

Central Asia

Caucasus

ANALYST

BIWEEKLY BRIEFING

Wednesday, August 29 2001

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BIWEEKLY BRIEFING

Wednesday/August 29, 2001

ANALYTIC ARTICLES:**CENTRAL ASIA AND THE WTO 3***Gael Raballand*

Numerous countries in transition have joined the World Trade Organization, but in Central Asia, only Kyrgyzstan achieved membership. This current regional situation is the result not of economic, but political strategies. Even though the economic benefits of WTO membership are quite limited for land-locked Central Asian countries, the current impasse has political motives, as the external and internal strategies of Central Asian countries are responsible of the cold attitude toward the WTO by most regional governments.

THE INDIA-PAKISTAN SUMMIT: IMPLICATIONS FOR CENTRAL ASIA 5*Aftab Kazi*

The recent Agra summit between Presidents Musharraf and Vajpayee has generally been termed a failure, but its very occurrence testifies to an increasing realization in India and Pakistan of the necessity to normalize relations. This is due not least to considerations regarding Central Asia. Neither Pakistan nor India can assert any significant role in Central Asia with the current state of relations. Especially economically, India's and Pakistan's roles in Central Asia cannot be dissociated from one another. While much remains to be done, changing geopolitical and geoeconomic realities are gradually reshaping perceptions.

RISING TENSIONS AND THE DANGER OF UNREST IN THE CAUCASUS 7*Hooman Peimani*

For a number of years, the Caucasus has remained in an undecided, no war-no peace situation which is not tenable in the long run. Economic indicators have failed to improve, and frustration is increasing in all three countries. The number of violent incidents occurring has increased recently, as tensions have risen between conflicting parties but also in other parts of the region, begging the question whether the Caucasus may once again be heading for increased instability and conflict.

ARMENIA AND CASPIAN OIL PIPELINES 9*Tigran Martirosian*

Routing the pipeline from Baku to the Turkish Mediterranean coast through Armenia has been excluded from almost all the economic projects for transport of Caspian oil due to the political situation in the Caucasus, though Armenia would be the most cost-effective route. Notwithstanding, all pipelines pass close to Armenia's borders, implying Armenia's role in Caucasian security cannot be dissociated from pipeline politics. Armenia's inclusion in the regional energy architecture is hence long overdue.

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Analytical article structure:

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

BACKGROUND: 200-300 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: 200-300 words of analysis of the ramifications of this event or issue, including where applicable, implications for the local people's future.

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

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Field Reports focus on a particular news event and what local people think about the event, or about the work of an NGO. Field Reports address the implications the event or activity analyzed has for peoples' lives and their communities. Field Reports do not have the rigid structure of Analytical Articles, and are shorter in length, averaging ca. 500'700 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: svante.cornell@pcr.uu.se and suggest some topics on which you would like to write.

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CENTRAL ASIA AND THE WTO

Gael Rballand

Almost all the Central European countries but also Baltic States, Georgia and Mongolia acceded to WTO. In Central Asia, Kyrgyzstan was the 133th country in 1998 to obtain the full-fledged membership but things have remained unchanged so far. Central Asia is lagging behind voluntarily. Having an economy in transition is not a valuable excuse because many countries, which experienced the same chaos, have joined the organization. The internal situation in these states and the WTO perception of Central Asia mainly explain why these countries are not fighting hard to become members of the Geneva-based organization. The accession of a Central Asian country is not to be expected in the near future. Even in the long term, the entry of Uzbekistan, Tajikistan and Turkmenistan seems rather problematic.

BACKGROUND: Relations between Central Asian countries and WTO are guided by political manoeuvres. In this region, WTO is mainly perceived as a symbol of the western world – a sort of a NATO counterpart regarding trade issues. It is worth noting that the negotiation process is closely linked to the image those countries are striving to give in the region. For instance, Kyrgyzstan aspired to be considered as a part of the western world, the so-called ‘Switzerland of Central Asia’, and thus did its best to join WTO as soon as possible. The negotiation process proceeded with exceptional speed, taking only twenty-eight months to the actual accession whereas the average time in the period 1996-2000 for the twelve newcomers was fifty-two months. On the other hand, Turkmenistan, which is professing its ‘positive neutrality’, considers WTO as a ‘non-neutral organization’ and has consequently not made any move toward the WTO. Tajikistan is in the same camp, for a different reason: as a Russian ‘protectorate’, Dushanbe does not have enough political leeway to join WTO in defiance of Moscow’s stance. Uzbekistan is too preoccupied with stability to make an attempt toward the Geneva-based organization even though it was the first country in the region to apply, in December 1994. Kazakhstan stands between these two sides. It has a willingness to be perceived as an open market economy in order to attract foreign direct investment. Within this framework, a WTO membership would be a great achievement. But, in the same time, Astana has to take into account Moscow’s susceptibility on this issue. When it started negotiations with the WTO, Russia explained that it would not accept the accession of any CIS country to this organization prior to its own admission, on the plea of tariffs discrimination and causing further economic deterioration in the region. Moscow threatened with tariffs retaliation. However, contrary to Uzbekistan, Kazakhstan is really involved in the negotiation process and has a real perspective of membership in the future.

IMPLICATIONS: The economic benefits of accession are still rather limited for Central Asian countries. The major interest in WTO entry is to gain access to major markets on a

preferential basis. Indeed, CIS countries, except Kyrgyzstan and Georgia, have to deal with Sections 402 and 409 to the US Trade Act of 1974, more known as the Jackson-Vanik amendment, which still has legal force. This provision enables US President to grant countries most-favored nation clause on an annual basis. The renewal is granted only if the demanding country can demonstrate that this clause would not contribute to limit emigration to the West. In general, it is closely linked to the human rights policy in those countries. Accession to WTO means the inapplicability of this provision due to the non-discriminatory policy among WTO members. Unfortunately, this benefit is rather theoretical. Due to the remoteness of Central Asia from major markets and the land-lockedness of the region, trade with major markets is still limited. Imports from Central Asian countries represented less than 0,1 % of the total imports of the European Union in 1998. Researchers Steven Radelet and Jeffrey Sachs have even demonstrated that due to excessive transport costs, a strategy centered on export-led growth is not sustainable in the long term for land-locked countries.

But the main hurdle between Central Asian countries and WTO is political. The Kazakhstan slow-track policy is most probably linked to Russian policy. Kazakhstan started the accession process in January 1996. But negotiations are not moving at the same pace they did earlier. Uzbekistan is dedicated to its gradual economic reform policies, and is unlikely to abandon them for WTO membership. As far as Turkmenistan and Tajikistan are concerned, they have not even applied to this organization.

Even the Kyrgyz accession was led by political motives. Bishkek did want, with its entry to the world organization, to gain financial and political support from the WTO in general and major economic powers like the EU and the US, and probably also intended to exert pressure on traditional partners like Kazakhstan and Russia. Hence Kyrgyzstan did very substantial tariffs concessions (an average of 6,7 % of individual tariff bindings for non-agricultural products and 11,7 % for agricultural products). The latter figure is significant: among the new entrants in the WTO in 1996-

2000, only Croatia and Albania had to accept even further tariffs reduction. It is known that the Kyrgyz economy is based on agriculture, and it is not surprising that Bishkek is presently unable to follow all of its commitments. Moreover, it had to tackle a trade war with neighbouring countries in 1999. Kazakhstan and Russia raised the fear of the Kyrgyz membership in December 1998. According to them, it would have harmed the functioning of the Customs Union (now the Eurasian Economic Union) and aggravated constraints on economies of the region. In the economic field, the argument vis-à-vis the Eurasian Economic Union was groundless because there was no common external tariff between CU members, and even the free-trade area was, and remains, absent on the ground. Thus, there are no real privileged economic relations between these states. In fact, Russians and Kazakhs, with the 1999 trade war, showed the Kyrgyz that becoming a WTO member was equivalent to leaving the house.

CONCLUSIONS: In Central Asia, politics prevail over economics. Central Asian countries are not willing to undertake any major reforms in the political field. Hence, it is most unlikely to expect any new WTO membership in the short term. Indeed, an accession can only follow willingness to reform old economic structures. That is why only the Kazakh attempt to join the WTO has a great chance to succeed. The current situation vis-à-vis the Geneva-based organization is symptomatic of the lack of willingness to truly reform old economic and political systems.

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JAILED KYRGYZ OPPOSITION LEADER RELEASED.

A prominent opposition figure, the leader of the *Erkindik* party Topchubek Turgunaliyev, was released from jail last week by a special presidential decree. As the RFE/RL reports, Kyrgyz President Akaev's decision to grant clemency to Turgunaliyev was motivated by appeals from a number of public organizations and political parties. Turgunaliyev's elderly age and deteriorating health were also taken into consideration.

Topchubek Turgunaliyev was sentenced to 16 years in prison last year on 1 September on charges that he and 6 other people 'organized a plot to assassinate the Kyrgyz President Akaev'. Later the Bishkek City Court reduced Turgunaliyev's sentence to 6 years and granted amnesty to all the rest. This is because all 6 of them had written letters to the president apologizing and pleading for clemency. However, arguing that writing such a letter would be the same as admitting his guilt, Turgunaliyev refused to do so. This was not the first time Turgunaliyev was sent to jail. The opposition leader had served several months in prison on two previous occasions in 1995 and 1997. However, observers find all the charges against Turgunaliyev to be fabricated and a number of international organizations such as Amnesty International declared him a 'prisoner of conscience'.

The same day the decree was signed, Kyrgyzstan's State Secretary Osmonakun Ibrahimov at a press conference made an official announcement, RFE/RL reports. He said that on the eve of the celebration of the 10th anniversary of Kyrgyzstan's independence, President Akaev signed the decree pardoning the opposition leader who once tried to assassinate him. He added that by doing so the Kyrgyz President showed his magnanimity and humanism. Although the fact that Turgunaliyev had actively been involved in democratic reforms in Kyrgyzstan was mentioned at the press conference it was not mentioned in the decree itself. Although some people say that the release of the prominent opposition figure was an act of clemency, others believe that it was a Kyrgyz government's reaction to growing domestic pressure and international criticism. The Head of the Kyrgyz National Security Service Bolot Januzakov himself admitted that appeals by NGOs and political parties played a key role in securing Turgunaliyev's release. A number of NGO's and opposition political parties had sent an appeal to Akaev asking for Turgunaliyev's release. In an interview on 7 August, the head of the Bishkek office of the Institute for War and Peace Reporting, Chinara Jakypova, had mentioned that Turgunaliyev's contribution to Kyrgyzstan's independence and democratic reforms had been invaluable and that he deserved an early release.

Turgunaliyev's imprisonment had been in focus not only by Kyrgyz public but also of the international community. The Special Representative of the UN Secretary-General on Human Rights Hina Jilani had been planning to visit the opposition leader Turgunaliyev during her visit to Bishkek in early August. However, she was denied permission to visit the jailed leader, who was then being treated for high blood pressure in a prison hospital. The Kyrgyz public and the international community approved and greatly supported Turgunaliyev's early release. In the interview to RFE/RL correspondent the Deputy Chairman of Kyrgyzstan's Human Rights Commission, Muratkan Aidarov, said that he considers Turgunaliyev's ahead-of-time release a democratic success. The leader of the Ata-Meken party Tekebaev said that Turgunaliyev had been charged for not committing a crime but for his political activities and his release is a more than positive decision made by the Kyrgyz government. Leaders of Ar-Namys and Res Publica parties and representatives of the Uighur community expressed the opinion. The Head of the Bishkek office for OSCE Jerzy Wieclaw said that by releasing Turgunaliyev the Kyrgyz government showed its positive attitude toward opposition. He also mentioned that OSCE had been raising the cases in connection with Turgunaliyev and other political figures, who have been persecuted by the authorities. The current chairman of the OSCE, Romanian foreign minister Mircha Joanne noted that he too supports the Kyrgyz President's decision on granting amnesty to Turgunaliyev. Mr. Joanne added that the OSCE calls on Kyrgyzstan to take all measures to promote democratic reforms in the country as such efforts are important contributing factors to strengthening the security and economic development of the country.

After his release, on 23 August at a press conference Turgunaliyev thanked those who helped with his freedom: opposition political parties, NGOs, the US Congress, and international organizations such as Amnesty International, Human Rights Watch and Freedom House. Turgunaliyev also expressed hope that his release was just a first step by the government toward meeting democratic developments. He said that by releasing other imprisoned political figures and by proper observation of human rights, Kyrgyzstan has a chance to regain the reputation it enjoyed in the early 1990s and to prove its commitment to democratic values and principles. However, it is still early to predict whether these are the steps that Kyrgyz authorities intend to take and whether Turgunaliyev's release means a revival of democratic reforms or just the next 'consolation' handed to concerned domestic and international critics.

INDIA-PAKISTAN SUMMIT: IMPLICATIONS FOR CENTRAL ASIA

Aftab Kazi

A meaningful yet vague ending of the Musharraf-Vajpayee Agra Summit may have been caused by hard-line approaches, probably at some bureaucratic level. An opportunity to acclimatize the impact of post-Soviet geopolitical realities on South and Central Asian affairs appears postponed, if not lost. Being land-locked is not only hurting the economic and political development of central Asia but also equally hindering similar processes in both southern and western Asia. The geopolitical access of Pakistan to Central Asia had been among the major motivations behind both Vajpayee's 1999 Lahore visit and the July summit. Domestic politics in both India and Pakistan and the prospects of new opportunities in Central Asia seem to be reshaping the perceptions of Indian and Pakistani leadership to normalize relations and resolve the Kashmir dispute.

BACKGROUND: Amid the ongoing economic, geopolitical and strategic transitions in Central and South Asia, the Musharraf-Vajpayee Summit - despite an unresolved ending - is a landmark in India-Pakistan relations. An almost agreed upon joint declaration had to be postponed due to domestic political considerations. Despite differences over Kashmir and terrorism, understandings developed on other matters - regional trade, an Iran-Pakistan-India oil/gas pipeline, regional security, nuclear safety, and openness towards future dialogue. This will have a major long-term impact all over Southwest Asia, and particularly on relations with Central Asian countries. Perhaps, more than any other factor, the re-opening of post-Soviet Central Asia has necessitated a recalculation of both intra- and inter-regional relationships between South and Central Asia, thus implying the reordering of political priorities.

The Agra Summit signifies the beginnings of an India-Pakistan détente reflecting a new mindset and a change in old adversarial perceptions. Unlike Vajpayee's Lahore visit two years ago, the Agra Summit appears to have been misperceived as being prompted by foreign pressure and by Pakistan's weakness as opposed to an Indian great power status. While U.S. pressure has rarely worked in India-Pakistan relations, a realist view of South Asian political economy suggests that Pakistan is not nearly weak enough to fall apart as often projected. Moreover, an understanding is emerging that *both* India and Pakistan are emerging major powers in South Asia. Such projections appear to undermine the intensity of the post-Soviet geopolitical and strategic ramifications that have on South Asia. Regionally, Pakistan's geopolitical location as a communication buffer between Central and South Asia is well recognized by Indian strategists. This factor played a major role behind Vajpayee's 1999 Lahore visit. Without Pakistani routes and cooperation, India is unable to participate directly in geo-economic developments in Central Asia.

IMPLICATIONS: The recently announced 42% increase in the Indian defense budget over the next three years, and simultaneous statements by L.K. Advani, India's hard-line Interior Minister, hardly indicated any possibility of a summit this summer or any relative flexibility on the Kashmir issue.

Observers would note that the summit invitation to President Musharraf was announced immediately after a BJP high command meeting that deliberated the party's performance in recent state elections - indicating a wish to profile itself as a peace-seeking party. However, the initiative, reciprocity, and intensity inherent in leadership behavior demonstrated in the pre- and post-summit conversations and statements suggest that both India and Pakistan psychologically felt ready to discuss the impact of emerging geopolitical realities.

The excitement over the opening of Central Asia ten years ago was great in South Asia, and especially so in Pakistan. Islamabad's attempts to help break the landlocked nature of Central Asia have been hampered by Afghanistan's civil war. Meanwhile, Indian desires to construct a railway line connecting South and Central Asia in 1992 did not materialize, compelling both governments to conclude that an effective South-Central Asia relationship requires the normalization of India-Pakistan relations. This does not mean that other trade is not possible without Pakistani routes, but can take place only at relatively higher costs, via Iran.

Currently, in addition to cultural and diplomatic affairs, both Indian and Pakistani initiatives in Central Asia are in similar fields, related to education, pharmaceuticals, banking and hotel businesses, and limited commerce. The opening of the Almaty-Karachi road and roads connecting Quetta, Bishkek, Mirpurkhas, Osh, Faisalabad and Shikarpur are likely to reduce current cost of imports (via Iran) greatly - the difference lying in the thousands of dollars per truck shipment - potentially increasing the trade volume between all Central and South Asian states. New opportunities include: overland and land-to-sea trade, import and export of hard-core machinery and other commodities, oil and gas transportation, construction of hydroelectric stations, cross-regional electricity supplies, cooperative banking, commerce, education and training, to mention a few areas. The Tajik civil war prevented the implementation of a Pakistan-Tajikistan agreement of 1993 on the construction of hydroelectric dams and export of electricity from Tajikistan to Pakistan and India. This has been further delayed by the Afghanistan situation.

Similarly, plans to import Turkmenistani gas to Pakistan (via Qandahar to Quetta) and further down to India remains on hold for political reasons. During the late 1990s, the Taliban government assured the security of a gas pipeline through Qandahar, and in early 2000 Chief Executive Musharraf ordered the construction of gas transit pipelines for India. However, pipeline politics and the enduring conflict in Afghanistan have blocked the Qandahar route. Similarly, Indian concerns over the security of the Iran-Pakistan-India gas pipeline and the politicization of the \$550 million annual transit fees scheduled for Pakistan have delayed that deal. The India-Iran dialogue has showed that the most convenient land routes cannot be replaced with long distance underwater pipelines, nor can India's need for gas supplies be wished away. The Musharraf-Vajpayee summit has thus cultivated a profound understanding of cross-regional trade and oil gas transportation.

CONCLUSIONS: The geopolitical importance of Pakistan as a South Asian gateway to Central Asia with cost-effective communication routes, among other factors, seems to be gradually changing perceptions. Other factors such as changing regional alignments in South and Central Asia, increasing trade volumes of Central Asian countries via Iran and Pakistan, and the opening up of Almaty-Karachi/Gwadar routes are set to have a major socio-

economic impact across both regions. The normalization of India-Pakistan relations and growing commerce may also help toward a resolution of the Kashmir dispute. The Musharraf-Vajpayee Summit recognized the fact that India and Pakistan must meet to redefine their rules of engagement and their South and Central Asian relationships.

The geopolitical reality that Pakistan has inherited the role that British India played in the 19th-century Great Game, and that the Indus Basin has historically served as a commercial corridor for Central Asia along with Iran cannot be easily ignored. Effective South-Central Asian relationships clearly necessitate the normalization of India-Pakistan relations. Other factors put aside, the Central Asia factor alone seems to be shaping new perceptions in South Asia. As such, the theory that renewed opportunities in Central Asia would compel India and Pakistan themselves to 'think of ten reasons to normalize bilateral relations' holds true in the contemporary South and Central Asian context. The Musharraf-Vajpayee July summit, and plans for a forthcoming Islamabad summit, appear to be important steps in that direction.

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DO INTERNATIONAL INVESTORS REALLY CARE ABOUT ENVIRONMENT IN CENTRAL ASIA?

Kazakhstan's huge oil and gas reserves have attracted many foreign investors including various industry giants such as Chevron, ExxonMobil, and Shell. Tengizchevroil (TCO), one of the biggest joint ventures successfully operating in the Tengiz oil fields, dominates the foreign shares whereas 20% is owned by KazakhOil, the governmentally-owned national oil corporation. Tengiz is a very remote place with huge oil reserves in Kazakhstan's western region. Extracted crude is processed in a refinery located approximately 30 km away from Tengiz and is exported to world markets by a pipeline through Russian territory. Although Kazakhstan has various significant raw material resources, its economy is still too dependent on oil exports through this single pipeline that provides a considerable amount of the government's total revenue.

International politics of Caspian oil has been a much-publicized issue, yet the domestic environment in which international companies are working in the region is relatively neglected. One of such issues that has largely escaped the attention of the international public is the environmental pollution in the Tengiz oil field. There are two ways that TCO is polluting the environment. At the refinery, crude is distilled and poisonous elements in the composition of the crude are burned. Black smoke from burning gas wastes covers the sky and unburned toxic gas is just released through the funnels into air. According to the regulations, these funnels should be 10 km away from the refinery; however, TCO does not comply with this regulation in order to avoid the cost of constructing new funnels. Sometime, workers evacuate the refinery because of very dangerous gas releases. Another major cause of pollution is sulfur waste. Tengiz crude contains a high level of sulfur, which is highly hazardous for human health and environment. The sulfur is not processed or recycled, but dumped in the ground. It has already created huge yellow mountains in the Atyrau region. Tons of sulfur are lying open on the ground and easily circulate into the air with a slight wind. It is also absorbed into soil and underground waters. Having worked in the refinery a couple of years ago, I witnessed that more gas is released as night comes; many workers feel dizziness because of stinking gas wastes. Once my British supervisor said, 'If that refinery had been in England, hundreds of media correspondents would have reported the pollution and demonstrations would never end until the factory was closed. During my employment, I observed many workers suffering from heart or breathing diseases. The fact of deaths among the employees working in Tengiz, let alone people permanently living in the polluted area, are carefully hidden from leaking into public media. Even though the refinery in Tengiz has been polluting the environment, both parties, local government and foreign investors, seem to be happy with the situation. Investors save millions on cheap disposal of gas and sulfur waste, and the government gets some sort of fine for pollution, which is an insignificant amount for the investors. Apparently, no one really seems to care about local people and environment. Instead of installing filters and constructing recycling units to reduce air pollution that would surely increase the costs, investors have just been pretending to care about local people by much cheaper means such as building a few hospitals and recreation centers in the region.

By **Marat Yermakunov**

RISING TENSION AND THE THREAT OF WAR IN THE CAUCASUS

Hooman Peimani

Recent political events have demonstrated the increasing tension in intra- and inter-state relations in the Caucasus, and have revealed the fragility of the current no-war-no-peace situation. The failure of Armenia and Azerbaijan to progress toward a settlement of the dispute, as was expected, has increased the risk of a renewed war. Instability has increased in Georgia too. In June and July, there was a growing demand by the opposition parties for a war to end the practical independence of the breakaway republics of Abkhazia and South Ossetia. Also, tensions have risen in two other regions. In July, the supporters of deceased President Zviad Gamsakhurdia demanded autonomy for their region, while ties between Ajaria and the Georgian central government worsened. Should the current fragile situation continue, there is an increasing danger that the entire Caucasus will be drowned into conflict and instability. Such a scenario would have dire political and economic consequences for the region and its neighbors.

BACKGROUND: The fall of the Soviet Union brought independence to the three Caucasian republics, but was also accompanied by violent conflict. Azerbaijan, Armenia and Georgia have all experienced severe political and military challenges shaking the very root of their states. Internal and external destabilizing forces in various forms have challenged the authority and the legitimacy of their political systems. Azerbaijan and Armenia have not yet settled their territorial dispute over Nagorno Karabakh, which emerged in a bloody form 13 years ago. The war that ended in a cease-fire in 1994 left 20% of Azerbaijani territory, including the disputed territory, under Armenian control. Efforts towards the settlement of this conflict have all failed. The political, economic, security and emotional significance of the issue for both sides has made a compromise hard to swallow in both countries. If the political situation has been bad in Armenia and Azerbaijan, it has been even worse in Georgia. A variety of severe political and military challenges has weakened the authority of the Georgian state. Two major secessionist movements in Abkhazia and South Ossetia in which Russia has significant influence seriously damaged the sovereignty of the Georgian state and undermined its territorial integrity. In addition to the secessionist movements, Georgia has also suffered from an internal military and political conflict. The ouster from power of then Georgian President Zviad Gamsakhurdia in 1992 initiated a civil war lasted on-and-off until to date. Despite his "suicide" or "murder" in 1993, his followers have challenged the authority of the Georgian government through various forms of military operations and political activities.

IMPLICATIONS: The three Caucasian states have survived many challenges of different natures to their authority. The major ones continue to this date and are likely to continue in the foreseeable future. Added to these, the economic deterioration of the three Caucasian countries, the worsening living standards, the increasing poverty and unemployment, the rampant corruption and the expanding authoritarianism have all contributed to a growing dissatisfaction among their peoples. This popular dissatisfaction has found its way in the internal politics of these countries in the forms of growing tension within the ruling elite and between it and political opposition.

All these factors have severely damaged the authority and legitimacy of the three Caucasian states and have contributed to their chronic instability.

In such a fragile political and social situation, the current no-war-no-peace situation cannot continue for a long time. For one, the Azeri and Georgian states are determined to restore their sovereignty over their lost territories. The growing frustration with the *status quo* among the internally displaced Azeris (over a million) and Georgians (about 300,000) have further strengthened their determination. These refugees have been living in poor conditions in Azerbaijan and Georgia since their forcible migration from their homes in the territories now under the control of separatists over a decade ago. The *status quo* is not viable for the separatist groups in the long term either. The current situation is a limbo for both sides, which has to be settled in one way or another. Hence they have national, political and security objectives to achieve. There are also strong economic reasons making the situation unacceptable. The unsettled ethnic and territorial disputes have seriously affected investment in the Caucasian countries by foreign investors, the only available investors for these countries that lack adequate domestic financial resources. The low investments even in energy-rich Azerbaijan have demonstrated this concern. Thus, the need for creating a suitable situation for economic activities will likely motivate all the parties to the disputes to settle them by force in absence of peaceful means. Finally, the unsettled disputes have made apparent the weaknesses of the Caucasian governments, which have also proven their inability in addressing the growing economic difficulties. The resulting dismal situation has encouraged the rise of other destabilizing forces, especially in Georgia. In July, relations between the Georgian government and the government of Ajaria, an autonomous region run by a local potentate, Aslan Abashidze, grew increasingly hostile. The hostility reflected itself in the Ajarian government's refusal to transfer collected taxes to the Georgian government, which it described as "fascist". In the same month, the supporters of ex-President Gamsakhurdia demanded autonomy for their region creating a new headache for their government.

CONCLUSIONS: The current uncertain situation in the Caucasus cannot continue indefinitely. The failure of the three

Caucasian governments to settle their ethnic and territorial disputes has created a downward spiral, which may prove conducive to the resumption of violence at any moment. The worsening economic situation has further exacerbated this situation. Unless the parties to the Azeri-Armenian and Georgian ethnic and territorial conflicts settle their conflicts peacefully, a highly unrealistic scenario in the near future, the entire Caucasus may experience a new round of wars. Such wars could be more destructive than those of the early 1990s as certain factors could lead to their expansion and escalation.

Among other factors, three regional (Iran, Turkey and Russia) and a non-regional power (USA) with long-term interest in the Caucasus could become involved in them intentionally or unintentionally in different forms and extents.

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BEHIND THE 'TURKISH STARS': THE DEPTH OF TURKISH-AZERBAIJANI MILITARY COOPERATION

After gaining independence in 1991, Azerbaijan actively began to look for ways to integration into European economic and political structures, striving to take part in the formation of a new security system on the basis of Atlanticism. Baku's policy is based on the pragmatic yearning for forming privileged relations, first of all, with states that currently support its desire, and practical steps, to distance from Russia. In this situation, Turkey was Azerbaijan's natural strategic partner. Common historical and ethno-linguistic roots, the belonging to the Turkic world, and religious identity influenced Baku's orientation toward Ankara.

By refusing Russian military presence on its territories and 'joint' defense of its borders with Russian border guards, by halting military cooperation with Russia, and by not taking part in the Collective Security Treaty of the CIS, Azerbaijan deliberately and purposefully started widening the circle of its strategic partners in a Western direction, simultaneously lowering the intensity of relations with Russia. This approach was considered the basis for a new national security strategy. Azerbaijan sees its future in establishing and developing new strategic relations with Turkey, NATO and the Islamic world, as well as in the oil and gas potential of the Caspian Sea, on which all recent political and economic successes of Baku are based.

Azerbaijan's confidence in Russia collapsed already in Soviet times, when the Armenian-Azerbaijan armed conflict erupted. Armenia's invasion against Azerbaijan, supported from Moscow, increased the gap between Baku and Moscow and was a main cause of the change of foreign policy direction. Besides its important geographical location in terms of energy and transportation, Azerbaijan's military-strategic position is also becoming very important. Since 1994, Azerbaijan-NATO cooperation has started in the frames of the Partnership for Peace Program (PfP), which Baku considers a prologue to building its national security exclusively relying on Western military-political guaranties and an opportunity for closer integration into NATO structures, eventually leading to accession to the alliance.

NATO countries, first of all specialists of Turkey military forces, help Azerbaijan in the technical equipment of its army and fleet, in defense planning, in material provision and in the training of military staff, as well as the creation of system of civic defense, to name only some major sectors of cooperation. Political and military information exchange has been established, as well as a functioning political consultation mechanism.

The military and strategic ties between Ankara and Baku were formally established in July 1996 during the official visit of a delegation from Azerbaijan's Defense Ministry to Turkey. At the same time, a legal basis for this cooperation was adopted by the legislative bodies of Azerbaijan and Turkey. According to this agreement, Baku gained an opportunity to educate its military staff at military-educational institutions in Turkey, and Ankara commitment to supporting military infrastructure in Azerbaijan. Since 1997, with the participation of Turkish specialists, the adjustment of the educational system at military academies of Azerbaijan to NATO standards has begun. A successful example of the development of this cooperation is the recent graduation of the first officers, who obtained education according to NATO standards at Higher Military School of Azerbaijan.

With the help of Turkish specialists, three military academies have been completely modernized in a short period of time, that currently educate staff for the land, marine and air forces of Azerbaijan. With Turkish financial and technical support, an Azerbaijani peacekeeping battalion was created. From September 1999, a platoon of this battalion has been participating in the international peacekeeping force in Kosovo, forming part of the Turkish battalion.

Turkey's engagement with Azerbaijan is encouraged by the U.S., which sees Turkey as a bridge between the new independent states and the West. Ankara, Tbilisi and Baku actively cooperate in the military sphere in order to secure the transportation of oil. The Baku-Ceyhan pipeline is in a project stage currently, however the issue of military safeguard for this pipeline is on the agenda. With the financial support of NATO, sub-units of the three countries were created, which have carried out several desert and commando exercises that correspond to the necessities of pipeline protection.

Azerbaijan-Turkey military cooperation is viewed by many independent policy makers and military analysts as a counterbalance to Russian presence in the region, and concretely to the Russian-Armenian military alliance. In the local press, declarations are voiced by Azerbaijani policy-makers on the possibility of locating NATO military bases in the country. The first of this kind was the statement of Vafa Guluzade, former advisor to the President, in 1999. Almost all leaders of political parties support this idea. The main argument is that Azerbaijan wants to restore the unequal military-strategic balance with Armenia.

Iran's recent aggressive actions, violating Azerbaijan's sea and air borders, again strained the military and political situation in the region. Azerbaijan in fact faced a direct act of aggression on the part of Tehran. Turkey was the first state to come to Azerbaijan's defense, when the Turkish Foreign Ministry sharply rebuked Iran for its violation of Azerbaijan's borders. This coincided with the arrival to Baku of the 'Turkish stars', an air force squadron of 10 F-5 fighters. It was a complete surprise not only to Iran, but also to other neighboring states. The visit of Turkish fighters and the air show carried out by them above Baku's Azadliq (Independence) Square, was witnessed by around half a million people that gathered to watch the show. This public interest showed the importance of this visit is for Azerbaijan. People observing the show did not hide their emotions and chanted in support of the Turkish Air Force and of Turkish-Azerbaijani friendship.

The arrival of the squadron of Turkish fighters was officially timed to coincide with the visit of Hüseyin Kivrikoglu, the Chief of General Staff of the Turkish Armed Forces of Turkey, who took part at the ceremony of graduation of officers from the Azerbaijani Military Academy on August 25. That was the first graduation of more than four hundred lieutenants who underwent a four-year education according to NATO standards under the leadership of Turkish military trainers. The same day President Heydar Aliyev and Minister of Defense Safar Abiyev, received General Kivrikoglu. During these talks they discussed matters of developing cooperation between Azerbaijan and Turkey in military and technical spheres. Both sides stressed that the close relations of the two states are conducive to increased stability in the region.

By **Gulnara Ismailova**

ARMENIA AND CASPIAN OIL PIPELINES

Tigran Martirosyan

Routing the pipeline from Baku to the Turkish Mediterranean coast through Armenia has been excluded from almost all the economic projects for transport of Caspian oil due to the political situation in the Caucasus, though Armenia would be the most cost-effective route. Notwithstanding, all pipelines pass close to Armenia's borders, implying Armenia's role in Caucasian security cannot be dissociated from pipeline politics. Armenia's inclusion in the regional energy architecture is hence long overdue.

BACKGROUND: Armenia's geographic location as a potential transit center between the energy-rich Caspian states and western markets lends it strategic importance to world energy markets, and poses unique challenges to the goal of energy security in the region. As some countries in the Caspian region expand their oil and gas production and international export of these products, Armenia appears to be well situated to take advantage of these developments. Indeed, participating in the expanding network of oil and gas export is important, as the nation seeks to strengthen its own economy and political presence in the region. However, good intentions may be overwhelmed if unresolved conflict and ensuing reluctance of neighbors constrain efforts in regional cooperation.

The inequality in the distribution of energy resources – their existence in Azerbaijan and Central Asia and absence in countries such as Armenia – is a major risk-contributing factor in the region. The disparity in geographic distribution of national expenditures and indiscreet utilization of oil wealth by energy-rich countries may lead to large imbalances. The fact that proposed pipelines would have to pass through a few selected countries in the region makes the situation even more complicated. The possible increase in wealth of three countries on Armenia's borders – Azerbaijan, Georgia, and Turkey, with two of which Armenia has adversarial relations, may generate undesirable additional animosity in the country.

Armenia hopes that in due time oil will become a stabilizing component in the region. If oil is used as a tool of tangible peace by the countries of oil origin, such as Azerbaijan, and not as a weapon of war, it can become an instrumental factor contributing to the economic integration and stability of the region. However, at present, oil seems to be a zero-sum game in the region, as if a country takes it at the expense of another. In addition, the intensifying competition for a share in the oil wealth, involving the U.S., Russia, European countries, Turkey, and Iran distorts regional stability, especially as the volume of oil is now estimated to be less than expected.

IMPLICATIONS: Conceptually, Armenia would prefer participating in the projects regarding the placement of pipelines in order to be on the map as far as an oil pipeline is concerned. At the same time, Armenia believes that an oil pipeline does not bring peace, but peace can help build the pipeline and keep it uninterrupted. With front lines, occupied territories, and minefields near the pipeline routes, oil not only fails to bring peace to the region, but may also threaten it. Therefore, the

future stability of the region is critical to any oil pipeline, even if it runs relatively far from actual conflict areas.

Since a route through Armenia has so far been excluded from the projects for transport of Caspian oil because of solely political reasons, Armenia currently does not oppose or endorse any Caspian pipeline route. Armenia also doubts that the planned pipeline route may be moved, as logistically so much has already been done to get the project to its current engineering phase that drastic changes would ultimately reshape the entire endeavor. Under such circumstances, Armenia formally is unable to take any position on the issue of pipeline routing, as long as Armenia is not aware of any route that would use the country as a transit territory, or would otherwise serve the interests of its national security and economic prosperity.

Nagorno-Karabakh's position has a significant impact on the development of oil pipelines. Until a peaceful solution is in place, pipelines will continue to be vulnerable to the conflict, because political action, and not terrorism, is generally the cause of pipeline cutoffs. The ability of military groups to either prevent the route from being operational, or to contribute to a larger conflict can increase risks of developing energy resources the region. By settling the conflict, Armenia and Azerbaijan would be able to reap the profits of Caspian oil and gas resources more advantageously. The future of pipelines depends on reconciliation of neighboring countries, rather than on the level of exploitation and oil revenues. In other words, peace has to come to the region first and then it will be possible to build and maintain the safety of the pipelines.

CONCLUSIONS: The Caucasus states, with their long history of interaction and dependency, can only grow stronger with the end of debilitating conflicts. The long-term prospect for each regional player is much richer than what it can achieve by maximizing its short-term gains. Oil development in Azerbaijan can be maximized only after a solution on Nagorno-Karabakh based on mutual compromise is achieved; Armenia can develop only with open borders and an invigorated regional trade. The piping of oil and gas through or to Armenia, a so far 'segregated' regional unit, could evidently consolidate the economic and security interests of the whole region.

Caspian oil developments represent a vigorous opportunity for Armenia to participate in the projects by having an alternative pipeline or a spur coming off the pipeline to supply the country. With peace in Nagorno-Karabakh, the likelihood of participation will increase manifold. All existing and proposed

pipeline routes supported by the West are within Armenia's eyesight. In as much as this actuality may convey an alarming aspect, it puts Armenians in a strong negotiating position. It also effectively gives Armenians a position to guarantee the security of the pipelines, as reliability of oil supplies particularly depends on the political stability in the countries of transverse.

Decisions concerning the routing of Caspian oil and gas pipelines through Armenia should recognize that an all-inclusive, grand cooperative strategy is preferred over alliance making and 'win-lose' games. It cannot be ignored that Armenia

is the most cost effective transit route. While the most important preconditions for the safe operation of pipelines in the region are, among other factors, settled conflicts and overall political stability. Given the existing seven years of cease-fire in the conflict and ongoing results-oriented peace negotiations, a pipeline route through Armenia is feasible.

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CHINA RELUCTANT TO XINJIANG TOURISM

The tourism potential of one of China's most interesting and exotic destinations is being eroded by a massive construction program that is threatening the very fabric of its ancient heritage. Outstanding Silk Road sites are being prettied up and elbowed to the margins of brand new Chinese suburbs, as Xinjiang, the republic's most remote but historically highly significant province, staggers under the weight of the latest 'Go West' directive from Beijing.

As literally millions of Han Chinese pour into Xinjiang to exploit the hitherto unexploited oil, gas and mineral wealth beneath the hostile Taklamakan desert, the ancient cities and their ancient people are being swallowed up under mounds of brand new tiles, high-rise blocks and multi-lane freeways.

City after time-honored Silk Road city is being 'tidied up' as faceless apartment blocks, cement facades, factories and ornamental parks engulf the narrow alleyways and mud-walled homes of yesteryear. Those of the indigenous Uyghur 'minority' race who speak out against the onslaught to their culture are branded 'splittist' and accused of destabilizing a region the Chinese government is determined to tame.

Whilst harboring lofty ambitions to multiply its tourism potential ten-fold during the next 20 years, China remains ambivalent about the kind of tourists it wants to host in Xinjiang, and what it wants them to see. Claiming lack of tourism infrastructure as a reason for being less than welcoming, local people are convinced that China's reluctance to host too many western visitors is linked with its need to juggle the obvious economic benefits of foreign exchange, against the adverse political consequences of opening the area to too many prying eyes from the west.

Potential visitors are not granted visas if they apply for this area alone, and if they manage to slip in another way, are stung heavily for entrance fees to every museum, archaeological site and park, and grossly overcharged for postcards, guide books, tourist-shop trinkets and the privilege of taking photographs. They are often denied bus tickets and forced to join expensive tours, and refused access to any area considered politically sensitive at the time.

The problem for the Chinese government is that the area's fascination is inextricably bound up with the Uyghur people. This centuries-old Muslim people resent what they perceive as Chinese plans to consign them and their ancient heritage to the quaint margins of minority status. The fragile truce between the parties erupts from time to time in bloody skirmishes and outbreaks of nationalistic violence which is always quelled mercilessly by the Chinese, and the perpetrators either executed or imprisoned. All the evidence during the past few years points to Chinese intentions to dissipate the nationalism by diluting the close-knit communities and turning their homeland into a museum rather than allowing it to remain a living entity. Simmering resentment is never far below the surface. Western support for the Uyghur cause is growing and the Chinese government is afraid that an influx of tourists, particularly the independent variety, will fuel it further. 'When the west sees and hears what the Han are doing to the Uyghurs, of course there will be more support for us,' said an English teacher at a local Chinese middle school. 'Of course then we feel stronger in our hope for an independent homeland.'

'You cannot say you have seen the Silk Road until you have visited Kashgar,' trumpets a Technicolor billboard teetering on the edge of a new Chinese roundabout where old houses used to stand. 'Kashgar has taken on a new look. Silk Road (sic) is even more shining,' boasts another. But a local tour guide is unimpressed with the 'new look' of Kashgar and terrified that the Chinese plan to destroy the old city of Kashgar altogether. A tour guide said the town was rife with rumors that the old city was earmarked for extinction because it was 'dangerous.' 'Our history and culture mean nothing to them, in fact we are a threat to them. If they can dilute us and our culture then they will have won the battle and destroyed us,' he said bitterly. But in trying to win the nationalist battle, the Chinese may be in danger of losing tourists. 'Show me one tourist who will come all this way to see brand new Chinese sky-scrapers,' he said. 'Already our famous market has been ruined by sterile planners, the old city has been carved up by freeways, our donkey carts have almost vanished and our way of life which used to spill onto the streets is fast disappearing.'

Kashgar is not the only city whose character is being lost to Han expansionism. Turpan, the second-lowest city on earth and possibly the hottest in summer, spurred on by a republican prize for the 'most touristic city' in China, has replaced its wooden vine trellises with rows of mock Greek pillars in time for this year's wave of foreigners. Its startling Emin minaret is now surrounded by plastic rock and a marble stairway, sponsored by UNESCO. Most cities now have more Han than Uyghur and are more preoccupied with accommodating an influx of cars and newly arrived Chinese rickshaws on their streets, than in making allowances for traditional Uyghur transport. Gulja's horses and carts are now confined to the outskirts of town and ironically the only street historically earmarked for Han building projects, is the only street remaining within the town centre for Uyghurs today. Kucha, Aksu, Korla and Hami, renowned Silk Route settlements are now dominated by Han tower blocks and guide books advise tourists to make straight for the old areas and their markets, although with the proviso that these are fast disappearing.

Urumqi, the capital, is China's self-confessed most polluted city by a massive margin largely due to an underground coal fire which has been burning for the past 25 years. 500 Han Chinese arrive here each week to start a new life and as a result, the city is characterized by demolition and construction sites, thick smog and a dwindling Uyghur presence. There are few buildings or monuments of note in Urumqi, and one of the few remaining, the Xinjiang Regional Museum, was inexplicably demolished recently leaving only a deep crater. Rumor has it, that it had to go, because it housed the controversial and highly publicized 'mummies' collection. Mounting western interest in the 3,800 year old, Caucasian-looking relics provide much needed evidence for the Uyghur nationalist cause, by 'proving' that their ancestors were in the area before the Chinese, and this evidence is now safely out of the world's reach for the next four years. 'By which time the world might have forgotten,' lamented a Uyghur student in the capital.

Xinjiang, into whose fierce Taklamakan desert Britain would fit easily, whose mountains, steppes, rivers and forests rival the world's best, and whose culture and traditions span centuries, is remote, inaccessible and packed with intrigue. There can be few places left on earth like it. But like Tibet and other political trouble spots within its borders, access will be rationed until Xinjiang's cities knuckle down and submit to the high-rise, tower-block colonialism of the rest of China and have very little left to show for their remarkable past..

By **Ruth Ingram**

NEWS BITES

SUMMIT OF FIVE CASPIAN STATES' LEADERS TO BE POSTPONED

28 August

The summit of the five Caspian states' leaders will be postponed, Turkmenistani President Saparmurat Niyazov announced on local TV Monday evening. The summit of the leaders of Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan was scheduled to be held in Ashgabad in late October when the 10th anniversary of Turkmenistani independence will be celebrated. "We have discussed this question with the Presidents of Russia, Iran and other countries and decided to postpone the summit till November or December," President Niyazov said. The Turkmenistani president was the one who initiated the summit which is to discuss the Caspian Sea status. (RIA)

U.S. ENVOY TO DISCUSS SHIPPING MORE KAZAKH OIL TO AZERBAIJAN

28 August

A senior U.S. envoy will arrive in Kazakhstan this week for talks which could lead to increased volumes of Kazakh oil being shipped to Azerbaijan, a move which would improve the viability of the proposed Baku-Tbilisi-Ceyhan (BTC) pipeline. Steven Mann, the State Department official handling Caspian energy issues, will hold talks with Kazakh officials and with U.S. energy companies operating in Kazakhstan. Elizabeth Jones, the U.S. Assistant Secretary of State for Europe and Eurasia, on a visit to Baku this week, said she hoped Mann's negotiations in Kazakhstan would "give a powerful boost to the realization of the Baku-Tbilisi-Ceyhan project." Under the scheme envisaged, additional volumes of Kazakh crude oil would be shipped to Baku where it would be refined and used for domestic consumption. That would free up Azeri crude which could then be transported through the proposed BTC pipeline, which if it goes ahead should be completed by the second half of 2005. With this aim, the U.S. government's Trade and Development Agency this week gave Azerbaijan a 600,000 dollar (658,000 euro) grant to investigate upgrading the Dubendi port near Baku, which would receive the extra Kazakh oil. Currently, about 170,000 tons of oil a month is transported by tanker from Kazakhstan to Dubendi, from where it is pumped through an existing pipeline to the Black Sea. Washington is committed to seeing the BTC pipeline built but there have been concerns that there is not enough oil in the Azeri sector of the Caspian alone to fill it to capacity and make it profitable. (AFP)

GEORGIAN PRESIDENT RE-AFFIRMS FACT OF INVASION OF ABKHAZIA

28 August

Georgian president Eduard Shevardnadze speaking Monday on the air of the National radio re-affirmed that last week a strong armed grouping appeared in Georgia near the border with Abkhazia. This incident might be a real threat of invoking large-scale skirmishes, he emphasized. The Georgian president said that the named grouping was rather strong. He did not specify who were members of the grouping, but did not rule out the fact that some of them might come from the North Caucasus. Besides, Shevardnadze said, inhabitants of a number of Georgian districts were among them. Earlier Russian military warned that an invasion of Georgia by Chechen separatists headed by warlord Ruslan Gelayev and

detachments of Georgian gunmen were being prepared. According to sources in the Russian military intelligence, a large concentration of Chechen and Georgian gunmen (at least 300-men strong) was registered in Georgia near the border with Abkhazia. The Sukhumi TV reported they planned to launch a large-scale operation on Abkhazian territory on August 25. (RIA)

AZERBAIJAN NOT TO ACCEPT LOSS OF NAGORNO-KARABAKH, PRESIDENT SAYS

28 August

Azerbaijan seeks a negotiated solution to its conflict with Armenia but will never put up with the Armenian occupation of Nagorno-Karabakh, Azerbaijani President Heydar Aliyev said on Sunday. "The Azerbaijani lands must be liberated no matter what this costs us," Aliyev said during a meeting with the chief of staff of the Turkish armed forces. "The armed forces of the country must be ready to carry out this task at any moment." The Turkish chief of staff, Gen. of the Army Huseyn Kivrikoglu, said he thought the Azerbaijani army had "become considerably stronger" over the past few years. "Today's armed forces standards enable Azerbaijan to look into the future confidently and is a secure guarantee of independence of the Azerbaijani Republic," Kivrikoglu said. Kivrikoglu's visit has been timed to coincide with a graduation ceremony on Saturday at an Azerbaijani higher military school which has trained its first 400 officers in conformity with NATO standards under Turkish guidance. (Interfax)

RUSSIA MAY SIGN FRAMEWORK WEAPONS TRADE AGREEMENT WITH IRAN

28 August

Russia is ready to sign a framework weapons trade agreement with Iran soon, chairman of Russia's foreign arms trade agency and Deputy Defense Minister, Mikhail Dmitriyev has announced at a recent briefing in Moscow. At the same time, the Russian official promised that Russia would never go back on its international commitments to limit its relations with Iran. He said the planned deal with Iran had been submitted to the Russian government for approval. "Iran is Russia's traditional partner in all spheres, including the military-technology sector," Mikhail Dmitriyev noted. He said a lot of old weaponry in Iran require modernization. Iran also needs new defensive weapons, he said. (Transcaspien.ru)

U.S. WILL BACK AZERBAIJAN IN THE EVENT OF CONFLICT WITH IRAN

28 August

Visiting U.S. Assistant Secretary of State Elizabeth Jones said in Baku on 27 August that the United States remains concerned about "provocative" Iranian incidents in the Caspian region and that Washington would render political support to Baku should a conflict arise between Azerbaijan and Iran. Meanwhile, Iranian Foreign Ministry spokesman Hamid Reza Asegi said that Jones's statements were themselves a provocation intended to "strain Tehran-Baku relations." She made her remarks after meeting with President Heidar Aliev and also with members of the Azerbaijani political opposition. Meanwhile, Azerbaijani Space TV the same day reported that Baku officials had explained the closure of a street near the U.S. Embassy in the Azerbaijani capital by suggesting that there was a foreign terrorist threat against it. (RFE/RL)

KAZAKHSTAN SUSPENDS JOINT MILITARY EXERCISES AFTER RUSSIAN MISSILE GOES OFF COURSE.

27 August

The Russian Foreign Ministry on 24 August confirmed that Astana has officially suspended joint military activities with Russia pending the outcome of an investigation into why a Russian surface-to-air missile landed in Kazakhstan last week. The Kazakhstan government asked Moscow to stop testing missiles near its national borders. Meanwhile, the news service reported, Belarusian officials denied that the rocket that went off course had been produced by their defense industry. (RFE/RL)

MOSCOW STILL SPENDING MORE ON WAR IN CHECHNYA THAN ON RECONSTRUCTION

27 August

An analysis prepared by the WPS agency on 24 August noted that the Russian government has allocated 4.5 billion rubles (\$150 million) for the restoration of Chechnya but that military experts estimate that "the money allowances of servicemen" alone in Chechnya currently cost more than 8 billion rubles a year. (RFE/RL)

WORLD BANK TELLS GEORGIA TO RENEGOTIATE TRANSIT FEES

27 August

The World Bank has sent a letter to Tbilisi directing the Georgian government to renegotiate its oil transit fee schedule with Azerbaijan to get more revenue or face the loss of bank assistance, "The New York Times" reported on 26 August. Talks have reopened, the newspaper reported, but it did not specify whether any progress has been made. (RFE/RL)

ARMENIA REJECTS COUNCIL OF EUROPE VIEW ON KARABAKH ELECTIONS

27 August

The Armenian Foreign Ministry on 27 August said that Yerevan does not agree with the view expressed by the Council of Europe that local elections in the unrecognized Nagorno-Karabakh Republic are illegitimate and will undermine the peace process. The ministry said that the people of Nagorno-Karabakh will be exercising their "legal right in correspondence with international standards" when they go to the polls on 5 September. (Interfax)

TALIBAN ALLOW DIPLOMATS, PARENTS, ICRC TO SEE DETAINEES

25 August

Taliban Saturday announced that they would allow western diplomats, parents and the International Committee of the Red Cross (ICRC) to meet eight foreign aid workers accused of spreading Christianity in Afghanistan, a Taliban spokesman, Abdul Hayee Mutmayen said from southern Kandahar. Mutmayen said that the decision has been taken following the completion of the first round of the investigations against the aid workers. Two Australians, four Germans and two United States citizens have been held since early August with 16 Afghan employees of a Christian aid agency, Shelter International Now. From the offices of Shelter Now International in Kabul, the Taliban have confiscated compact discs and Christian material translated into local languages. The Taliban also say they have confessions from the detained workers. The SNI denies charges of preaching Christianity. (IRNA)

TALIBAN COMMIT FRESH ATROCITIES IN GHOR

25 August

Taliban forces burned more than 1000 houses in Taiwara District, Ghor Province. Payam-e-Mujahid weekly has reported that Taliban troops and their foreign supporters launched a major offensive against the Mujahideen in Taiwara District, which continued for several days. When the invaders succeeded in entering Taiwara, they burned more than 1000 houses and took more than 300 women and children as hostage. (IRNA)

ARMENIAN MOUNTAINEERS TO CLIMB MOUNT ARARAT

24 August

Two Armenians are taking part in climbing Mount Ararat at the invitation of the Federation of Mountaineering of Turkey. (Noyan Tapan)

PEACEKEEPERS IN ABKHAZIA PLACED ON HIGH ALERT

24 August

The collective peacekeeping force in Abkhazia, consisting mostly of Russian servicemen, has been put on high alert, a Russian Defense Ministry official told Interfax on Friday. This has been done in response to reports of large units under the command of Chechen field commander Ruslan Gelayev moving from Pankisi gorge in Georgia to Kodori gorge in Abkhazia, the official said. The peacekeepers have the right to shoot to kill if their lives are threatened, he said. (Interfax)

GEORGIA SAYS RUSSIAN STATEMENTS ON ABKHAZIA A PROVOCATION

24 August

Georgian officials said on 24 August that Russian and Abkhaz suggestions that Georgia plans to ally itself with Chechen militants to attack Abkhazia are false and is intended to provide a pretext for Moscow to maintain or expand its military presence in the breakaway republic. The Georgian statement came after both Abkhaz and Russian forces in Abkhazia went on alert. President Eduard Shevardnadze returned from his vacation early in order to deal with the crisis. (Caucasus Press)

REPRESENTATIVES OF CASPIAN LITTORAL STATES TO MEET IN ASTANA SEPTEMBER 18-20

24 August

Reliable source in the Kazakh Foreign Ministry said that the regular working meeting of deputy foreign ministers of the Caspian littoral states is to take place September 18-20, instead of September 7-9. The deputy foreign ministers of Azerbaijan, Iran, Kazakhstan, Turkmenistan and Russia are to discuss the declaration, which will be submitted to the presidents during October summit in Turkmenistan, as well as some issues on legal status of the sea. First part of the document on legal status of the Caspian Sea was discussed on June 15 Baku meeting of representatives of the states. The meeting of experts in Astana would become the final one on the eve of the summit of the heads of Caspian littoral states, planned for late October in Turkmenistan. In fact, all presidents of littoral states agreed to take part in top-level meeting in Ashgabad. It is noteworthy that a special working group on the Caspian status was formed in 1996 to work out draft of the convention in the legal status of the sea. Russia has signed bilateral agreements with Kazakhstan and Azerbaijan on division of the sea into sectors. Iran's position foresees common possession of the sea resources or division of the Sea into five equal parts. (CNA)

KARABAKH PEACE PROCESS IN FACT FROZEN, ARKADY GHUKASIAN SAYS

24 August

President of Nagorno Karabakh Republic Arkady Ghukasian said that Karabakh settlement process was in fact frozen, and its activation would require new attempts from the mediators. Ghukasian said this at the meeting with the American congressman Adam Schiff held in Stepanakert Thursday. Speaking about the active propaganda campaign carried out recently by Azerbaijan, Ghukasian reminded that Nagorno Karabakh people and Azerbaijani authorities were the conflict parts, and the attempts of Azerbaijan to pervert the essence of the problem were dangerous and had no future. "We have never spoken from the position of force and always proceeded from the realities, which it was impossible to deny. On the contrary, we are always ready for a dialogue and cooperation, for establishment of closest relations with Azerbaijan on equal-right basis," Ghukasian noted. On the request of Schiff, NKR President presented the social-economic situation of the country. He said the problem of water supply of Stepanakert was among the big programs to be implemented. "I think it would be expedient to direct the financial aid provided by the Congress to the solution of this problem," Ghukasian said. (Mediamax)

WHAT DOES A PRESIDENT LIVE FOR? HIS CAPITAL

24 August

The Kazakhstani government expects that USD 700-800 MM will be spent on the continuing construction of the Kazakhstani capital of Astana in 2001. Kazakhstani President Nursultan Nazarbaev declared at the "Architectural Beau Monde" forum in Astana this week. Of the total investment, only about 20% is expected to come from the state budget, Nazarbaev said. It was unclear where the remaining 80% would be drawn from, though in the past the government has encouraged major investors to contribute to the development of the Kazakhstani capital. Development of Astana constituted 2% of the republic's GDP in 2000, the president revealed. Nazarbaev said that the construction of 15 large buildings in a new development on the left bank of the Ishym River should be completed by next year. The Kazakhstani president, who once admitted to drawing sketches of possible new buildings on paper napkins in his spare time, said that he is committed to making Astana a truly Eurasian capital, Reuters reported. "I would like to see a Greek neighborhood, and Spanish and Chinese quarters," Nazarbaev stated. "I live for this city!" (kazecon.kz)

U.S. CONGRESSMAN VISITS KARABAKH

24 August

Representative Adam Schiff on 23 August met in Stepanakert with the president of the unrecognized Karabakh Republic, Arkadiy Gukasyan. Gukasyan told Schiff that the process of regulating the Karabakh issue is practically frozen, and Schiff promised to raise the issue in the U.S. Congress upon his return to Washington. (RFE/RL)

UZBEK PRESIDENT WANTS NEIGHBORS TO JOIN FIGHT AGAINST EXTREMISM

24 August

Uzbekistan's President Islam Karimov said in Tashkent on 23 August that the leaders of Central Asia now understand better than they did in the past the threats of extremism, drug trafficking, and international crime, but that the time has come for actions not words. Meanwhile, Tashkent's "Khalq Sozi" reported the same day that Karimov's recently declared amnesty will result in the release of

more than 25,000 prisoners, including some of his political opponents. (RFE/RL)

12,000 TO BE RELEASED FROM TAJIK PRISONS UNDER AMNESTY

24 August

Following a speech by Tajikistan President Emomali Rahmonov, the Tajikistan parliament unanimously passed an amnesty law on 23 August that will lead to the release of 12,000 people from the country's prisons. Among those to receive priority amnesties are 1,000 prisoners suffering from tuberculosis, pregnant women, veterans, deserters, and foreigners. Seven thousand other prisoners will see their sentences reduced, the news service said. (Asia Plus-Blitz)

TURKEY SAYS MILITARY CHIEF'S BAKU VISIT NOT LINKED TO CASPIAN

23 August

Turkey announced here Thursday that a scheduled visit by the country's Chief of Staff General Huseyin Kivrikoglu to Azerbaijani was not related to recent developments in the Caspian Sea. The Anatolia news agency cited unnamed foreign ministry officials as saying that the visit, which runs Aug 24-26, had been planned three months ago. According to Ankara, Kivrikoglu will visit Baku to attend the graduation ceremony of several Azerbaijani cadets at the country's War Academy. The event, however, will be accompanied by the flight of 10 F-16 [sic, F-5] warplanes, known as Turkish Stars, above Baku's Freedom Square. Ankara has already told Iran that the flight of the warplanes during Kivrikoglu's visit in the midst of a debate on the status of the Caspian Sea was "an interesting coincidence." (IRNA)

KHATAMI, NIYAZOV DISCUSS CASPIAN ISSUES BY PHONE

23 August

Iran's President Mohammad Khatami and his Turkmen counterpart Saparmurat Niyazov on Thursday discussed issues related to the Caspian Sea, including the upcoming summit of the heads of the coastal states of this inland sea, in Ashgabad. Khatami stressed that "life in the Caspian Sea could only be guaranteed under the cooperation and understanding among the five coastal states." He described Tehran-Ashgabad stances on the Caspian Sea as "close" and reiterated the need for "a collective agreement" among the littoral states in order to avoid "interference" and "mischief" by aliens in the region. Niyazov, for his part, said that the success of the summit would depend on the exercise of mutual respect by the coastal states. He also called for the strengthening of Tehran-Ashgabad ties in all fields. (IRNA)

OFF-COURSE RUSSIAN MISSILE LANDS IN KAZAKHSTAN

23 August

An S-300 surface-to-air missile fired from a Russian military base near Astrakhan on 22 August went off course during a training exercise and landed in the desert of Kazakhstan. This missile caused no damage to property or any injuries (Interfax).

AZERBAIJAN'S PRESIDENT ORDERS HOMES BUILT FOR REFUGEES

23 August

President Heidar Aliev on 22 August issued a decree on the allocation of land for the construction of permanent homes for the

estimated 210,000 Azerbaijani refugees who fled Armenia between 1988-1992. In addition, Aliev ordered the reconstruction of 1,422 homes in a district bordering on the north of Nagorno-Karabakh whose Armenian owners were forcibly expelled to the Armenian SSR in the summer of 1990. Aliev allocated 83 billion manats (about \$18 million) from the State Oil Fund to finance the construction. The decree does not provide for the construction of permanent housing for some 540,000 displaced Azerbaijanis who fled their homes during the Armenian offensive in the summer of 1993 and have lived since then in appalling conditions in refugee camps. (Turan)

VISA REGIME RELAXED ON GEORGIAN-RUSSIAN BORDER

23 August

In line with an agreement reached in talks between Russian and Georgian diplomats, as of 23 August the visa regime between Russia and Georgia has been relaxed for residents of border regions. Residents of Georgia's Kazbegi Raion and of the Republic of North Ossetia-Alaniya, which is a subject of the Russian Federation, may cross the border without a visa provided they stay in the neighboring country for no longer than 10 days and remain in the border district. (Caucasus Press)

U.S. CONGRESSMEN VISIT ARMENIA

23 August

A U.S. Congressional delegation headed by Adam Schiff met in Yerevan on 22 August with Armenian President Robert Kocharian, Prime Minister Andranik Markarian, Foreign Minister Vartan Oskanian, and parliament deputy speaker Gagik Aslanian. Topics discussed included the Armenian genocide and the current state of Armenian-Turkish relations, the Karabakh conflict, and Armenian-U.S. relations. Kocharian again expressed his desire to begin an Armenian-Turkish dialogue at the state level. He also predicted that Armenia will become "the best-organized and most stable country in the region." Schiff for his part expressed reservations over the recently created Armenian-Turkish reconciliation commission, especially the choice of its Armenian members. He said he considers it regrettable that the commission will not address the issue of the 1915 genocide. (RFE/RL)

PROSECUTORS FAIL TO PROVE ANOTHER CHARGE AGAINST FORMER KAZAKH PREMIER

23 August

Two witnesses summoned on 23 August in the ongoing trial of former Kazakh Prime Minister Akezhan Kazhegeldin failed to substantiate the charge against him of illegal possession of weapons. The former governor of West Kazakhstan Oblast Khabibolla Zhaqypov and his then-deputy explained to the court that a pistol that the prosecution claims Kazhegeldin owned illegally was formally presented to him as a gift during a visit to the oblast in 1996. Other witnesses confirmed that Kazhegeldin paid taxes in 1998 on royalties for a book he published; he is accused of failing to pay tax on those monies. The 23 August session was held behind closed doors as classified information was divulged. Kazhegeldin's lawyer Aleksandr Tabarin declined to give any details of the testimony. Meanwhile, 28 Kazakh intellectuals condemned the court proceedings and expressed their support for Kazhegeldin at a press conference in Almaty on 23 August. (RFE/RL)

RUSSIAN ECONOMIC GAINS SEEN PULLING CIS TOGETHER

22 August

A Moscow meeting of the ambassadors of the member countries of the Commonwealth of Independent States (CIS) concluded that recent Russian economic gains have served to pull the CIS together. "Vremya MN" reported on 21 August. Most of the participants suggested that although the CIS had made no progress for eight of the past 10 years, it might become something like the European Union in the relatively near future. (RFE/RL)

RUSSIANS CLAIM BASAEV WOUNDED, CHECHENS DENY IT

22 August

Russian military spokesmen claimed on 22 August that Chechen field commander Shamil Basaev was wounded in a shoot-out with Russian reconnaissance troops late the previous day in Vedeno Raion in southern Chechnya. Six of Basaev's bodyguards were said to have been killed in that clash. But a spokesman for Chechen President Aslan Maskhadov denied that Basaev has been wounded. The Chechen website www.kavkaz.org claimed that Chechen fighters killed some 30 federal troops in fighting in Vedeno on 21 August. (RFE/RL)

MALARIA EPIDEMIC IN GEORGIA

22 August

The incidence of malaria in Georgia has reached the point that officially qualifies as an epidemic. A total of 176 cases have been registered to date both in eastern and western Georgia, and new cases are reported daily. (Caucasus Press)

KAZAKHSTAN'S GOVERNMENT DISCUSSES CASPIAN DEVELOPMENT PROJECT

22 August

A session of Kazakhstan's government chaired by Prime Minister Qasymzhomart Toqayev has reviewed a 15-year development program for Kazakhstan's sector of the Caspian Sea. The program focuses on environmental protection, development of the region's infrastructure, and the gradual replacement by Kazakh specialists of foreign personnel currently employed by foreign oil companies. (Caspian News Agency)

POWERFUL MAYOR OF TURKMEN CAPITAL DEMOTED

22 August

Turkmen President Saparmurat Niyazov on 21 August demoted Ashgabat Mayor Ashiberdy Cherkeзов to the post of deputy head of the city administration because of shortcomings in performing his duties. Specifically, Niyazov complained that construction projects in the capital are behind schedule, and that there are potholes in major thoroughfares. According to Western diplomats in Ashgabat, Cherkeзов was regarded as the third most powerful official in Turkmenistan, after the president and Committee for State Security Chairman General Mukhammed Nazarov. Like all Turkmen officials, he must serve a six-month probation period in his new position and will be fired if he fails to discharge his duties adequately, according to an unnamed presidential administration official. The deputy premier for transportation and communications, Berdymurad Redjepov, has been named to succeed him as mayor of Ashgabat. (Interfax)

UZBEK PRESIDENT PROCLAIMS AMNESTY

22 August

Islam Karimov has announced an amnesty pegged to the 10th anniversary of Uzbekistan's declaration of independence. Most

female convicts, invalids, persons suffering from serious diseases, men over 55, foreign nationals, and persons who were minors at the time of their sentence will be eligible for release, with the exception of those convicted of murder, terrorism, drug trafficking, or crimes against the constitution. It is not clear precisely how many prisoners will be freed. The amnesty is believed to be an attempt to reduce overcrowding in Uzbek prisons. (Interfax)

RED CROSS SAYS 1 MILLION FACE STARVATION IN TAJIKISTAN

21 August

The second consecutive summer of drought in Tajikistan has left up to 1 million of that country's 6.4 million population threatened by starvation, a senior Red Cross official who recently returned from Tajikistan said in Geneva on 21 August. Many of the rural population were forced last year to sell all but their most elementary possessions to buy food. The International Red Cross has launched an appeal for \$4 million to provide food for those most at risk, and also for clothes and winter shoes for children to enable them to continue attending school. (AP)

SEPARATIST THREAT ARISES IN NORTHERN AZERBAIJAN

21 August

Events since last fall in the northern raion of Zakatala are part of an effort by "domestic and foreign enemies of an independent Azerbaijani state" to fan tensions within Azerbaijan, Zakatala district council head Rafael Medjidov told journalists on 21 August. Medjidov said that efforts are being made to mobilize members of the Avar and Tsakhur minorities, which together account for over one-third of the raion's 110,000 population, to demand the transfer of the Zakatala and Belokany raions to neighboring Daghestan, where Avars are the largest ethnic group. Medjidov said the 17 August destruction of a monument in Zakatala to Imam Shamil and the shooting attack two days later on five police officers were preceded by an attempt to destroy the monument last October, and the distribution of leaflets among the local population containing unspecified threats to the Avar and Tsakhur populations. (Turan)

MARCH TO COMMEMORATE FORMER AZERBAIJANI PRESIDENT BANNED

21 August

The Baku municipal authorities have rejected a request by the opposition Azerbaijan Popular Front Party for permission to hold a mass march and demonstration in the city to mark the first anniversary on 22 August of the death of former President Abulfaz Elchibey. Fazil Gazanfaroglu, who heads a committee to organize the anniversary commemoration, said the march will take place despite the ban. (Turan)

TURKMEN PRESIDENT DISCUSSES CASPIAN WITH U.S. DIPLOMAT

21 August

Saparmurat Niyazov and U.S. Charge d'affaires in Ashgabat Eric Schultz on 20 August discussed the problems arising from the absence of a formal agreement among Caspian littoral states on the legal status of that body of water. Turkmen sources said that the two men agreed that disputes over the ownership of specific hydrocarbon deposits should be resolved through negotiations. Turkmenistan claims ownership of several oilfields that Azerbaijan is already exploiting. (Turan)

ABKHAZ CLAIM TO HAVE DESTROYED GEORGIAN GUERRILLA BASE

20 August

One member of a group of Georgian guerrillas was shot dead and the remainder neutralized in a shoot-out with Abkhaz police on 18 August, Abkhaz Security Service head Raul Khazhimba told journalists in Sukhum. He said a large quantity of arms and ammunition was also confiscated. Khazhimba said that the Abkhaz authorities informed the Georgian government of the whereabouts of the guerrilla detachment during talks last week, but that the Georgian side failed to take any measures to detain them. (Caucasus Press)

SIX SUSPECTED IRANIAN AGENTS ARRESTED IN AZERBAIJAN

20 August

Azerbaijan's National Security Ministry on 18 August arrested six Muslim clerics in Djalalabad Raion on suspicion of working for Iranian intelligence. (Turan)

AZERBAIJAN'S SENIOR CLERIC CALLS FOR MORE EFFECTIVE RELIGIOUS COUNTERPROPAGANDA

20 August

The head of the Muslim Religious Board of the Caucasus, Sheikh-ul-Islam Allahshukur Pashazade, admitted on 18 August that, partly as a result of proselytizing by various religious sects since the collapse of the USSR, the religious situation in Azerbaijan is "complicated." He called for more sophisticated and effective Islamic propaganda to counter such missionary activity. Pashazade said all mosques are to be registered centrally and formally subordinated to the Religious Board, which will also inform mosques of the subject to be discussed in the weekly Friday sermon. (Turan)

PROSECUTOR FAILS TO PROVE CHARGES OF TAX EVASION AGAINST FORMER PREMIER

20 August

On the third day of the trial in absentia of former Kazakh Prime Minister Akezhan Kazhegeldin, the prosecution failed to substantiate charges of tax evasion. Employees of Halyqtyq Bank confirmed that in 1997 Kazhegeldin received some \$100,000 in royalties paid into an account with the bank, but added that, counter to the prosecution's claim, Kazhegeldin belatedly paid the \$23,000 tax due on that sum. Kazhegeldin's lawyer Aleksandr Tabarin asked the prosecution to strike the charge of tax evasion from the indictment. After tax officials summoned to give evidence failed to appear to testify, consideration of the tax evasion charge was postponed until 22 August. (RFE/RL)

KAZHEGELDIN AGAIN SAYS TRIAL UNFAIR

20 August

In a statement released in London and other Western capitals on 17 August, Kazhegeldin again said that he is innocent of the charges against him. Kazhegeldin expressed his willingness to appear before "any impartial court abroad," but said he doubts whether he would ever receive a fair trial in Kazakhstan as long as Nursultan Nazarbaev remains president. He suggested that Nazarbaev himself should face trial in connection with allegations that he received multimillion-dollar bribes from Western oil companies. (RFE/RL)

JAILED KYRGYZ OPPOSITION LEADER RELEASED

20 August

President Askar Akaev on 20 August issued a decree granting "clemency" to imprisoned opposition Erkindik party leader Topchubek Turgunaliyev. Senior Kyrgyz security officials announced

Turgunaliyev's release at a special press conference in Bishkek. Akaev's decision was reportedly motivated by appeals from Turgunaliyev and his wife, and by Turgunaliyev's "advanced age" and deteriorating health (Turgunaliyev is 60; Akaev, 56). Turgunaliyev was sentenced in September 2000 to 16 years imprisonment on charges, which he denies, of masterminding a plot to assassinate Akaev. The Bishkek City Court reduced that sentence in November 2000 to six years imprisonment. (RFE/RL)

GEORGIAN TAX MINISTER RESIGNS TO PROTEST DRAFT BUDGET FOR 2002.

16 August

Mikhail Machavariani announced his resignation at a government session on 15 August, arguing that the version of the budget for 2002 presented by Economy, Industry, and Trade Minister Vano Chkhartishvili is unrealistic. Chkhartishvili's draft sets incomes some 100 million laris (\$48.3 million), or 10 percent, higher than does an alternative draft prepared by the Finance Ministry. Machavariani expressed his support for the Finance Ministry's version, while President Shevardnadze endorsed Chkhartishvili's estimates. Chkhartishvili had told journalists on 14 August that his draft is realistic provided that the Tax Ministry fulfills its obligations. Shevardnadze has not yet accepted Machavariani's resignation. The president has ordered the creation of a special committee, to be headed by Minister of State Gia Arsenishvili, to improve budget revenues. (Caucasus Press)

TAJIK PRESIDENT APPOINTS NEW FOREIGN POLICY ADVISER

15 August

President Imomali Rakhmonov has named First Deputy Foreign Minister Erkin Rahmatulloev as his foreign policy adviser. Rahmatulloev was born in 1953 and graduated as an Arabist from Tajik State University, after which he served at the Soviet Embassy in Cairo before joining the staff of the Tajik SSR Council of Ministers in 1980. He was named first deputy foreign minister in 1992. Rahmatulloev succeeds Karim Yuldashev, who was gunned down at his home last month. (Asia Plus-Blitz)

TAJIKISTAN APPEALS FOR HELP TO COUNTER RAT MENACE

15 August

The Tajik Health Ministry has appealed to the World Health Organization for assistance in eradicating an influx of rats in Dushanbe that threatens to spread plague, rabies, and brucellosis.

Rats have also disabled computer systems at banks and at Dushanbe airport on more than one occasion by gnawing through cables. A staff member of the city's disease prevention center explained that funding cuts in recent years have forced his agency to cut back on rodent eradication programs. The virtual breakdown of the city's garbage collection service has compounded the problem. (Asia Plus-Blitz)

AZERBAIJANI OPPOSITION ESTIMATES ANNUAL OIL LOSSES...

15 August

Up to 1.5 million tons of oil are illegally exported from Azerbaijan via Iran every year, Azerbaijan National Independence Party Chairman Etibar Mamedov told journalists in Baku on 15 August, according to Turan. Mamedov said that he based that claim on "foreign diplomatic sources," and that the involvement of Iran in those exports is the primary reason why the Azerbaijani leadership has not reacted more strongly to Iran's claims on Azerbaijan's sector of the Caspian Sea. He also said those clandestine exports are one of the reasons for the IMF's suspension of credits to Azerbaijan. Total oil production by Azerbaijan's state oil company SOCAR was 9.01 million metric tons in 2000 and 3.7 million tons in the first six months of 2001. Of that latter amount, 1 million tons of oil and oil products was legally exported. (Turan)

TRIAL OPENS IN ABSENTIA OF FORMER KAZAKH PREMIER

15 August

The trial in absentia of former Prime Minister Akezhan Kazhegeldin began in Kazakhstan's Supreme Court in Astana. Kazhegeldin is accused of abuse of his official position, extortion, bribe-taking, tax evasion, and illegal possession of weapons. He denies those charges, which he says are politically motivated. (AFP)

UZBEK COURT SENTENCES SIX FOR 'TERRORISM.'

15 August

A regional court in Uzbekistan's Ferghana valley passed sentence on 14 August on six men charged with terrorism, including the murder of police and government officials.

Two men identified as leaders of a group that recruited young men to the Islamic Movement of Uzbekistan were sentenced to 18 years imprisonment, while four others received sentences ranging from nine to 12 years. (Interfax)