

# Central Asia-Caucasus Analyst

BI-WEEKLY BRIEFING VOL. 13 NO. 1 19 JANUARY 2011

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*Central Asia- Caucasus Institute  
Silk Road Studies Program*



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# THE CENTRAL ASIA-CAUCASUS ANALYST

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**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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# TURKMENISTAN-AFGHANISTAN-PAKISTAN-INDIA GAS PIPELINE GETS OFFICIAL FOUR-WAY GO-AHEAD

Robert M. Cutler

*After over fifteen years on the drawing-boards, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project was approved by the four countries' leaders, meeting in Ashgabat in December. While the intergovernmental agreement naturally depends upon follow-on negotiations to be realized, it is anticipated that sales and purchase agreements will be signed at another four-way meeting that could take place as early as April 2011. The success of such a project would continue diversification of Turkmenistan's gas export directions, provide needed resources to gas-hungry Pakistan and India, and not least give Afghanistan a keystone development project upon which to build economic reconstruction.*

**BACKGROUND:** On December 11 in Ashgabat, Turkmenistan signed an intergovernmental agreement with Afghanistan, Pakistan, and India for the so-called TAPI gas pipeline, a 1,050-mile project that would link the four countries. The countries' energy ministers signed a complementary framework document. However, they did not authoritatively decide terms for future sales or any issues related to the pipeline's construction or operation.

After a pipeline from Turkmenistan to Pakistan through Afghanistan was first proposed in the mid-1990s, a Unocal-led consortium signed a construction agreement in early 1998 with the new Taliban government in Kabul. It was never built after Unocal withdrew from the consortium in late 1998 because of international publicity of the human rights abuses, and in particular the treatment of women, under the Taliban regime. After the end of the Taliban regime, the idea was revived. At the end of 2002, the three countries signed a new agreement. The Asian Development Bank (ADB) conducted a feasibility study, executed by the British firm Penspen, which rendered a

favorable verdict in 2005. In 2006, the Indian federal cabinet approved India's joining the project, although New Delhi had not yet been invited; India was formally incorporated into the project in 2008.

The project received increased impetus from Turkmenistan following President Saparmurat Niyazov's death and his succession by Gurbanguly Berdimuhamedov at the end of 2006. Another key factor was Russia's treatment of Turkmenistan in the wake of the April 2009 pipeline explosion in the latter country, which Turkmenistan accused Russia of instigating, and which led to the suspension of gas exports to Russia for the rest of that calendar year, with reduced quantities flowing in 2010 as well. The present design of the project provides for export of 33 billion cubic meters per year (bcm/y) from Turkmenistan, of which India and Pakistan would each receive 14 bcm/y while Afghanistan gets 5 bcm/y. Indian demand for natural gas would justify laying a parallel pipeline later to double the quantity, and this is not out of the question if the initial implementation is successful. The present schedule foresees the

end of construction in 2014 with the pipeline entering into service in 2015.

It is thought that transit revenues accruing to Afghanistan would be in the order of US\$ 300 million per year, equivalent to one-third of the annual budget for development projects, in addition to providing for domestic job creation. This would also enhance possibilities for the development of domestic gas resources in Afghanistan for local use. Earlier estimated to cost only US\$ 3.3 billion when it was a trilateral Turkmenistan-Afghanistan-Pakistan, the current cost figure including India is US\$ 7.6 billion. It was at first thought that the gas would come from Turkmenistan's Daulatebad field, but Ashgabat has now clarified that it will come from the newly discovered South Yolotan-Osman field. A 1,045-mile route going south from Turkmenistan and then east through Herat and Kandahar was chosen over a northern route through Kabul because of terrain considerations. Mountains in the north rendered that route too difficult, and the southern route has roads that facilitate the transport of construction materials.

**IMPLICATIONS:** The four-way decision to implement the TAPI project is the *coup de grace* against the long-discussed Iran-Pakistan-India gas pipeline project, which never progressed beyond the stage of Iran-Pakistan and Iran-India bilateral consultations. In the end, Pakistan signed an agreement with Iran in May 2009 for a reduced-volume bilateral pipeline after India withdrew from the project in 2008. In 2010, Iran stated that it had completed the internal segment on its own territory (or at least from the Assalouyeh Energy Zone to Iranshahr, 120 miles west of the Pakistani border). The floods and political unrest in Pakistan (the pipeline enters in Baluchistan) have likely delayed its execution of its part of

the project. The variant whereby the gas would have gone to the Pakistani port of Gwadar (on a small peninsula in the country's southwest at the entrance to the Persian Gulf) for liquefaction and sea transport to China is no longer in play. In March 2010 China ceased providing its development assistance to Gwadar, a few months after pulling the plug on the Khalifa refinery project, also in Pakistani Baluchistan.

The ADB intends to fund one-third of TAPI's estimated cost. This declaration represents a geo-economic seal of approval that should help to unlock funding from the financial centers and the private sector, much as the European Investment Bank and European Bank for Reconstruction and Development play similar roles for European pipelines from Russia and the South Caucasus. India had early on hinted that it would like its own companies to have a significant role in the pipeline's construction, and Berdimuhamedov has reportedly approved a leading role for India in the pipeline construction consortium. Chinese and American companies have also been reported to be expressing interest in the construction consortium. At the December 2011 meeting in Ashgabat where the quadripartite agreement was inked among their leaders, the respective energy ministers also signed a complementary framework document. This document foresees, early in 2011, a series of three bilateral meetings between Turkmenistan and each of the other participating states in order to agree supply conditions, including commodity price and transit tariffs. Then another four-way meeting should be held to agree and legitimize contractually all the sales and purchase agreements together.

The fact that Ashgabat has informed its partners that the gas will come from South

Yoloton-Osman rather than from Dauletabad strongly suggests that it is preparing an eventual decision to participate in constructing a Trans-Caspian Gas Pipeline (TCGP) to Azerbaijan for gas to enter either the Nabucco pipeline and/or any of a number of other gas transmission projects to Europe as defined by the EU's Southern Corridor strategy. That is because Dauletabad is the source of gas for the so-called East-West Pipeline (EWP) inside the country that Turkmenistan decided in 2010 to reconstruct on its own rather than contracting with Gazprom or any of the other 70 international companies that had responded to its international tender. The western terminus of the EWP is not far from the country's Caspian Sea coast, and its projected refurbished volume is 30 bcm/y. That happens to be the minimum volume necessary to make the TCGP commercially viable and preferable to other methods (such as condensation or liquefaction) for transmitting the gas. At the December 2010 five-way Baku summit of Caspian littoral states, Berdimuhamedov declared that any two countries should have the right to build a pipeline under the sea between them without having to ask permission from all the others.

**CONCLUSIONS:** It is intended that segments of the TAPI pipeline in Afghanistan are buried in order to make them less susceptible to

terrorist attacks. Local communities will be given incentives to participate in this defense, and the central government has bruited the deployment of 7,000 soldiers (to be trained by NATO) to safeguard the route. Successful implementation of the project would not only assist in the peaceful economic development of Afghanistan, diversify Turkmenistan's gas exports, and provide resources to energy-hungry Pakistan and India. It would also alter the geopolitical contours of the region, providing an artery for intensifying cooperation in the meta-region that lies east of the Caspian Sea, south of Russia, and west of China. In particular, it would in the first instance integrate Afghanistan more into South Asia while giving India the opportunity that it has long sought to deepen its own geo-economic projection into Central Asia.

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**The proposed TAPI gas pipeline**

# DAGESTAN: FUTURE LEADERSHIP PERMUTATIONS AND OLIGARCH SULEIMAN KERIMOV

Kevin Daniel Leahy

*The leaders of the various ethno-republics in the Northern Caucasus rely on different personalities to represent their political interests at the federal level. Presidential aides Sergei Naryshkin and Vladislav Surkov represent the leaders of Ingushetia and Chechnya respectively. Meanwhile, the embattled leader of Dagestan, Magomedshalam Magomedov, is represented by Suleiman Kerimov, a billionaire oligarch who represents Dagestan in Russia's upper house of parliament. Kerimov's influence is such that it would be difficult for the Kremlin to interfere in Dagestan's political system without first coordinating with him.*

**BACKGROUND:** Although he is not yet a full year into his term of office, the Head of Dagestan, Magomedshalam Magomedov, is already under intense political pressure. In November 2010, the Russian President, Dmitri Medvedev, complained publicly about the slow pace of economic development in the republic. There is a sense that Medvedev has come to regret appointing Magomedov to his current position last February. Certainly, Magomedov was not the candidate initially favored by the President's circle. Medvedev and his chief of staff, Sergei Naryshkin, originally wanted to nominate Magomed Abdullayev, a former university acquaintance of the Russian president.

As events unfolded, Medvedev and his staff were persuaded – by whom we do not precisely know – to choose a more experienced candidate. The eventual selection of Magomedov signaled a political triumph for Suleiman Kerimov, one of the most influential actors in this prolonged lobbying process. While Magomedov enjoys his own political support base in Dagestan – his father, an extremely influential man, ruled the republic between 1987 and 2006 – the fact that

Kerimov was acting as his agent in this process probably secured the presidency for him. Abdullayev was installed as prime minister, a role in which he has yet to distinguish himself.

It would not be altogether accurate to describe Magomedov as a pawn of Kerimov. Nevertheless, he is indebted to him for his recent political advancement, and as matters stand, Magomedov may shortly be relying on Kerimov to dissuade a dissatisfied Russian president from replacing him. If Magomedov believes that he is the only politician in Dagestan who is represented on a federal level by Kerimov he is mistaken. Rizvan Kurbanov, a deputy prime minister in Dagestan's government, is another who enjoys a close association with Kerimov. Kurbanov was appointed to this position shortly after Magomedov's installation as president. He is responsible for overseeing the republic's security agencies and has been careful to cultivate local, national and international media since his appointment.

Kurbanov has been tasked with implementing various counter-insurgency initiatives in Dagestan, including an amnesty process and the





Suleiman Kerimov

establishment of pro-government volunteer militias to combat insurgents. Because of these activities, he has been caricatured as Dagestan's version of Ramzan Kadyrov, the leader of neighboring Chechnya. Kadyrov's ruthless counter-insurgency methods have reduced rebel activity significantly in Chechnya over the past several years. The comparison with Kadyrov is not one that Kurbanov has sought to dispel. Should a change of leadership be deemed necessary in Dagestan, Kurbanov's candidacy should feature prominently.

**IMPLICATIONS:** Kerimov has emerged as a favored go-between for Medvedev's administration in its dealings with Dagestan's political elite. At this point, Kerimov's influence as a lobbyist – strictly in relation to Dagestan's political affairs – appears to surpass that of Vladislav Surkov, Medvedev's deputy, who counts Ramzan Kadyrov among his clients.

One of Surkov's main responsibilities as a presidential aide is to ensure that regional leaders throughout Russia maintain political coordination with the Kremlin. Surkov's influence in Dagestan has never been particularly strong. Although some observers detected Surkov's hand in the successful campaign last March to replace the head of Dagestan's Pension Fund, it should be

noted that it was Sagid Murtazaliyev, the head of the Kizilyurt District and a known associate of Suleiman Kerimov, who ultimately secured jurisdiction over this lucrative financial resource.

Surkov's influence in Dagestan was certainly greater during the presidency of Mukhu Aliyev (2006–2010). Aliyev was originally recommended for this position by the then-Presidential Representative to the Southern Federal District, Dmitri Kozak. Keen to secure additional political support both in Dagestan and in Moscow, Aliyev formed an undeclared political alliance with the influential Mayor of Khasavyurt, Saygidpasha Umakhanov. Umakhanov has boasted publicly about his close political relationship with Surkov. He has recently suggested that this relationship may have given rise to a controversial incident in April 2010 during which Umakhanov's residence in Khasavyurt was surrounded and

searched by a detachment of armed men. According to Umkhanov, this 'provocation' was instigated by an unnamed Dagestani oligarch interested in destabilizing the situation in the republic.

Surkov's stake in the presidential selection process rested with Magomed Magomedov, a politician-businessman who made it onto the list of five candidates submitted to President Medvedev for evaluation in November 2009. Neither Surkov nor any other political lobbyist with access to Russia's corridors of power can hope to match Kerimov's influence in this sensitive theatre of Kremlin decision-making. Kerimov's list of contacts is extensive. In addition to Magomedov and Kurbanov, Kerimov is also on good terms with any number of influential political barons throughout Dagestan; these include Sagid Murtazaliyev, as well as the freshly installed Mayor of Derbent, Imam Yaraliyev.

Should Medvedev decide to dismiss Magomedov forthwith, every one of the conceivable alternatives is dependent on Kerimov's involvement. Kerimov would be confident of retaining his influence under Magomed Abdullayev. Abdullayev does not have a political powerbase of his own in Dagestan. This is one of the reasons he is so favored by Medvedev and his team: as someone who has lived outside of Dagestan for much of his professional life, it is assumed that Abdullayev will be immune to the sort of corruption associated with inter-clan politicking in Dagestan. Although Kerimov is not associated with Abdullayev directly, he will almost certainly be tasked with recruiting a suitable bailiff to protect the interests of

Medvedev's protégé. Such is the extent of Kerimov's influence at this point that it would be difficult for Medvedev to find a viable leadership candidate from within Dagestan's political elite who is not somehow associated with the well-connected oligarch.

**CONCLUSIONS:** Magomedov's failure to impress the Russian president will not reflect negatively on Kerimov. The prolonged selection process that preceded Magomedov's appointment last February resulted from Medvedev's unbridled enthusiasm for Abdullayev's candidacy. At the urging of more seasoned advisors Medvedev reconsidered at length, and this allowed Kerimov to impress the reluctant president with a suitable alternative in the shape of Magomedov. Kerimov has not attempted to conceal the extent of his influence within the Magomedov administration: he notably sat in on a meeting between Magomedov and the Russian president in Sochi last August. As long as Dagestan's rebel movement continues to carry out high-profile attacks on state representatives, and so long as the republic's economy continues to underperform, it will be difficult for Kerimov to reassure Medvedev about his client's suitability to lead. In any case it will be difficult for the Kremlin to reconstitute the political system in Dagestan without seeking the advice and intercession of Suleiman Kerimov, Dagestan's most influential man.

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# KAZAKHSTAN'S URANIUM INDUSTRY AND NUCLEAR NONPROLIFERATION

Gregory Gleason

*The opening of the International Uranium Enrichment Center in Angarsk, Russia in early December 2010 was a milestone in Kazakhstan's efforts to pursue a parallel policy of promoting peaceful nuclear energy while opposing nuclear arms proliferation. Kazakhstan's state-controlled nuclear complex, Kazatomprom, was a co-founder of the fuel bank concept along with Russia. Kazatomprom is likely to be a major beneficiary of the IAEA and western sponsored nuclear fuel bank idea, given that Kazatomprom has grown in just over a decade from its beginnings as a disorganized collection of inefficient and unprofitable Soviet-era mines and factories to become the world's largest producer of uranium ore for nuclear power reactors.*

**BACKGROUND:** The uranium fuel bank brings to life the proposal advanced by Russia's Vladimir Putin in January 2006 to create a uranium fuel reserve to provide developing countries with non-discriminatory access to low-level nuclear fuel for power generation. The goal is to promote nuclear power while freeing countries from having to maintain a costly and hazardous full fuel cycle. Access to nuclear fuel for developing countries is not a new idea. It was part of the "Atoms for Peace" plan proposed to the UN by Dwight Eisenhower in 1953. But during the Cold War countries with advanced nuclear technology were hesitant to hand over the closely controlled technology to an independent international organization. The gathering technological and political sophistication of the International Atomic Energy Agency (IAEA), the end of the Cold War, the rising price of gas and oil, and the growing concern with reducing carbon emissions have combined with skyrocketing demand for energy resources in Asia to refocus attention on nuclear power.

The concept of a fuel reserve is important because it makes it possible to ensure access to nuclear fuel for electric power generating

nuclear reactors while keeping the technology for uranium isotope separation — uranium enrichment — under international supervision. A very small proportion, less than one percent, of naturally occurring uranium is capable of sustaining the nuclear chain reaction that would fuel a nuclear explosive. Uranium enrichment is the key process. Producing high enriched uranium (HEU) on a large, industrial scale was one of the largest scientific hurdles in the historical development of nuclear weapons. But the same technology that produces HEU when used on lower scale produces low enriched uranium (LEU), the fuel used in the most common form of nuclear power reactor. Consequently, the technology that can derive the peaceful benefit from uranium for electric power generation is essentially the same as that which can be used for producing nuclear weapons.

The countries that developed the advanced technologies at the early stage of the nuclear history are well aware of the costs and dangers of the technology. No country is more aware of the dangers than Kazakhstan. The first Soviet nuclear detonation in August 1949 took place in Kazakhstan. Between that test and the end of

testing in 1991, Kazakhstan endured about 460 nuclear detonations. In his first official act as Kazakhstan's president in 1991, Nursultan Nazarbayev signed a decree permanently closing the country's nuclear testing range. Kazakhstan has become one of the leading countries in promoting both nuclear power and nuclear security.

**IMPLICATIONS:** Kazakhstan is a stakeholder in the opening of the nuclear fuel bank, holding 10 percent of the corporate shares. Kazakhstan will be a beneficiary of the control over nuclear materials if it succeeds in parlaying its mineral riches into a high-tech niche in world commodity markets. The International fuel bank itself is not likely to have much of a price effect on uranium because it is designed as a stop-gap measure to develop the nuclear power sector but avoid enrichment and spent-fuel reprocessing. The idea is that the country can be confident that it will not be politically manipulated in order to obtain nuclear fuel. According to the fuel bank arrangement, if a consumer country feels pressured out of the market it may apply to the IAEA to purchase the uranium fuel delivery at market prices.

While the fuel bank is not expected to have a price effect, rising demand for uranium on the international market is likely to bid up the price of commercial uranium ore and services. In the past, uranium was so closely held by national governments that its market value was at best a hypothesized shadow price. Information on uranium reserves, mining, conversion from pitchblend to uranium hexafluoride, fuel fabrication and spent fuel reprocessing was not commercially available. Prices gained more meaning as the Soviet Union disappeared. During the late 1980s uranium ore was priced at about US\$ 18 per pound. In 1989 the price plunged to less than US\$ 10 and remained there

until 2004 when it began to rise and then with the rise in oil the uranium price skyrocketed to above US\$ 136 per pound. It has since declined to US\$ 62 per pound. Many traders expect uranium prices to hold steady or rise gradually in the future.

The traders' anticipations are based upon the interpretation of depressed prices in the past resulting from decommissioning large numbers of Soviet-era nuclear warheads. In 1993 the U.S. began purchasing blended-down weapons-grade uranium from Russia for use in U.S. nuclear reactors. Over the course of the program a total of 500 tons of blended LEU was marketed through the U.S. agent, USEC Corporation. The fissile material capable of 20,000 Soviet-era nuclear warheads supplied electricity to roughly ten percent of U.S. demand, which left the western uranium market depressed for two nearly decades. In 2013 this U.S. Department of Energy-sponsored "Megatons to Megawatts Program" is scheduled to come to an end as the Russian counterpart, Rosatom, will not renew the contract.

Uranium prices are also expected to rise due to rising demand. The nuclear industry has been experiencing a "renaissance" of public support for carbon-free nuclear electric energy. Popular anxieties that rose after the 1979 Three Mile Island accident and the 1986 Chernobyl accident have begun to fade as the rising demand for electric power has encouraged countries around the world to diversify into nuclear power. The World Nuclear Association, a producer-sponsored independent research organization, anticipates a steep increase in fuel demand in the years ahead. Worldwide, 441 nuclear power plants are now in operation and another 63 are under construction. Scores more are being discussed, most of which will be in Asia. Kazakhstan's uranium industry is rising to



(Reuters)

meet that demand. Kazatomprom was established only in 1997. It was pieced together from the remnants of the Soviet-era nuclear complex located in Kazakhstan. The early days of the industry were difficult as tight competition came from the technically proficient Russian uranium facilities. The main market obstacles came from protectionist policies in Europe and the U.S. That situation has now changed.

In Kazakhstan the uranium industry is seen as both commercial and strategic. Kazakhstan's government has taken direct control over the industry. Kazatomprom was pulled under the control of its new owner, Samruk Kazyna, Kazakhstan's sovereign wealth fund. Kazatomprom's production more than doubled in just a few years, making Kazakhstan the largest uranium ore producer in 2009. Kazatomprom management was changed. A wave of new deals brought in foreign partners as subsidiaries acting essentially as contractors rather than equity holders. This arrangement is designed to bring in foreign technical expertise but to do it in a way that the industry can be controlled for the managers' long-term

purposes. For instance, Uranium One, a large Canadian-based mining firm was brought in to develop a number of Kazakhstan's underdeveloped mining sites. In late December 2010 a controlling interest in Uranium One was bought out by ARMZ (Atomredmedzoloto), a Russian government-controlled mining corporation. Rather than selling ownership shares,

Kazatomprom has chosen the credit path, putting out a US\$ 500 million Eurobond issue in May 2010 that was quickly scooped up in western credit markets.

**CONCLUSIONS:** Kazakhstan has assumed a leading position in nuclear nonproliferation efforts and in the uranium industry, and is a signatory to the Nuclear Non-Proliferation Treaty. It is a member of the IAEA and has signed the IAEA Safeguards Protocol and the IAEA Additional Protocol, committing it to stringent IAEA oversight, including comprehensive declarations, reporting, and site-access obligations. At the same time, Kazakhstan has emerged as the largest uranium producer in the world and is moving quickly to becoming a supplier of nuclear fuel and nuclear power services to countries around the world.

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## THE STATE-CRIME DYNAMIC IN KYRGYZSTAN AFTER THE REGIME CHANGE

Erica Marat

*Over the past six years, Kyrgyzstan has lived through two forceful regime changes – one in March 2005 and another April 2010. Both times, the reconfiguration of political power required Kyrgyz citizens to adapt to a new reality and try to cope with the dual feelings of optimism after unpopular dictators were ousted and uncertainty about the new leaders. Kyrgyzstan's complex and volatile criminal underworld needed to adapt to the new political conditions as well, in order to ensure continuity of the vast shadow economy and maintain their influence over government officials. The state-crime dynamics have therefore been changing rapidly during 2005-2011.*

**BACKGROUND:** Drug trade, looting of mineral resources, corruption in the hydropower sector, and smuggling of various goods have tended to fuel strong state-crime networks in Kyrgyzstan. The operation of these networks changes over time, depending on the type of political leadership in the country. During former president Askar Akayev's leadership in the 1990s, both state and non-state actors were able to enrich themselves by using their connections in public structures and the criminal world. The first wave of capital accumulation in Kyrgyzstan allowed local entrepreneurs to profit from the developing market economy, open political climate, and a weak state. In the 2000s, non-state actors who had accumulated capital through legal and illegal businesses sought to enter state structures in order to secure the continuity of their economic activities. Corruption in state structures was booming, but there was still a clear separation between the political and criminal worlds. Leaders of both worlds interacted whenever their interests met and often conflicted over ownership of businesses.

Under the leadership of Akayev's successor, former president Kurmanbek Bakiev, a small group of political leaders emerged whose

business interests largely interconnected. About 10-12 high-ranking officials in the president's administration and ministerial cabinet determined the country's entire economic policy and political climate. Meanwhile, unlike before, non-state organized criminal groups and their leaders were no longer able to significantly influence the political domain, thus marking a sizable shift in state-crime relations in the country. In the new type of state-crime relationship in Kyrgyzstan, public figures were responsible for organizing major crimes in the country. Unsurprisingly, under Bakiev's reign Kyrgyzstan increasingly served as a transit zone for drug trafficking, with illegal deals possibly brokered at the top levels of government, bypassing law enforcement agencies. As such, Kyrgyzstan was on track to a situation reminiscent of that in Tajikistan, where the bulk of Afghan heroin appears to be smuggled by state actors and institutions.

With such a government, Bakiev was able to reduce the powers of the parliament and curb the activity of civil society activists. The president was also able to form a circle of close allies with an interest in the continuity of his regime for the longest period possible. Bakiev disbanded the Drug Control Agency (DCA)



responsible for intercepting illicit drugs transiting through Kyrgyzstan from Afghanistan and destined to reach Russia and Europe. By doing so, the president centralized illegal control over the drug economy, one of the most lucrative sources of shadow capital. Such unprecedented merger of the domains of state and crime during Bakiev's leadership was one of the reasons for popular discontent with his regime that eventually resulted in his ouster in April 2010.

With some exceptions, members of the new government formed in the aftermath of the April 7 regime change and headed by President Roza Otunbayeva had fewer links to the criminal underworld. A limited influence over major criminal groups, particularly in the southern parts of the country, was one of the main reasons for the government's weakness vis-à-vis criminal structures. Bakiev's former cadres managed to hold on to their positions; Osh mayor Melis Myrzakhmatov is a typical Bakiev holdover. Of course, many officials in the region maintain links with the criminal underworld.

Overall, according to one Kyrgyz law-enforcement representative from Bishkek,

control over drug trafficking in southern Kyrgyzstan still largely remains in the hands of pro-Bakiev forces. Major criminal leaders and over a dozen influential criminal groups continue to operate across the country.

#### IMPLICATIONS:

Today, Kyrgyzstan's state-crime dynamics are more reminiscent of the

1990s and early 2000s. That is, a strong criminal underworld collaborates with individual government officials and MPs, as well as political groups present in the government to maintain their own presence in the shadow economy. Two important factors have influenced the new state-crime dynamics in Kyrgyzstan. First, some old corruption schemes were distorted by the new actors in power who replaced former president Bakiev's family members. Second, state power is decentralized in the new parliament, composed of 120 members representing five political parties and the government.

Preventing corruption among top officials was one of the indirect goals of the new constitution adopted by Otunbayeva's government through a national referendum. The logic was that the more political power is diffused, the harder it will be for individual actors to grab control over major licit and illicit economic sectors and centralize control in their own hands. This logic paid off during the parliamentary elections, where competing political parties monitored each other's actions to ensure that no vote falsification took place. Partly as a result of such dynamics, the October elections were the

most transparent to date in the region. It is, however, doubtful whether this balance of power between competing political forces will continue in the parliament.

The protracted process of coalition building in the parliament has demonstrated that ruling parties are primarily concerned over distributing government seats as opposed to building blocks based on political programs. Arguably, the first coalition of the Social-Democratic Party of Kyrgyzstan (SDPK), Ata-Meken and Respublika that took over a month to form, collapsed because of a last-minute disagreement over cadre politics. After a new coalition made of SDPK, Ata-Jurt and Respublika was formed, the parliament proceeded quickly with forming the government. The Ata-Jurt members, most of whom formerly served in Bakiev's government and still openly support the ousted president, control key ministries for securing venues for state-crime links, including the Ministry of Justice and the Ministry of Emergencies. Bakiev's former cronies not directly associated with the Ata-Jurt party are also present at the Ministry of Economic Regulations.

Control over jet fuel supplies to the U.S. Transit Center at the Manas airport, previously another lucrative source of informal and formal revenue, will likely change as well, but still remains corrupt. Supplying Manas has become one of the most lucrative and sustainable sources of revenue. If any shadow deals between Gazprom and Kyrgyz contractors emerge, the main stakeholders behind new contracts are likely to be members of SPDK (whose leader, Almazbek Atambayev heads the government) and Respublika party. Both hold key government positions.

Most corruption and criminal deals will be concealed as long as the leaders are able to find

and maintain agreements on major cadre decisions. These decisions will inevitably influence the structure of informal leadership over resource control in the country. Should disagreements emerge along business or cadre lines, the parliamentary coalition will fall apart and corruption schemes become more evident. So far, President Roza Otubayeva plays an important role in preventing centralization of corruption. Although some rumors have sought to implicate her family members in various shady deals, such allegations have not been supported by evidence.

**CONCLUSIONS:** The newly emerging state-crime dynamics in Kyrgyzstan is more reminiscent of Akayev's time in power, than that of Bakiev. That is, the state and criminal world are separated domains, but widely interact as both need each other's services. A greater degree of transparency makes it more difficult for political leaders and factions to retain links with major criminal groups. The new political system in Kyrgyzstan is, however, too weak to break the state-crime link entirely. Politicians need powerful financial and physical support of informal networks, while criminal kingpins incessantly seek to maintain their own positions in the shadow economy by collaborating with government officials. These dynamics might intensify during the presidential elections in late 2011, when competing political parties will again try to consolidate political power and have their leader elected as president.

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## FIELD REPORTS

### TAJIK ARMY ELIMINATES ARMED GANG

*Suhrob Majidov*

The special military operation that commenced in eastern Tajikistan on September 22 after an armed attack on a military convoy, which killed 28 servicemen, continued in early January. On January 4, representatives of Tajikistan's Ministry of Internal Affairs reported that eight members of Alovuddin Davlatov's armed gang, including the leader himself, were killed. The special operation was considered a success, but at the same time raised questions about the way the bodies of the eliminated militants are treated.

The armed gang of Davlatov, also known in Tajikistan as "Ali Bedaki" is, together with the gang of Mullo Abdullo, accused of "especially grave crimes" and is considered responsible for the attack on a military convoy in the Rasht Valley in September 2010. The presence of the Ali Bedaki gang has subjected the whole region to considerable stress over the last three months. As reported by the Ministry of Internal Affairs, the gang put up massive armed resistance. Nonetheless, as a result of the military operation eight members, including Davlatov, were eliminated and one captured alive. In addition, ten guns, two machineguns, a grenade launcher, a sniper rifle and a large amount of ammunition were seized on the site of the skirmish.

The head of the MIA press centre stated that the special military operation is not yet concluded, as a threat remains that the gang of Mullo Abdullo "can anytime destabilize the situation" in the Rasht Valley. In fact, the success of the operation could also be assigned to Tajikistan's defense and law enforcement agencies' successful cooperation with Mirzohudja Ahmadov. Ahmadov was accused of participating in the attack on the military convoy in

September, but laid down his arms and offered to cooperate in neutralizing illegal gangs several weeks later after negotiations with government representatives.

During the special military operation in eastern Tajikistan at least 33 militants were killed. At the same time, at least 40 state servicemen, not including the ones that died during the attack on the convoy in September, were killed. Local mass media state that "the state should learn the lessons of the last events in Rasht and make an effort not to let similar situations occur again". Some local observers think that stability in the Rasht region will in the future depend on the extent to which the agreements between the government and Ahmadov that were reached in October will be followed.

Meanwhile, local media disseminated information that the bodies of the killed members of the Ali Bedaki gang have disappeared from the morgue of the city hospital in Garm, where they were kept. Relatives of the killed militants came to the hospital on January 7 to pick up their bodies, but were told by doctors that further examination was necessary and that the bodies would be returned the next day. However, on the next day representatives of the hospital claimed that the bodies had disappeared from the hospital, with no further explanation.

For several days the relatives of the killed militants tried to reveal what had happened to the bodies. Finally, representatives of the MIA stated that the bodies of the members of the Ali Bedaki gang "will not be given to the relatives in accordance with the law, under which the bodies of killed terrorists are not given out". They also stated that the relatives will not be informed about the place of their burial.

These statements gave rise to some discussion among local experts. First, it is unclear on which grounds the authorities call the killed members of the gang terrorists. The militants were not charged with terrorism, and are not yet recognized as terrorists. Thus, at the moment there is no legal basis for applying the quoted legislation to these militants. Second, it is unclear which law the MIA representatives are referring to. According to independent lawyer and human rights activist Shukhrat Kudratov, there is no law in Tajikistan stipulating how the bodies of terrorists should be treated. He stated that there is a law “On fighting terrorism”, which contains an article stipulating responsibility for terrorist activities. This law,

however, contains no provisions regarding the bodies of dead terrorists. Thus, it seems that the norm mentioned by the MIA has no real basis in Tajikistan’s national legislation.

Tajikistan’s continued military operations in the Rasht region and the way state authorities deal with eliminated or captured militants is therefore a balancing act. On the one hand, the elimination of armed gangs in the region will hopefully bring peace and stability to the Rasht valley and Tajikistan in general. On the other, “unreasonable” treatment of the killed militants may cause discontent not only among their relatives but also among the wider public, which expects militants to be allowed at least a proper burial, regardless of their charges.

## AZERBAIJAN BOOSTS DEFENCE PRODUCTION

*Mina Muradova*

Azerbaijan has ambitious plans as a producer of defense and security equipment. While this will bring new income to the state budget, it also implies risks related to the conflict over Nagorno-Karabakh involving Azerbaijan and neighboring Armenia.

On January 14, Azerbaijani President Ilham Aliyev stated that “... Azerbaijan’s defense budget in 2011 is 30 percent higher than the total [annual] budget of Armenia ... we spend US\$ three billion only for military expenses”. In October, Azerbaijan adopted a US\$ 3.12 billion military budget for 2011, including a 90-percent hike in military spending in comparison with 2010. “...It means that the difference between the two countries is on a non-comparable level. For the military budget, we can allocate as much [money] as we want, while Armenia will depend only on aid from abroad...”, Aliyev proudly said at the government meeting.

Azerbaijan’s Minister of Defense Industry (MDI) had previously stated that the country’s “armed forces no longer depend on a supply of ammunition from foreign countries”. “All types of ammunition that [our] armed forces demand are locally produced

by plants of the MDI”, stated Minister Yavar Jamalov.

According to the December report of the MDI, the total volume of produced defense products in 2010 was 115 times higher than in 2006, when the renovation of former Soviet military plants was launched. In comparison with the level of 2009, this year’s production has been increased almost by a factor of four.

Azerbaijan has since 2009 started to display domestically manufactured ammunition at international exhibitions. Fifty-five types of defense products were displayed at SOFEX-2010 and 67 products at the exhibition “Africa Aerospace Defence-2010”.

The minister noted that the country had already developed a production of long-distance mortars, grenade launchers, sniper rifles, anti-tank mines, aircraft bombs, the pistols Zafar, Zafar-K and Inam and other types of ammunition in accordance with NATO standards. In parallel, the MDI works on

modernizing defense equipment left behind when Soviet troops left the country in 1990.

Jamalov stressed that the MDI works step-by-step to eliminate Azerbaijan's need for importing other types of equipment as well. The next area for development is armored technology.

In late 2008, the MDI and South Africa's Paramount Group established a formal collaboration on establishing a joint development and production of defense technologies. The Paramount Group is involved in the development and industrialization of many technologies in the aerospace and defense industry. According to the group's web site, they currently investigate a number of joint production opportunities with the MDI regarding land forces as well as naval and aerospace environments, in order to build on the growing industrial capacity of Azerbaijan.

"We are extremely excited and inspired by President Ilham Aliyev's vision and we are fully committed to supporting the MDI in the creation of a world class defense and aerospace industry", Paramount Group CEO Ivor Ichikowitz told the APA news agency. He noted that the company was determined to create a strong export base in Azerbaijan, which is "well positioned to become a strong industrial hub for the region".

The Group's web site says it is working closely with the government of Azerbaijan to facilitate the transfer of "world class" technologies into a new production facility for the manufacture of Matador and Marauder MPVs (armored mine protected vehicles). This facility has now been successfully established and will serve as a technological and export hub for the CIS region.

At the same time, the MDI continues negotiations with Turkish and Israeli producers of defence technologies. Last November, the Turkish newspaper *Dunya* reported that Turkish companies including Roketsan and Otokar Otomotiv & Savunma Sanayi AS have signed contracts with Azerbaijan's Defense Ministry for military modernization projects worth about US\$ 225 million. The work will include modernization of

Azerbaijan's missile and rocket systems and production of armored vehicles. In addition, Azerbaijan continues to import military aircraft, helicopters and large caliber artillery systems.

The United Nations recently posted the register of conventional arms purchases by Azerbaijan in 2009, according to which Baku purchased nine Pion 203 mm self-propelled guns of Russian production from Belarus, as well as twenty-nine 122 mm and six 152 mm howitzers from Ukraine. Moreover, Azerbaijan bought five Su-25 aircraft from Belarus along with one MIG-29 UB and eleven Mi-24 attack helicopters from Ukraine.

Azerbaijan's growing defense budget and armament are clearly a reason for concern to Armenia and its military ally, Russia. A December statement of the Armenian president provided clear evidence of Armenia's concern over defense developments in Azerbaijan. He threatened to recognize Nagorno-Karabakh as independent if Azerbaijan resorts to force to resolve the conflict. "In the event Azerbaijan unleashes a new military venture, Armenia will be left with no choice but to recognize de jure the Republic of Nagorno-Karabakh and provide for the safety of its population by all means", Reuters quoted Serzh Sargsyan after the CSTO's December summit in Moscow.

At the same occasion, the CSTO's Secretary General Nikolay Bordyuzha said that the organization was concerned over Azerbaijan's growing defense budget. "A disproportionate growth of Azerbaijan's defense budget causes certain alarm", Bordyuzha was quoted by Interfax. He noted that Armenia, as a member of the CSTO, was under "constant information pressure". This pressure originates from official Baku which repeatedly reminds of its right to recapture occupied territories, including Nagorno-Karabakh and seven surrounding districts, by force.

Ziyafat Asgarov, the deputy speaker of the Azerbaijani parliament said that "Azerbaijan reserves the right to liberate its occupied territories and the military option is always on the agenda".

## KAZAKHSTAN PREPARES TO EXTEND NAZARBAYEV'S MANDATE UNTIL 2020

*Georgiy Voloshin*

A few weeks after the OSCE Summit in Astana had reiterated the commitment of Kazakhstan and other member states to democracy and the rule of law, a group of Kazakh citizens put forward an audacious proposal to extend President Nazarbayev's current mandate until December 6, 2020 without holding presidential elections in 2012. The popular assembly organized in the city of Ust-Kamenogorsk in eastern Kazakhstan consisted of 850 representatives from 14 regions as well as the cities of Astana and Almaty who unanimously voted for the commencement of an endorsement campaign. According to Kazakhstan's constitution, a referendum may be organized upon the condition that at least 200,000 signatures are collected and submitted to the Central Election Commission for verification and approval.

In their address to the President, the delegates specifically underscored that Kazakhstan had "gone a long way from being a fragment of the vast empire to becoming a regional powerhouse and an economic and political leader in the former Soviet space". They also recalled Kazakhstan's successes in demarcating its national borders without endangering relations with its neighbors. The litany of achievements – from the closure of the Semipalatinsk nuclear test site in 1991 to the 2010 OSCE chairmanship – was attributed to the political will and courage of Nazarbayev, whom the initiative group finally asked to remain in power until the end of the new decade to ensure further breakthroughs. The Central Election Commission was quick to recognize the legitimacy of such a proposal by registering the group's appeal on December 27.

The next step was taken by the Parliament. Ural Mukhammedzhanov, the Chairman of the Majilis, the lower chamber, voiced the counter-proposal of some deputies to amend the Constitution so as to organize a national referendum granting

Nazarbayev the right to exercise his supreme powers for another 10 years. A second suggestion turned out to insert the word "Elbasy", which in Kazakh means "the leader of the nation", into the body of the Constitution, though the recently amended law "On the President of the Republic of Kazakhstan" already contains this explicit wording. At the same time, Nazarbayev decided to veto the proposal on January 6 by issuing a decree in which he clearly rejected a new formula.

Notwithstanding the President's veto power, the two chambers of Parliament summoned to a plenary session on January 14 unanimously adopted the amendments, while the Constitution stipulates the need for an 80 percent majority vote to override the presidential veto. The Central Election Commission also contributed to the pro-referendum campaign by declaring that more than 5 million endorsements had been collected, far more than the 200,000 duly testified signatures required by the law. In turn, the Kazakh President's political advisor Ermukhamet Ertysbayev publicly deplored the fact that the Parliament had "imposed" its will on the head of state, but according to his view the legislature could not have acted differently, as the contrary could mean a full neglect of the population's volition. Ertysbayev also admitted that if the ruling NurOtan party had participated in the campaign from the very beginning, the number of endorsements obtained might easily exceed 8 million, which is the whole bulk of Kazakhstani voters. Thus, the possibility of a referendum was confirmed by a person close to Nazarbayev himself.

The response of Kazakhstan's OSCE partners was prompt and unequivocal. Speaking at his farewell press conference on January 6, before any amendments to the Constitution had been voted, the U.S. Ambassador to Kazakhstan Richard Hoagland, who is expected to end his stint in Astana in the next few weeks, expressed the U.S.

Government's position on the issue. "For people to have a democratic voice in their country, they should have a bigger choice than simply 'yes' or 'no'" in a referendum. There should be a choice between different ideas and different personalities", Hoagland said. On January 14, the European Union made public its vision of the situation, emphatically stressing that "any decision to extend the presidential term in office until 2020 would be in contradiction with Kazakhstan's commitment to democracy and good governance".

At the same time, the director of the OSCE Office for Democratic Institutions and Human Rights (ODIHR), Ambassador Janez Lenarcic told the

journalists that "the purpose of the planned referendum is inconsistent with Kazakhstan's international obligations".

"It is particularly distressing that this referendum initiative appeared only weeks after Kazakhstan as the then-chairman hosted an OSCE Summit that in strong terms reaffirmed all OSCE commitments, including those on democratic elections", Lenarcic noted.

Despite the generally pessimistic attitudes of foreign observers, some public associations in Kazakhstan, such as the "Lawyers for fair elections" group, decided to mount vigorous campaigns to defend the idea of a referendum.

## POVERTY RISING IN ARMENIA AFTER ECONOMIC CRISIS

*Haroutiun Khachatryan*

The National Statistical Service of Armenia released the report "Armenia: Social Snapshot and Poverty", which summarizes the data of a survey conducted on almost 8,000 households countrywide in 2009. All urban and rural communities were included in the sample. The report also contains data and information available from the Ministry of Labor and Social Affairs, the Ministry of Health Care, and the Ministry of Education and Science. It presents the poverty levels in Armenia in 2008 and 2009, and contains an updated methodology for determining the poverty level (a new assessment of the consumer basket value, different from the one applied earlier for the years 2004-2008).

The total monthly income of adults living below the upper (poor) poverty line was estimated to be 30,920 Armenian Drams (US\$ 85.1); AMD 25,217 (US\$ 69.4) for those below the lower (very poor) poverty line; and AMD 17,483 (US\$ 48.1) for the extremely poor. According to the report, for the first time since 1998, Armenia saw an increase in the poverty rate in 2009. It was attributed to the global economic crisis, as Armenia suffered a record decrease in its

GDP level in that year, 14.4 percent below the level of the previous year.

According to the report, 34.1 percent of the population was poor in 2009, including 20.1 percent being very poor and 3.6 percent extremely poor. In 2008, 27.6 percent were considered poor, 12.6 percent very poor and 1.6 percent extremely poor. Between 2008 and 2009, 214,000 people became poor, raising the total to 1.1 million people. Likewise, 245,000 people became very poor, raising the total to over 650,000. The number of extremely poor rose to 117,000, with the addition of 65,000 people who became extremely poor, leading to the conclusion that poverty in 2009 became both deeper and more severe. The report further showed that in the marzes (provinces) Shirak, Kotayk, Lori, Gegharquniq, and Ararat, the poverty rate was higher than the national average. In Shirak, where the consequences of the 1988 earthquake are most severe, 47.2 percent of the population lived below the poverty line, making it the poorest region in Armenia. The percentage of children aged 0-18, living below the poverty line was 38.1, and 4.5 for those below the extreme poverty line. The child

poverty rate was highest in Lori marz, at 9 percent, and lowest in Vayotz Dzor, at 1.9 percent.

Interestingly, a significant percentage of those who fell within the poverty line did not consider themselves to be poor. Poverty estimates based on personal judgment of individuals regarding their own welfare tended to be lower than those attained using consumption per adult equivalent as an objective welfare measure (17.9 percent and 34.1 percent, respectively). Only 2.9 percent of households perceived themselves to be extremely poor, and 15 percent to be very poor (excluding the extremely poor), as compared to the 3.6 percent and 30.5 percent, respectively, when assessed by the consumption per adult equivalent. At the same time, the life expectancy in Armenia in 2009 remained higher than in 1990 and higher than in many countries in Eastern Europe and Central Asia, 70.6 years for men and 77.0 years for women, respectively. Newborn mortality was 10.4 per

thousand, again better than in 1990 and 2000 with 18.5 and 15.6 per mille respectively. This is attributed to the existence of relatively good medical services in Armenia. Armenia has a problem of targeting its state family allowances as only 58 percent of the households which were “extremely poor” before the allowances were recognized as eligible to them (77.5% in 2008). At the same time, less than 6 percent of the poor were lacking permanent housing.

As usual, the report on the poverty level, which has been conducted every year since 2001, was released one year later than the year under study. Thus, the report for 2009 was released in December 2010. Hence, there is no information on whether the moderate recovery of the Armenian economy in 2010, a 2.6 percent rise in the GDP according to preliminary assessments, has had any impact on the poverty level in the country.



New Silk Road Paper:

***Reconciling Statism with Freedom: Turkey's  
Kurdish Opening***

**By Halil M. Karaveli**

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# NEWS DIGEST

## **RUSSIAN POLICE KILL 4 IN DAGESTAN**

**5 January**

Russian police said they trapped four suspected Islamic militants Wednesday in a house in Khasavyurt, Dagestan, and shot them when they refused to surrender. The siege was the second in 48 hours in the North Caucasus federal republic, the BBC reported. Two people were killed Tuesday in Makhachkala, the capital of Dagestan. Three police officers were wounded in the exchange of gunfire Wednesday. The National Anti-Terrorist Committee said the militants used a grenade launcher in their attempted breakout. Two of the dead were suspected of homicide and robbery. Police said they found guns, ammunition, grenades, components that could be used for bombs and another grenade launcher. (UPI)

## **U.S. CALLS UPON KAZAKHSTAN NOT TO INFRINGE CONSTITUTION OF THE COUNTRY**

**10 January**

The U.S. calls upon Kazakhstan Parliament not to infringe its Constitution, having initiated referendum to introduce amendments to the Constitution of the country, the agency reports citing the U.S. Embassy press statement. "We understand that today President Nursultan Nazarbayev has vetoed legislation that would, in effect, have cancelled the constitutionally-mandated 2012 presidential election. We are grateful that the President of Kazakhstan has played his role as a statesman and as the protector of the constitution, and that he has made clear his view to all of those who respect him as Leader of the Nation and who also believe in the sanctity of the Constitution of the Kazakhstani nation", the agency reports citing the U.S. Embassy press statement. "At the same time, we understand that Kazakhstan's parliament could possibly over-ride President Nazarbayev's veto, if they can assemble an 80% majority." The American Embassy does not wish to - and cannot! - interfere in the internal political affairs of Kazakhstan. But we do want to remind that this current "referendum issue" also has profound international implications, especially because of Kazakhstan's internationally historic and successful

2010 chairmanship of the Organization of Security and Cooperation in Europe (OSCE) and the personal role that President Nazarbayev played to achieve the final declaration of that summit that reaffirmed the Helsinki Document of 1975. It was, in fact, the Helsinki Document of 1975 that eventually led to the independence of the Kazakhstani people and the establishment of the independent nation of Kazakhstan. Kazakhstan, under the leadership of President Nursultan Nazarbayev, has proclaimed its adherence to "The Path to Europe." It was the first post-Soviet Union nation ever to lead the OSCE. It has just assumed the chairmanship, as a moderate Muslim-majority nation, of the Organization of the Islamic Conference. Kazakhstan is increasingly confidently moving onto the world stage, which we firmly support.

With all due respect, we would like to ask that those who might have special and personal interests regarding the current "referendum issue" not take any short-term steps that would violate the constitution of Kazakhstan and, more importantly, that would undercut the historic legacy of Nursultan Abishevich. (Kazakhstan Today)

## **GEORGIAN FM TO VISIT AZERBAIJAN**

**10 January**

Georgian Foreign Minister Grigol Vashadze on January 17 will realize his first official visit in 2011 to Azerbaijan. The visit will last till January 19, the Georgian media said, quoting the Georgian Deputy Foreign Minister Nino Kalandadze, as saying. During the visit Mr. Vashadze will meet with officials of Azerbaijan government. The sides are said to discuss the issues on bilateral cooperation and economic relations. (AzerTAc)

## **AFGHAN GOVERNMENT SAYS INTERNATIONAL OPERATIONS HAVE CAUSED 100 MILLION IN DAMAGE**

**11 January**

An Afghan government delegation says Afghan and foreign troops have caused more than \$100 million damage to fruit crops and homes during security operations in the southern province of Kandahar during the past year. Led by President Hamid

Karzai's adviser, Mohammad Sadiq Aziz, the delegation said international coalition forces had caused unreasonable damage to homes and orchards just as the harvest was about to begin. But Zalmai Ayoubi, a spokesman for the governor of Kandahar, said Taliban fighters had booby-trapped the orchards and empty houses of people who fled ahead of security operations, leaving troops no choice but to blow up those sites. Ayoubi also said claims by villagers about the cost of damages were highly exaggerated. International Security Assistance Force spokesman Brigadier-General Josef Blotz said he could not comment as he had not yet seen the delegation's statement. (RFE/RL)

### **OSCE HOLDS MONITORING ON TROOPS CONTACT LINE**

**12 January**

In accordance with the mandate of special envoy of the OSCE Chairman-in-Office, the OSCE mission conducted a monitoring on troops contact line near Tartar region. According to Azerbaijan's Defense Ministry, the monitoring was held by field assistants of Personal Representative of the Chairman-in-Office Hristo Hristov and William Pryor. From the opposite area, internationally recognized as a territory of Azerbaijan, the monitoring was conducted by OSCE Office Coordinator Imre Palatinus and his field assistant Antal Herdich. (AzerTAc)

### **AZERBAIJAN, IRAN SIGN NATURAL GAS AGREEMENT**

**12 January**

Baku and Tehran have signed a five-year agreement on the supply of Azerbaijani natural gas to Iran, RFE/RL's Azerbaijani Service reports. The agreement was signed today by representatives of Azerbaijan's State Oil Company (SOCAR) and Iran's National Gas Export Company (NIGEC) with the participation of Iran's visiting Oil Minister and current OPEC Chairman Seyid Masud Mirkazemi. SOCAR spokesperson Nizameddin Quliyev told RFE/RL the agreement envisages the export of 1 billion cubic meters of gas to Iran during 2011, beginning February 1. He said the volume of gas in subsequent years is subject to negotiation. Quliyev did not disclose the price for the exported gas, saying only that it was a world market price "acceptable for Azerbaijan." Azer Mansimli, spokesman for the Ministry of Industry and Energy, told RFE/RL today that Azerbaijan and Iran may also establish an energy bank for implementing and

financing joint oil and gas projects. The proposal was discussed in a meeting between Mirkazemi and Azerbaijan's Industry and Energy Minister Natiq Aliyev. In February 2008, Iran received 30 million cubic meters of gas from Azerbaijan on the basis of a short-term commercial contract. At the time, the price was \$292 per 1,000 cubic meters of gas. (RFE/RL)

### **TAJIK LOWER HOUSE RATIFIES BORDER DEMARCATION PROTOCOL WITH CHINA**

**12 January**

The Tajik parliament's lower house has ratified a border demarcation protocol with China, the privately-owned Tajik news agency Asia-Plus reported on 12 January. At today's regular session of the lower house, the Tajik foreign minister presented the border demarcation protocol to the MPs for ratification, the report said. "Presenting the protocol to the MPs, Tajik Foreign Minister Hamrokhon Zarifi noted that the ratification of the protocol was an important political event and would promote further development of Tajikistan's relations with 'the great neighbour'," the report noted. It went on to quote Zarifi as saying that the disputed area on the border stretched over some 28,500 sq. km., which is nearly 20 per cent of Tajikistan's current territory. "After the signing of the protocol, about 3 per cent, in other words 1,000 sq. km, of the disputed area will be ceded to China. I believe that the signing of the protocol is a great victory for Tajik diplomacy," Zarifi said, as quoted in the report. However, the leader of the Islamic Rebirth Party of Tajikistan, MP Muhiddin Kabiri, expressed disagreement with the foreign minister, the report said. "The ratification of the protocol contradicts the Tajik constitution whose Article 7 says the territory of our state is one and indivisible. After the ratification of the protocol, about 1,000 sq. km of Tajik territory will go under the jurisdiction of China. And this is a defeat for Tajik diplomacy," Muhiddin Kabiri was quoted as saying. "Following discussions, members of the lower house ratified the protocol by a majority vote," the report concluded. (Asia-Plus news agency)

### **EU HAS AZERBAIJAN 'SUPPORT' FOR GAS PIPELINE PROJECT**

**14 January**

European Commission chief Jose Manuel Barroso, visiting Azerbaijan to secure gas supplies for the EU, said on Friday that Baku has expressed support for an ambitious European pipeline project. The



proposed Nabucco pipeline between Turkey and Austria is an important part of the EU's Southern Gas Corridor project to bring Caspian Sea and Middle Eastern gas to Europe, reducing its dependence on Russian energy. "From a political perspective, it's clear that the European Commission supports Nabucco and from discussions with the President of Azerbaijan, I understood that Azerbaijan also supports the project," Barroso said at a press conference in Baku. Doubts had been raised about the future of the multi-billion-dollar Nabucco project because it has not so far secured enough supplies of gas to make it viable, so backing from energy-rich Azerbaijan represents a significant boost. On Thursday, Barroso signed what he described as a "breakthrough" agreement with Azerbaijani President Ilham Aliyev which commits the ex-Soviet state to providing substantial long-term gas supplies to EU countries. Barroso said it was an important step towards creating the Southern Gas Corridor, which envisages the construction of several pipelines including Nabucco. The EU sees the Southern Gas Corridor project as vital to future energy security after disputes that disrupted supplies of Russian gas to some European countries. The declaration stated that Azerbaijan will be a "substantial contributor" to the Southern Gas Corridor but did not specify the volume of gas that would be provided, when supplies might begin, or whether they would be destined for the Nabucco pipeline. Azerbaijan's large energy resources are coveted by its neighbours Russia and Iran as well as by the West. Baku agreed in September to increase gas exports to Russia to two billion cubic metres this year and increase them further from 2012. On Wednesday, Baku also agreed a five-year deal with Tehran to supply the Islamic republic with a minimum of one billion cubic metres of gas each year. Later on Friday, Barroso is expected to travel to Turkmenistan, which also has large gas reserves and is another potential source for the proposed new fuel transit route to Europe. (AFP)

### **90 GUNMEN PHYSICALLY "DESTROYED" IN CHECHNYA IN 2010**

**15 January**

Some 90 gunmen were physically destroyed in Chechnya in 2010, Chechen Interior Minister Lieutenant General Ruslan Alkhanov told Itar-Tass. "As a result of joint search operation and special counterterrorist operations on the territory of Chechnya, some 90 gunmen were killed, who were

offering armed resistance," he said. At the same time, Alkhanov stressed that, despite the attempts of the crime groups to destabilise the situation, the Republic of Chechnya continues to be under the control of law enforcement agencies. "Ramzan Kadyrov said that terrorists and extremists should be persecuted and physically destroyed all the time, without interruptions even for a minute, 24 hours a day. We are working in this way. Of course, the numerical strength of the gunmen is far smaller today than five or six years ago, by we shall continue to fight them until the last gunman is either killed or captured," Alkhanov said. According to his information, 2010 became a difficult year for officers of the law enforcement agencies, a time of trial for them. After the regime of the counter-terrorist operation was lifted, the security of the population and the situation in the republic became for the first time full responsibility of the local Interior Ministry bodies. "In my opinion, the results of the work of the Interior Ministry in 2010 show that the law enforcement agencies measured up to the tasks facing them," Alkhanov stressed. (Itar-Tass)

### **AFGHANISTAN CRITICIZES IRAN FOR FUEL BLOCKADE AMID PROTESTS**

**16 January**

Some 300 people protested for a second day in the Afghan city of Herat against Iran's weeklong blockage of fuel tankers seeking to enter Afghanistan. The protesters marched to the Iranian consulate carrying banners with slogans including "Death to Iran." In Kabul, Afghan Commerce Minister Anwar ul-Haq Ahadi said nearly 2,000 fuel trucks were waiting at a border crossing some 100 kilometers away from Herat, and that only 40 were allowed to leave Iran each day. "The stopping of our tankers on the Iranian border has caused big damage to our private sector. We are in continued negotiations with Iran. Their reasons are not convincing us and are not justified reasons," Ahadi said. Ahadi said Kabul had asked Kazakhstan to sell Afghanistan some 200,000 tons of fuel immediately. Iran says the slowdown is due to "technical problems" related to the reduction of Iranian fuel subsidies. (Reuters)

### **NO FACTS TO PROVE RUSSIA'S MOST WANTED TERRORIST DEAD - SOURCE**

**16 January**

Russian special services had no facts to confirm rumors that Chechen militant leader Doku Umarov

was killed in a special operation in Chechnya, a high-ranking source told RIA Novosti on the condition of anonymity. "There were reports that he [Umarov], along with a group of militants, was hit by an airstrike two weeks ago. Currently, several special force units are combing woodland in a remote Chechen region... The reports were not confirmed up to the moment," the source said. In the past years, there were several reports about the death of Umarov, currently Chechnya's most wanted terrorist leader, but all they proved to be false. The majority of notorious North Caucasus militant leaders, including Shamil Basayev, Khalim Saidullayev, Aslan Maskhadov, Emir Ibn al Khattab and others, have been killed in the past ten years. (RIA Novosti)

### **TERRORIST GROUP DETAINED IN KYRGYZSTAN PLANNED BLASTS AT EMBASSIES**

**17 January**

Members of the terrorist group detained in Kyrgyzstan planned a chain of blasts at diplomatic missions situated in capital Bishkek as well as blasts at Transit Centre at Manas (formerly Manas Air Base), the chairman of the State National Security Committee, Keneshbek Duishebayev, said on Monday. "The detainees have already confessed to a number of blasts," he said. "Also during the questioning they told about plans of their terrorist activity." According to him, members of that terrorist group are involved in blasts at Bishkek synagogue last autumn and at the Sports Palace in December. Only by a lucky accident there were no casualties during those terrorist acts. Besides, members of that group say it was them who brought a car stuffed with explosives to the building of Bishkek's chief police department several days ago. However, police found the vehicle and defused it. Duishebayev said that it was that vehicle that the criminals had planned to blast at Transit Centre at Manas. "It has been established by the present moment that 11 people are active members of the Jaishul Mahdi terrorist organisation, and eight of them have already been detained," Duishebayev said. The search for three other terrorists continues. The leader of the group, Sovetbek Islamov, was shot dead during a special operation. Duishebayev did not rule out that there could be many more people in the group. According to preliminary data, the detained terrorists and their accomplices could be involved in the killing of three policemen in one of Bishkek's districts. (Itar-Tass)

### **KARIMOV'S EUROPEAN VISIT CONFIRMED**

**17 January**

Uzbek President Islam Karimov will visit Belgium on January 24 to meet the President of the European Commission (EC), Jose Manuel Barroso, the Belgian authorities and officials at NATO HQ, a spokesman for the EC has confirmed. The visit marks Uzbekistan's official return to the European fold since the European Union (EU) lifted sanctions imposed on the Central Asian state after government troops fired on protestors in Andijan killing hundreds of people in 2005. Uzbekistan resisted all calls for an international investigation into the event, and human rights groups have expressed concerns about the implications of EU recognition of Karimov's dictatorship. But officials at the EU deemed the sanctions ineffective and they were lifted in 2008, a move which prompted sharp criticism from human rights organizations. A year later an arms embargo was also removed. Within days of the arms embargo being scrapped, Uzbekneftegaz announced the EU was "ready to develop cooperation on mutually beneficial terms" with the state-owned gas and oil company. Uzbekistan's strategic importance continues to grow as US and NATO forces become increasingly reliant on goods delivered via the Northern Distribution Network, a logistics line stretching from Western Europe to the Uzbek-Afghan border. However, Jose Manuel Barroso, seems to gearing up to meet as many resource-rich but democracy-poor autocrats as he can in the month of January; by next Monday he'll be able add Karimov to a list that includes Azerbaijan's President Ilham Aliyev and Turkmenistan's President Gurbanguly Berdymukhamedov. (Eurasianet)

### **KAZAKH COUNCIL TO RULE ON EXTENSION OF NAZARBAEV'S RULE**

**17 January**

Kazakhstan's President Nursultan Nazarbaev today asked the country's Constitutional Council to examine a proposed referendum that would prolong his rule to 2020. Last week, parliament unanimously approved the proposed referendum, which would allow Nazarbaev to bypass elections in which his rule could potentially be challenged. Analysts say Nazarbaev's latest move is an attempt by the president to officially distance himself from the plan, which has been criticized by both the United States and the European Union as a setback for democracy. The 70-year-old Nazarbaev has ruled Kazakhstan for more than 20 years. The

Constitutional Council is made up entirely of presidential and parliamentary appointees and is itself headed by the president. (RFE/RL)

### **TURKEY WILL NOT JOIN EU UNLESS IT NORMALIZES RELATIONS WITH ITS NEIGHBORS – ARMENIAN PRESIDENT**

**18 January**

Armenian President Serzh Sargsian said that Turkey will not be able to enter the European Union unless it normalizes relations with Armenia. "Armenia has nothing against neighboring Turkey's accession to the EU. But we are confident that Turkey will be unable to make it into the EU unless it establishes constructive relations with its direct neighbors," Sargsian said at a joint press conference with Cypriot President Demetris Christofias on Monday. "Like friendly Cyprus, we are not in the habit of tackling problems through the language of threats and political speculations. You know, despite Armenia's readiness to normalize Armenian-Turkish relations, the border between our two countries remains closed. Up to now, there are no diplomatic relations between Armenia and Turkey," the Armenian president's press service quoted him as saying. Sargsian and Christofias discussed, among other things, prospects for settling the Nagorno-Karabakh and the Cypriot conflicts. "We agree that any conflict should be solved with regard for the historical past and peculiarities. That's why we support each other's positions on ways of handling those conflicts. Also, we do not think that the principles of self-determination of nations and territorial integrity contradict each other", the Armenian president said. (Interfax)

### **TAJIK OFFICIALS SAY FOUR IMU SUSPECTS KILLED IN NORTH LAST YEAR**

**18 January**

A Tajik Interior Ministry official says four suspected members of the banned Islamic Movement of Uzbekistan (IMU) were killed and some 50 others arrested in northern Tajikistan last year, RFE/RL's Tajik Service reports. General Sharif Nazarov, Interior Ministry head in the northern Sughd Province, said on January 17 that militants were particularly active in the autumn when the Tajik Army conducted operations against them in the country's central Rasht district. Nazarov said some IMU activists and members of the banned Islamic movement Hizb ut-Tahrir provide financial support to those groups by working abroad and sending remittances. He noted

that at least five suspected IMU members working in Russia were arrested there last year, while three others are still being investigated. A resident in the northern Tajik town of Isfara told RFE/RL the IMU and Hizb ut-Tahrir provide financial support to their members. He said there are IMU members in his town and poverty is a main reason many young people join the banned movements. Tajik affairs analyst Jura Yusufi told RFE/RL that the Tajik government does not use the state media in an effective manner against the Islamic groups. (RFE/RL)

### **PROBE PUTS KYRGYZ LEADER ON DEFENSIVE**

**18 January**

The ruling by a Kyrgyz commission investigating ethnic unrest last year between Uzbeks and Kyrgyz is insulting, a former defense minister said. A national commission in Bishkek named Kyrgyz Gen. Ismail Isakov as one of the government officials who allowed clashes between the two ethnic groups last summer to take place. Isakov was defense minister under Roza Otunbayeva, who served as interim president after her supporters ousted Kurmanbek Bakiyev from power in an April coup. Isakov said the commission's findings were "superficial and groundless," adding he was filing a lawsuit against the commission to preserve his dignity, Radio Free Europe/Radio Liberty reports. He served as defense minister under Bakiyev but resigned to join the opposition. He was sentenced to eight years in prison in January 2010 on corruption charges but was absolved after the April coup. An official investigation examining the ethnic violence that gripped parts of southern Kyrgyzstan after the coup blamed Uzbek leaders and Bakiyev backers for the conflict. Washington said it was concerned about allegations of torture during the unrest and analysts said Bishkek wasn't ready to conduct "an honest investigation" into the June conflicts. (UPI)

### **RUSSIA, KAZAKHSTAN MAY JOIN WTO SIMULTANEOUSLY – MEDVEDKOV**

**18 January**

Russia and Kazakhstan may join the World Trade Organization (WTO) virtually simultaneously, Maxim Medvedkov, the head of the Russian delegation in the negotiations on Russia's accession to WTO, said. "I think Russia and Kazakhstan will join WTO simultaneously because Kazakhstan has made considerable headway in the negotiations," Medvedkov told a press conference in Moscow on

Tuesday. Medvedkov said the intervals between Russia's and Kazakhstan's accession to WTO will not be very long. "We are talking about several months, not years," he said. Medvedkov believes Belarus will join the WTO much later. At the same time, he said Belarus also intends to step up the process on the country's accession to WTO. Russia may complete the technical part of the negotiations as early as in April 2011, which will enable it to complete all procedures in 2011 and become a full-fledged WTO member in 2012, Medvedkov said. (Interfax)

### **AZERBAIJAN: SOLDIER KILLED IN KARABAKH SKIRMISH**

**18 January**

One Azerbaijani soldier has been killed and two Armenian conscripts wounded recently in skirmishes at the Armenian-Azerbaijani "line of contact" around the breakaway Azerbaijani region of Nagorno-Karabakh, RFE/RL's Armenian Service reports. The Azerbaijani Defense Ministry said Mamed Azadaliyev, 21, was shot dead on January 17 just northeast of the disputed territory, Trend news agency reported. The ministry said Azerbaijani troops deployed there came under fire from Armenian positions before "silencing the enemy." The area where Azadaliyev was killed has been the most volatile section of the front line over the past year. More than a dozen soldiers from both sides have been killed since June. There was no immediate reaction to the Azerbaijani report from the Armenian side. Military authorities in Armenia and Nagorno-Karabakh reported earlier in the day that two Karabakh Armenian soldiers were wounded at other front-line sections on January 14. They said both men required hospitalization. One of the servicemen, Vartan Harutiunian, remained in the intensive care unit of a military hospital in Stepanakert on January 17. The Armenian Defense Ministry accused Azerbaijan of deliberately breaking the cease-fire to scuttle international efforts to resolve the Karabakh dispute. Ministry spokesman Davit Karapetian said Baku is using the incidents to try to "boost morale" in the Azerbaijani military. Azerbaijani Defense Ministry spokesman Teymur Abdullayev dismissed those claims and blamed the Armenians for the truce violations. "The Azerbaijani side is committed to observing the cease-fire on the front line," he told Trend. Former Armenian Foreign Minister Alexander Arzoumanian, an opposition politician, said on January 17 that preventing renewed fighting will be

the Armenian government's No. 1 challenge this year. "We already went down that path once," Arzoumanian said. "We already proved on the battlefield the Nagorno-Karabakh people's right to live in freedom. They won their independence, and all we have to do now is to get into various diplomatic processes and skillfully find some solution." Arzoumanian was skeptical about near-term prospects of a breakthrough in Armenian-Azerbaijani peace talks. He said the governments of Russia and the United States, the main mediating powers, will be increasingly distracted by preparations for domestic presidential elections in 2012. (RFE/RL)

### **GEORGIA, U.S. PRESIDENTS TO HAVE MEETING IN ENLARGED FORMAT**

**18 January**

The U.S. and Georgian Presidents, Barack Obama and Mikheil Saakashvili, will meet in expanded format, Georgian President's spokesperson Manana Manjgaladze said at a briefing today. "The work is now underway to organize the meeting and clarify all the details," she said. Manjgaladze stressed that the preparatory work will decide when and where to hold the Obama-Saakashvili talks. Obama and Saakashvili decided to hold an expanded meeting at the talks in Washington on Jan.15. (Trend)

### **EU SIMPLIFIES VISA REGIME WITH GEORGIA**

**18 January**

Today, the European Union signed the visa facilitation and readmission agreements with Georgia. Both agreements will enter into force on March 1, the EU said. The negotiations between EU and Georgia on visa facilitation were launched in 2008. They completed in the first half of last year. The agreement was signed in June. The European Parliament gave its consent in December last year. The agreement on visa regime facilitation will simplify getting short-term visas to the EU countries, which are designed to stay up to 90 days and are issued for a period of 180 days. The EU citizens have been exempt from the need to get a visa when traveling to Georgia or transit through Georgia since 2006. The agreement rather simplifies visa procedures for businessmen, scientists, students and journalists, as well as for those visiting relatives who are citizens of Georgia, but living in the EU countries.

The EU member-states will issue long-term multiple entry visa for certain categories of people

traveling often and under certain conditions. People with diplomatic passports are exempted from visa obligations. The agreement provides for the issuance of visas within 10 calendar days. The fee for a visa is also decreased from 60 to 35 euros for all citizens of Georgia. The certain categories of citizens are fully exempted from payment. These categories include pensioners, children under 12, handicapped, scholars, students, journalists, and people visiting relatives in Europe who are citizens of Georgia. National visa is required to travel to Great Britain and Ireland as these countries do not participate in the agreement. The visa facilitation is directly related to the readmission agreement between the EU and third countries. The readmission agreement clearly prescribes the obligations and procedures for returning people illegally residing in the territory of a country-participant of the agreement. It includes not only the illegally staying citizens of both parties, but also citizens of the third countries and people without citizenship illegally staying in the country. Ireland and Denmark do not participate in the readmission agreement with Georgia. (Trend)

#### **AFGHANISTAN DELAYS PARLIAMENT OPENING BY A MONTH**

**19 January**

President Hamid Karzai's office says that the inauguration of Afghanistan's new parliament has been delayed to February 22, amid allegations of fraud by some losing candidates. The move follows a request by a special tribunal set up to rule on allegations of vote fraud after elections in September. The head of the special court, Sadiqullah Haqiq, told a news conference in Kabul today that the inauguration should be delayed "at least one month" to give the court time to further investigate allegations of vote fraud. "In order to have clarity and accuracy, in order to implement justice in the country and to respect the members of parliament who are winners and those who did not win," Haqiq said, "it is necessary to ask His Excellency President Karzai to postpone the inauguration of the parliament." The September 22 parliamentary election has been marred by allegations of massive

fraud. Electoral authorities disqualified more than 24 early winners, and threw out about a quarter of some 5 million votes cast. The opening of the new parliament was expected to take place on January 23. The date for the opening session is set by the Afghan president. (RFE/RL)

#### **ROADSIDE BOMB KILLS 13 CIVILIANS IN AFGHANISTAN**

**19 January**

Afghanistan's Interior Ministry says a roadside bomb has killed 13 civilians in eastern Afghanistan. In a statement, the ministry said the victims were traveling in a motorized rickshaw in the Khoshamand district of Paktika Province when their vehicle was blown up by the bomb. Women and children were among the dead. Further details were not immediately available. (RFE/RL)

#### **GEORGIAN EX-MINISTER'S SON GETS THREE-YEAR PRISON SENTENCE FOR ILLEGAL BORDER CROSSING – SOURCE**

**19 January**

A court in the Krasnodar territory has sentenced Givi Kutateladze, a son of former Georgian State Security Minister Vakhtang Kutateladze, to three years in prison for illegally crossing the Russian-Abkhaz border, a law enforcement source told Interfax. Kutateladze and another Georgian, Alexander Vepkhvadze, on Wednesday were found guilty of illegal border crossing by the court, he said. "The court sentenced Kutateladze to three years in prison and Vepkhvadze to two years and six months in prison," the source said. Law enforcement authorities were not immediately available to confirm this report. In November 2010, territory prosecutors stated that in April 2010 the Tbilisi police launched a criminal case against Vepkhvadze and Kutateladze over crimes against public order and ordered their remand in custody. The men were put on the national wanted list. Investigators found that Vepkhvadze and Kutateladze absconded and were first hiding in Georgia, then in Abkhazia before deciding to move to Russia without an entry permit. (Interfax)