, Kalamkas A, Kashagan Southwest, Aktote and Kairan.

Kashagan is in Kazakhstan's northern Caspian in shallow waters that freeze over for around five months each winter. Kashagan's oil reservoir lies 2.6 miles below the seabed at very high pressure (770 psi), and the associated

gas reaching the surface is mixed with hydrogen sulfide (H₂S) content of 19 percent. Admixed with the hydrocarbons, these are some of the highest concentrations of the toxic, metal-eating acid ever encountered. H₂S is heavier than air, very poisonous, corrosive, flammable, and explosive. The northern Caspian's shallow depth and extreme winter climatic conditions have precluded the use of conventional drilling and production technologies such as fixed or floating platforms, forcing the offshore facilities to be installed on a series of costly artificial islands (drilling and hub islands) that house drilling and processing equipment far out at sea. Accordingly, delays, environmental concerns and costs have soared.

Under terms of the North Caspian Sea Production Sharing Agreement signed in 2001, Italy's ENI under the joint-venture company name of AgipKCO (Agip Kazakhstan North Caspian



Operating Co., or NCOC) currently manages Kashagan. AgipKCO consists of Kazakhstan's national hydrocarbon concern KazMunaiGas and Japan's Inpex, both of which originally held an 8.33 percent share in the project, while ConocoPhillips holds a 9.26 percent share. Four major foreign oil companies currently dominate the project – Italy's ENI, France's Total, U.S. ExxonMobil and Anglo-Dutch Shell, which all held 18.52 percent stakes each.

In autumn 2007, however, the Kazakh government, citing environmental concerns and cost overruns, renegotiated the PSA agreement. When the dust settled in January, KazMunaiGas increased its share in the Kashagan project from 8.33 percent to 16.81 percent as a result of its foreign consortium partners surrendering 2 percent apiece of their stake while agreeing to pay up to US\$ 5 billion as compensation for lost profits due to cost overruns and significant delays in commercial production.

IMPLICATIONS: Oil revenues have played an increasingly important role in the Kazakh economy. Among its Commonwealth of Independent States neighbors, Kazakhstan was the first to pay off its International Monetary Fund debts following economic reconstruction in 2000, seven years

ahead of schedule; it was the first regional state to obtain a favorable credit rating; the first to implement financial institutions approaching Western standards of efficiency and reliability; and the first to develop and introduce a national fully funded pension program.

In validating the structural reforms carried out by the Kazakh government with its oil revenues, the European Union formally recognized Kazakhstan as a market-based economy in October 2000, while Washington accorded Kazakhstan similar recognition in March 2002.

Kashagan finally started producing oil on September 11, 2013, but a mere 13 days later production was suspended after a gas leak at the pipeline from Island D to the onshore Bolashak refinery was discovered. After the leak was repaired, production resumed but on October 9 output was again halted when another gas leak was discovered. The cause of the problem was identified as “sulfide stress cracking,” a form of corrosion caused by Kashagan's H₂S. On April 23 a NCOC executive said that the company had concluded that 55 miles of subsea pipelines carrying natural gas and oil from Kashagan offshore wells for processing onshore oil fields will need to be replaced.

The Kazakh government had based its economic forecasts on revenue from Kashagan, which was expected from an initial 180,000 barrels a day (bpd) to 370,000 by 2015. NCOC estimates Kashagan's reserves at 38 billion barrels, with 10 billion barrels recoverable, along with estimated

natural gas reserves of more than 1 trillion cubic meters.

Kashagan has cost an estimated US\$ 50 billion so far, five times early estimates.

It is obvious that the highly optimistic production output figures of 370,000 bpd by 2015 and rising to 1.5 million bpd soon after will not be met anytime soon. NCOC Chairman and Managing Director Pierre Offan resigned on May 1 and will be replaced by ENI's head of exploration and development Claudio Descalzi. As for when production might resume Descalzi said, "It's worse than we considered. We have already put in place contingency plans to cover a possible lack of production in 2015."

The Kashagan pipeline debacle may be just the tip of the iceberg. If the pipeline issue is the result of not using sour service steel pipe as required for the H₂S content of the reservoir fluid and if they also used regular pipe instead of sour service pipe for the well completions, then there is a very good chance that very expensive well work-overs are necessary, which would along with the pipelines cost billions in additional repairs.

However, teething problems aside, it is too early to count Kashagan out. At least one investor is betting that Kashagan will fulfill its potential. On September 7, 2013, Chinese President Xi Jinping signed a US\$ 45 billion agreement with Kazakhstan's state energy company KazMunaiGas for state-owned China National Petroleum Corp. to purchase an 8.33 per cent stake in Kashagan.

CONCLUSIONS: Kazakhstan urgently needs Kashagan's projected production cash inflow revenues to hit its fiscal targets for 2014, earlier estimated at up to three percent of gross domestic product. But for the moment, the Kazakh government is downplaying the impact of the Kashagan delays. On May 2, Kazakhstan's Minister for the economy and budget planning Erbolat Dossaev said, "For the state budget, we were not expecting any addition of income this year or next year," he said. "For GDP growth, yes: maybe half a percent [impact], but we are trying right now to cover this with more exploration."

Further financial trauma at Kashagan may occur as the full extent of the H₂S corrosion is determined. MFX Broker analyst Sergei Nekrasov said, "After replacing, the new pipelines, consisting of a special alloy, will be 10-15 times more expensive than those used previously. The replacement cost could reach US\$ 250-500 billion," which could balloon Kashagan's costs to US\$ 400-600 billion.

Kashagan, now the world's most expensive energy project, symbolizes that the easy oil is truly gone. Other potential opportunities, such as Brazil's offshore southern Atlantic fields, are just as tough as Kashagan, if not more difficult. Kashagan has failed to live up to the expectations of constituting Kazakhstan's energy crown jewel, and the only certainty at this point is that increased costs will be substantial before production resumes.

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IS AN IRANO-AZERBAIJANI RAPPROCHEMENT TAKING PLACE?

Stephen Blank

Iran is substantially modifying its policies in the Caucasus and is seeking to draw Azerbaijan closer. The high point of this rapprochement was the visit of Azerbaijan's President Ilham Aliyev to Iran in April, a visit arranged after he and Iranian President Hassan Rouhani met in Davos in January. The visit received glowing reporting in both countries and led to the signing of several memoranda on minor issues. However, the key is that Iranian Supreme Leader Seyid Ali Khamenei expressed assurances of greater bilateral cooperation as a result of the visit as well as Iran's support for Azerbaijan's territorial integrity, including apparently Nagorno-Karabakh.

BACKGROUND: During 2012-13, these bilateral relations were about as bad as one could imagine. Azerbaijan's efforts at modernization and reform, including tolerance for religious minorities, and refusal to commit to any specific form of Islam aroused Iranian ire. Indeed, Iran played the Islamist card by inciting what used to be called agitation and propaganda against the Aliyev government, denouncing Azerbaijan as an insufficiently Islamic or even anti-Islamic state. Iran was also extremely anxious that Azerbaijan might allow itself to serve as a base for either the U.S. or Israel's military forces. Indeed, on many occasions Iran has let it be known that it will hit back at Azerbaijan if any such strike occurs. Given the sizable Iranian military capability in the Caspian, its arsenal of missiles and the pro-Iranian terrorist groups at its disposal, these could hardly be considered empty threats. However, beyond incitement Iran has also engaged in more violent and clandestine activities. In early 2012, Azerbaijan had arrested 22 people, including some Lebanese Hezbollah operatives, for complicity in a plot to assassinate Israeli and U.S. diplomats and Jewish children in Azerbaijan. This episode perfectly exemplifies the linkage between internal and external challenges to Azerbaijan's security, especially as Azerbaijan also caught the Iranian agent who was leading the incitement against the regime. In May the same year, Azerbaijan exposed a terrorist plan to kill foreigners at the Eurovision contest, while reports emerged in December of a fresh plot even as Iran and Azerbaijan were discussing how to improve relations between them. Thus, Iran has incited unrest in Azerbaijan and three separate terror plots against Azerbaijan's government, Israel's ambassador there,



and Azerbaijani Jews were uncovered in 2012.

Iran clearly waged a low-level but unremitting and long-running campaign of subversion, terrorism, and threats against Azerbaijan, fearing that the country may be used as a base by Israel or the U.S., in which case Iran has on several occasions threatened Azerbaijan that it would be attacked. Finally, Iran is also the main Caspian actor responsible for the impasse on reaching a legal delimitation of the Sea, a stance that clearly impedes Azerbaijan's efforts to explore and to help build a Trans-Caspian pipeline and network of Caspian suppliers who would ship gas through its ports and pipelines.

IMPLICATIONS: Undoubtedly, Rouhani's efforts at détente with the West have led him to reduce the pressure on Iran by improving ties with Azerbaijan and other South Caucasian states. Yet, while the potential détente with the U.S. is clearly a factor, so is Crimea. Moscow is steadily building its Caspian Fleet, its North Caucasus Military District, and its forces in Armenia and could clearly threaten Azerbaijan, which must realize it is alone and needs friends. Thus, Baku has signed new agreements with Turkey on defense cooperation.

Similarly, Azerbaijan has announced its readiness to make progress on the Caspian littoral and demarcation issues. Iran might do so too at the upcoming conference of the littoral parties as the noises coming out of Moscow on this issue appear to be optimistic that a resolution may finally be in sight.

Iran is clearly trying to improve its external relations in all direction, not just with the U.S. or the South Caucasus. It is negotiating an agreement with Russia that would allow for a resumption of Russian defense sales in return for oil and would essentially break the sanctions regime. It also has a strong relationship with Turkmenistan from where it imports gas. Yet, Iran has hinted that it is willing to do serious business with Turkey, and to transport gas through the Caspian Sea if it can be delimited. This in turn necessitates coming to terms with Azerbaijan as well as a prior resolution of outstanding issues pertaining to the Caspian Sea itself. There may be circumstances whereby Iran would like to export its own gas through the Caspian and maybe even Turkmen gas. Either way, it must then deal with Turkey and Azerbaijan but risk Russia's displeasure. In other words, an Irano-Azerbaijani rapprochement, to the extent that it is serious and genuine, could open up many of the logjams in the Caspian basin that have inhibited progress on key issues like Caspian delimitation and energy flows from Central Asia to Europe.

This process has only begun although it is clearly discernible. But it clearly

bears watching for it will have a big impact on many critical issues, potentially the Nagorno-Karabakh issue, but certainly the relationships between Iran, Azerbaijan, and Turkey both regarding the Caucasus and energy flows to Europe. Likewise, it will clearly have a major impact on the treatment of the Azeri minority in Iran, which has been a long-term object of Tehran's suspicion, due to its questionable loyalty to Iran and Iran's vulnerability to a Crimea-type scenario given the presence of that minority in border areas adjacent to Azerbaijan, as happened in 1920-21, and 1946. Likewise, the complex issue of demarcating the Caspian, the potential for its militarization or alternatively its demilitarization, Iran's ties to Turkmenistan, and especially to Russia are all issues that will be affected by the course of this relationship.

CONCLUSIONS: This relationship is also closely connected with the ongoing 5+1 negotiations with Iran over its nuclear program. Iran is clearly looking to break out of its previous isolation, and like Azerbaijan, reduce the number of hostile states that it must deal with. Its overtures to Azerbaijan and Georgia as well as Armenia are also intended to register in Western capitals. So too is the announcement that NATO's relationship with Azerbaijan has now reached the level of strategic partnership, a clear response to the Crimean crisis. However, the democracy and human rights issues still plague Baku's relations with Washington, which may help explain its overtures or receptivity to Iran, especially given the charged

environment within which Azerbaijan must now function. Would it be far-fetched, then to hope that this rapprochement, if it goes forward, could help generate a so called virtuous circle of relationships involving Tehran and Washington as well as Baku? Should such a development come to pass, the repercussion and benefits garnered thereby would far exceed or transcend the borders of those three states and could benefit Europe and the entire Caucasus. On the other hand, failure to move forward leaves the entire Caspian basin in a state of "frozen conflict" and tension. That is a condition where ultimately neither Baku nor Tehran benefits. Therefore, if for no other reason, the stakes involved merit giving this relationship the scrutiny and attention it deserves.

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SEPARATISM IN UZBEKISTAN? KARAKALPAKSTAN AFTER CRIMEA

Slavomír Horák

Karakalpakstan is a remote autonomous republic on the Western edge of Uzbekistan in the lowlands of the Amudarya River. It suffers from high unemployment and substantial emigration to neighboring Kazakhstan and Russia, not least due to the hydrocarbons boom in Kazakhstan's Mangyshlak. However, the crisis in Ukraine is having ramification also in this region of Uzbekistan. Leaflets have been distributed around the region in recent weeks, appealing for the organization of a referendum on the region's independence and secession from Uzbekistan and/or to request annexation to Kazakhstan or even Russia. Can we expect a new round of instability and state partition in Central Asia in line with the continuing dissolution of Ukraine?

BACKGROUND: Karakalpakstan became part of the Uzbek Soviet Socialist Republic (SSR) during the national delimitation in the 1920s and 30s. It was initially declared an Autonomous region within the Kazakh Autonomous Soviet Socialist Republic (ASSR). It was later transferred to the direct administration of the Russian Soviet Socialist Federative Republic (of which the Kazakh ASSR was part as well) and its status was upgraded to ASSR in 1932. However, after the declaration of the Kazakh SSR, Karakalpakstan was separated from the Russian federation and attached to the Uzbek SSR.

Hence, Karakalpakstan became part of contemporary Uzbekistan largely for administrative reasons. However, the republic was granted an autonomous status with its own Supreme Soviet, and as such the republic could develop its own culture and literature, and

receive separate support from Moscow. On the other hand, in Tashkent's perspective, Karakalpakstan remained a backward and remote area which was needed mostly during the cotton season. Cotton production also caused the catastrophic drying out of Aral Sea with fatal consequences for Karakalpakstan.

The "parade of sovereignty" among the Soviet republics was also reflected in Karakalpakstan and the region proclaimed its sovereignty in December 1990. However, its separation from the Uzbek SSR was vaguely defined and did not envision the dissolution of the Soviet Union. Yet, Uzbekistan's declaration of independence also gave rise to some discussion on Karakalpakstan's status, mostly in intellectual circles. Several initiative groups such as Halk mapi (The People's Interest) emerged in the country. The idea of full independence



for Karakalpakstan or transferring the territory to Kazakh administration resonated also in neighboring and newly independent Kazakhstan.

However, President Karimov's solutions to Uzbekistan's internal problems immediately after the country's independence rapidly pacified any separatist inclinations. Karakalpakstan was declared an autonomous republic in Uzbekistan's constitution of 1992, and Karakalpakstan's constitution adopted in April 1993 confirmed the status with the provision that an all-Karakalpakstan referendum could lead to the region's independence. The groups and people advocating increased autonomy for Karakalpakstan have been systematically silenced since the 1990s. The loyal heads of the autonomous territory's government were appointed and removed according to the republic's economic performance. Since 2002, Karakalpakstan is ruled by Supreme Soviet Head Musa Yerniyazov who has been able to distribute the most profitable key positions in the republic among his family and kin.

Although politics in the region have seemed relatively quiet and stable to external observers, several attempts to call for separation have occurred.

Groups such as Erkin Karakalpakstan (Free Karakalpakstan) and others have appeared in the news without detailed information about their leaders and members. Kosovo's declaration of independence in 2008 also gave rise to debates over a similar step for Karakalpakstan.

IMPLICATIONS: Uzbekistan's authorities fiercely deny any rumors about separatism in Karakalpakstan and juxtapose such news with facts pointing to improved living conditions and rapid development in the republic. At the same time, the economic, health and social disaster of the region due to ecological catastrophe as well as Uzbekistan's overall poor economic performance have forced tens of thousands of Karakalpakstan's inhabitants out of their homeland to Russia and Kazakhstan. Uzbek authorities allow migration from Karakalpakstan to Tashkent and the Tashkent region, which remains blocked for the inhabitants of Uzbekistan's other welayats (provinces). It thus implicitly acknowledges Karakalpakstan's problem and the risk of social tension in the region.

Starting from March and April this year, Karakalpakstan is seeing increasing activism. Several activists were detained for alleged or real distribution of leaflets calling for a referendum on Karakalpakstan's independence. The leaflets were signed in the name of Alga Karakalpakstan Azatlyk hareketi (Cheer up Karakalpakstan Freedom Movement), which has not yet been detected in the

region. The activity is assumed to have emerged from below and is connected with the developments in Crimea and Eastern Ukraine. Uzbekistan's president apparently judged the developments to be serious enough to award the region an urgent visit.

Although no information is available on potential support from outside, foreign powers could make use of growing separatist moods in the region. While rumors circulate of Western, particularly U.S. intentions to overthrow the Uzbek regime and gain access to the country's natural resources, the potential gains would hardly be worth the destabilization of Central Asia that would ensue. By contrast, apart from short-term and situational motives for encouraging separatist movements, the Russian government has several long-term reasons for at least threatening to destabilize Uzbekistan. Russia's ability to access and defend its investments in Uzbekistan, the U.S.-Uzbekistan rapprochement, the perspective of an approaching but unpredictable change of leadership in Uzbekistan, as well as Uzbekistan's relationship to Russia-backed integration organizations could all present sufficient arguments for Russia to use the Karakalpakstan issue to its own advantage. Uzbekistan left the Collective Security Treaty in 2013 (See February 20, 2013 CACI Analyst) and has refused any discussion of membership in the Eurasian Customs Union.

Looking at the problem from inside Karakalpakstan, interviews with the local population as well as discussions

on internet forums demonstrate that a fertile ground for such agitation exists at least among parts of Karakalpakstan's population. In case support is provided from the outside and the voices favoring separation from Uzbekistan become louder, the quantity of independence supporters could increase.

CONCLUSIONS: The Karakalpakstan issue could be utilized in order to force Uzbekistan's leadership to comply with the interests of any international actor, Russia in particular. The outside interest is focused mostly on the rich resources of the region, which are hardly accessible as long as Karakalpakstan remains under Tashkent's administration. Internal and unsolved social and economic problems, on the other hand, feed growing dissatisfaction among the region's population and is a key source of rekindled Karakalpak nationalism. In this situation, any internal and external incentives could effectively complement each other to produce a multiplication effect and lead to demands for using the right of secession envisioned in Karakalpakstan's constitution. In this situation, a highly negative reaction from Tashkent could be expected, and the situation could quickly spiral out of control as we are currently seeing in Ukraine.

In any case, opening this Pandora's Box could have unpredictable consequences not only for Uzbekistan. The current tendency towards redrawing post-Soviet borders in Georgia and Ukraine as well as, hypothetically, in

Uzbekistan could have ramifications for many other problematic regions in the post-Soviet space.

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GEORGIA ENDORSES ANTI-DISCRIMINATION LAW

Eka Janashia

On May 2, Georgia's parliament unanimously adopted a contested anti-discrimination bill required under the Visa Liberalization Action Plan in order to attain the short-term visa-free regime with EU.

The law on "Elimination of All Forms of Discrimination" envisages the introduction of mechanisms against discrimination conducted on the grounds of race, color, language, gender, age, citizenship, native identity, birth, place of residence, property, social status, religion, ethnic affiliation, profession, family status, health condition, disability, expression, political or other beliefs, sexual orientation, gender identity, and "other grounds."

The law triggered enormous criticism from different groups of society and was preceded by heated debates in parliament.

The legal advocacy and watchdog organizations insist that the anti-discrimination law is a watered down version of the original document drafted by the Ministry of Justice, with the active engagement of a broad range of civil society groups and that it provides less efficient mechanisms, as well as financial penalties for discrimination cases, than the initial one. Whereas the original version envisaged setting up a new institution – an inspector for the protection of

equality – in charge of overseeing the implementation of anti-discrimination legislation, the adopted law places this competence under the Public Defender's Office (PDO).

According to Georgian Young Lawyers' Association (GYLA), the existing legislation already empowers the PDO with almost the same authority. The purpose of the bill thus should have been to establish new and more effective legal instruments, rather than replicate the old ones. Further, while the anti-discrimination law foresees an expansion of the PDO's authority, it does not ensure relevant financial support for it. An explanatory note accompanying the bill says that the anti-discrimination legislation will not incur any increase of state budget expenses necessary to recruit additional staff in line with the PDO's new responsibilities.

Another, more powerful, group which has severely attacked the bill is the Orthodox Church and its radical followers. According to the Georgian Orthodox Church's statement, released on April 28, the anti-discrimination bill legalizes a "deadly sin" by including "sexual orientation" and "gender identity" in the list of prohibited grounds of discrimination. The EU represents a conglomerate of different nations and religions claiming to recognize and respect the culture and traditions of various people and

expresses its readiness to take into consideration Georgian values as well, but this bill overtly contradicts these principles, the statement reads.

Those against the bill also argue that it allows sexual minorities to be employed even in the preschool education sector, which is alarming as it could have negative implications for children's mental development. Some radical priests even suggested that the visa-liberalization should be categorically rejected "rather than making such inclinations as homosexuality a legal norm."

Commenting on the bill, Speaker of Parliament Davit Usupashvili said it is a question of whether Georgia will continue its European path, recognizing that "we should not chase people with sticks, we should not fire people from jobs if we do not share their opinions and their way of life, or else we should stay in Russia, where it is possible to expel people whom you dislike from a city."

Despite the strong support provided by the liberal wing of politicians, heavy pressure from the clergy forced the lawmakers to make significant modifications to the bill.

Initially, some lawmakers including the Vice-Speaker of Parliament, GD MP Manana Kobakhidze, insisted that the entire list of prohibited grounds of discrimination should be removed, as was suggested by spiritual leaders. While this initiative was not met by the parliament, a note of "protection of public order and morale" was added to the draft law. According to the law, actions committed for this purpose will

now not be considered as discrimination against a person. The human rights groups fear that the inclusion of terms such as "public order" and "morale" risks encouraging discriminative interpretations of the law. The special post of an inspector in charge of monitoring the implementation of the anti-discrimination legislation, as well as financial penalties, have also been removed from the draft.

On March 28, as the government adopted the bill and sent it to the parliament for approval, PM Irakli Gharibashvili appealed to the state constitutional commission, currently drafting constitutional amendments, to reformulate the definition of marriage in the constitution as a "union of man and woman." He claimed that such an explicit definition will eschew wrong perceptions and interpretations of the planned anti-discrimination law. For most Georgian lawyers, the PM's statement does not make sense because Georgia's constitution says that "marriage shall be based upon the equality of rights and free will of spouses." Further, Georgia's civil code defines marriage as a "voluntary union of man and woman," meaning that same-sex marriage is already banned in Georgia.

The government seemingly seeks to accommodate the clergy's demands while simultaneously maintaining the trust of the pro-European electorate.

NEW GOVERNMENT FORMED IN ARMENIA

Haroutiun Khachatryan

In April-May, 2014, a new government was formed in Armenia and about half of the former ministers lost their posts. However, the principal targets of the new government, headed by the new Prime Minister Hovik Abrahamyan, seem identical to those of its predecessor. The ruling Republican Party of Armenia declared its ambition to remain the leading political force at least until 2025.

On April 3, 2014, Tigran Sargsyan, the 12th Prime Minister of post-Soviet Armenia, resigned after six years in office. According to the official statement, he resigned due to personal reasons but several observers believe that the true reason was the decision of the Armenian Constitutional Court, according to which many articles of the Law on cumulative pension system presented by Sargsyan's government contradict Armenia's Constitution. Meanwhile, President Serzh Sargsyan is greatly interested in introducing this system and the Court's decision was made public one day before the PM's resignation.

On April 13, Abrahamyan, the 56 year-old Chairman of the National Assembly and a member of the Republican Party, was appointed the new PM by a presidential decree. Whereas the previous PM is a well-educated economist – Sargsyan was the chairman of Armenia's Central Bank for ten years – Abrahamyan is a political leader. His previous carrier

includes posts such as city mayor and governor, and he was a minister of territorial governance and deputy PM in a previous government.

Although nothing was formally changed as Sargsyan, a vice-president of the ruling Republican Party, was replaced by another vice-president, Abrahamyan, the events will have political implications. Most prominently, the Orinats Yerkir (Country of Law) party, which has partnered with the Republican Party during the last six years, decided to leave the government. The official reason was that the candidacy of the party's leader, Artur Baghdasaryan, was not even considered when choosing the new PM. Baghdasaryan who, in his own words, is a good friend of President Sargsyan, resigned as Secretary of Armenia's National Security Council on April 25 and said he would likely take up a post as Board Chairman of the Collective Security Treaty Organization Academy.

All three ministers belonging to Orinats Yerkir, including the ministers of Agriculture, Sergo Karapetian, Emergency Situations, Armen Yeritsyan, and Urban Development, Samvel Tadevosyan, preferred to remain in the new government and were immediately excluded from the party. Whereas the former two became members of Abrahamyan's government, Tadevosyan subsequently had to leave his ministerial seat.

Due to its prevalence in the National Assembly, the Republican Party was indifferent to the loss of its partner. It has formed the entire government of its own members or of non-partisans. Observers have expressed various opinions on why Orinats Yerkir decided to go into opposition, yet it was probably a strategic move ahead of the general elections in 2017.

Another political event occurring in parallel with the formation of a new government was President Sargsyan's statement that he will not seek a third presidency, as he was certain that no person can lead Armenia more than twice. In his April 10 statement, Sargsyan also said, "I am the leader of the largest political force of the country, the Republican Party and it will continue ... playing an important role ... in the country". In addition, the Republican Party spokesman Eduard Sharmazanov made a comment on April 30, indicating that although Sargsyan will no longer run for a top office, he will remain highly influential in Armenian politics since he is the leader of the strongest political party. The Republican Party expects this situation to continue at least until 2025. This is not unlikely, given the weakness of other parties.

The Republican Party suggested the head and spokesman of its parliamentary faction, Galust Sahakyan, to replace Abrahamyan as chairman of the National Assembly. Sahakyan, 66, will soon occupy this post. In accordance with the legislation, the formation of a new government under Abrahamyan was completed by

May 3. Ten out of eighteen ministers working in former PM Sargsyan's cabinet retained their posts, including Defense Minister Seiran Ohanyan and Minister of Foreign Affairs Edward Nalbandyan. New ministers appeared in the ministries of finance, economy, healthcare and some others. The most unexpected appointment was that of Gagik Khachatryan, the former head of the State Revenue Committee, to Minister of Finance. He thereby becomes the fifth person on that post since 2008, and his former Committee has been included into the ministry. Armen Muradyan, the head of a private hospital, became the Minister of Healthcare to replace Derenik Dumanyan, a recently appointed friend of President Sargsyan.

As indicated by President Sargsyan, the priorities of the new government include efforts to join the Customs Union, the introduction of a compulsory accumulative pension system, to continue educational reforms, and to improve the tax and customs duty systems, among others. The new PM Abrahamyan said he would work to complete the implementation of the cumulative pension system, which the former cabinet under PM Sargsyan failed to do - another indication of the urgency that President Sargsyan attaches to this reform.

ADDRESSING TORTURE IN KYRGYZSTAN

Ebi Spahiu

With a growing rhetoric of militant Islamism in Kyrgyzstan and increasing records of human rights abuses against vulnerable groups, the pervasive use of torture remains one of the most pressing issues in Kyrgyzstan's judicial system. Being the only democracy in Central Asia, and having gone through constitutional changes since the new government took over after the 2010 revolution, the country's judiciary has yet to effectively address issues of torture that frequently affect targeted minorities and vulnerable groups. Very often the use of torture is justified by law enforcement to combat increasing threats of violent extremism. However, apart from being a political approach to fight threats of terrorism or unjustly target political dissent, torture also occurs due to a deeply flawed judicial system and law enforcement investigative mechanisms currently operating in Kyrgyzstan.

Even though the prevalence of torture remains a regional human rights issue due to the repressive regimes in most Central Asian countries, Kyrgyzstan is the only democracy in the region although its systematic use of torture strongly resembles that of its oppressive neighbors. However, despite the climate of impunity for law enforcement officers and highly flawed judicial system, Kyrgyzstan is the only country in the region that is taking measures to address this problem.

A recent event organized by the Tian Shan Policy Center at the American University on torture prevention mechanisms exposed some of the largest legal gaps and challenges the country faces on the issue of torture. The event was supported by the Open Society Justice Initiative, the Coalition against Torture and the United Nations Office of the High Commissioner for Human Rights based in Bishkek, and brought together representatives from civil society, the office of the general prosecutor, and members of parliament to address the realities of hundreds of torture cases that mostly go unpunished. "The system encourages law enforcement officers to use torture. The assessment is based on the quantity of criminal cases closed, which encourages the use of torture. If police officers do not fulfill this quota, they'll be punished. It is the norm for confessions to be obtained through torture because police are not trained to conduct investigations," says Alexandra Cherkasenko, Associate Legal Officer at the Open Society Justice Initiative in Bishkek, which provides legal support to torture victims and promotes legal reform based on international standards on torture prevention throughout Central Asia.

Kyrgyzstan is a signatory state of the ICCPR (International Convention of Civil and Political Rights) as well as the CAT (Convention against

Torture). Despite the international legal platforms available and recommendations for the development of mechanisms to prevent of torture, the number of charges among law enforcement perpetrators remains very low. For the first time this year, two police officers based in the southern province of Jalalabad were brought to justice and received sentences of up to 11 years in prison for having tortured minors. "The pressure from civil society is quite strong, but there is still a long way to go," says Cherkasenko.

Apart from international agreements on the prevention of torture, recent discussions among scholars and civil society representatives have revolved around the role of regional economic and political alliances, such as the Shanghai Cooperation Organization (SCO) between China and Central Asian states, in maintaining a prevalent climate of torture justified by the war on terror. In January 2014, a group of 11 ethnic Uyghur men were killed on the border between China and Kyrgyzstan on allegations of extremist activities. According to a statement of the border authorities reported by the Associated Press, the 11 men appeared to belong "to an organization of Uyghur separatists." Human rights organizations, however, disputed the claim due to insufficient investigations and continuously raise their concerns over the SCO agreements and "murky" definitions of terrorism to justify repression of political dissent in the name of the war on terror, also grouped under the organization's definition of "three evils": separatism, extremism and terrorism.

Following the 2010 ethnic conflict in the southern provinces of Osh and Jalalabad, inhabited by predominantly ethnic Kyrgyz and Uzbek communities, the country still faces the challenges of a corrupt and skewed judicial system whose investigations have been marred by arbitrary arrests and torture. The court proceedings and investigations into the killings of over 400 people during the conflict have failed to resolve the pains of a transitioning state. Widespread torture and targeting of ethnic minorities among other groups remains an obstacle to the highly politicized judicial processes. "In Kyrgyzstan investigations are compromised because the investigative body is still the Ministry of Internal Affairs with prosecutorial supervision. The complaints are usually made against operative officers who are also under the Ministry. These complaints are made because police officers are torturing in the context of an investigation so there is inherent conflict for both the prosecutors and the Ministry," says Sarah King, Human Rights Program Manager at the Tian Shan Policy Center in Bishkek.

TURKMENISTAN'S PRESIDENT VISITS TAJIKISTAN

Oleg Salimov

Turkmenistan's President Gurbanguly Berdimuhammedov visited Tajikistan on May 5-6 2014. During his visit, Berdimuhammedov met with Tajikistan's president Emomali Rakhmon and the speaker of the lower chamber of Tajikistan's parliament Shukurjon Shukurov. The transportation and energy sectors, and cooperation in the socioeconomic sphere dominated the bilateral dialogue.

The visit of Turkmenistan's president to Tajikistan was preceded by a meeting of the Turkmen-Tajik intergovernmental committee on trade-economic and scientific-technological cooperation in Ashgabat and Tajikistan's Minister of Foreign Affairs Sirojiddin Aslov's visit to Turkmenistan's capital in April 2014. Both events were used to formulate and coordinate the points of interest to be discussed during the upcoming presidential visit.

The visit resulted in nine signed agreements out of a prospective ten, as reported by Tajikistan's presidential administration. They included intergovernmental acts on cooperation in transportation, economics, tourism, culture, education, legislature, and foreign affairs. In a joint statement, both presidents emphasized the importance of expanding partnership in transportation, energy, industry, trade, and agriculture. As a separate item, the presidents mentioned socioeconomic

development in Afghanistan as a prerequisite for mitigating regional threats including terrorism and trafficking in drugs and human beings.

In a separate statement, Rakhmon accentuated the closeness of both countries' interests in a number of undertakings. At the same time, the evolving collaboration between Tajikistan and Turkmenistan is best described as intermediate cooperation with the final objective of reaching their principal economic partners – Russia for Tajikistan and China for Turkmenistan. Although the countries indicate their regional dependency and increased trade turnover, which reached US\$ 119 million in 2013, they present insignificant political and economic value for each other.

The divergence of the countries' interests can be seen in their distinct interpretations of the visit's purpose. According to the official press release of Tajikistan's presidential administration, the central theme and objective of the visit revolved around the Turkmenistan-Afghanistan-Tajikistan railroad. At the same time, Turkmenistan identified the expansion of its energy export capabilities as a substantial part of the dialogue. For Tajikistan, the railroad through Turkmenistan is a means for reaching Caspian seaways and reduced-tariff Russian oil reserves as a preference in return for stationing a Russian military

base in the country. For Turkmenistan, Tajikistan's territory is a shortcut for delivering its natural gas to China via a fourth pipeline and for diversifying its exports.

In September 2013, Turkmenistan and China reached agreement on a fourth natural gas pipeline which can potentially go through Tajikistan's territory. According to China Petroleum Corporation (CNPC), Turkmenistan consented in a contract signed in 2007 to a yearly export of 30 billion cubic meters (bcm) of natural gas to China in the next 30 years. In about 5 years, from 2009 to 2013, Turkmenistan delivered only 69 bcm, and thus lags behind in delivering another 81 bcm to China. The pipeline though Tajikistan can increase the amount of exported natural gas while reducing the price of delivery. Consequently, for Turkmenistan, which has already started the construction of its part of the railroad, questions regarding its energy export prevailed over other subjects in the agenda of the presidential visit.

For Tajikistan, the prospect of finalizing the three-country railroad is still murky. The project, which must be completed in 2015, was the object of a recent diplomatic mishap between Tajikistan and Turkmenistan. In a statement on January 2014, Amonullo Khukumatullo, the head of Tajik Railroad, announced that an agreement had been reached between Tajikistan and Afghanistan on the final version of the Tajik part of the railroad. Khukumatullo's announcement provoked immediate protests from

Turkmenistan, and was seen as excluding Turkmenistan from the decision-making process and as damaging to the three-sided project. Besides the absence of a compromise version of the Tajik part of the railroad, the lack of funding further reduces the chances of accomplishing the project as planned.

Regardless of whether the railroad objective is achieved, Tajikistan's cooperation with Turkmenistan presents viable means for resolving its energy crisis. The transit of Turkmen natural gas to China can result in a bargain or preferences for Tajikistan. The discussion between the two presidents also included the possibility of extending a Turkmen electric energy line from Afghanistan to Tajikistan. In 2013, Turkmenistan produced over 18 billion kilowatts of electric energy, 2.6 billion of which were exported. Currently, Turkmenistan exports around 50 megawatt of electricity to Afghanistan and plans to increase it by up to 250 megawatt by the end of 2014, according to official Turkmen media. However, the possible financial constrains after the U.S. and NATO withdrawal can limit Afghanistan's purchasing capacity. In such case, Tajikistan's market will appear highly attractive for Turkmen electric energy export.