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BIWEEKLY BRIEFING

Wednesday/August 25, 2004

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The initial enthusiastic support of the EU and other major European countries toward the new states of the Caucasus was replaced by passivity by the end of 1990s. The Traceca (Transport Corridor Europe-Caucasus-Asia) and Inogate (International Oil and Gas Transport to Europe) programs, launched in the mid-1990s, focused primarily on smaller scale projects and never achieved their initial strategic goal of diversifying supply routes to Europe. The potential for alternative energy supplies to Europe and the enlargement of NATO and the EU are opening a new dimension in these relationships. The recent EU decision to include the South Caucasus in the European Neighborhood Policy is a small step in the right direction, but what countries of South Caucasus need the most is the long-term security guarantees under NATO umbrella.

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EDITORIAL PRINCIPLES

The Analyst is an English language global Web journal devoted to analysis of the current issues facing the Central Asia-Caucasus region. It serves to link the business, governmental, journalistic and scholarly communities and is the global voice of the Central Asia-Caucasus Institute, The Johns Hopkins University-The Nitze School of Advanced International Studies. The Editor of the Analyst solicits most articles and field reports however authors may suggest topics for future issues or submit articles and field reports for consideration. Such articles and field reports cannot have been previously published in any form, must be written in English, and must correspond precisely to the format and style of articles and field reports published in *The Analyst* (www.cacianalyst.org) and described below.

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Analytical Articles:

Analytical articles require a three to four sentence introduction to the article based on a news hook. Rather than a general, overarching analysis, the article must offer considered and careful judgment supported with concrete examples.

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.

Specifications for Field Reports:

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

Svante E. Cornell, Editor
 Central Asia-Caucasus Analyst
 Central Asia-Caucasus Institute
 The Johns Hopkins University
 Paul H. Nitze School of Advanced International Studies
 1619 Massachusetts Ave. N.W.
 Washington, D.C. 20036
 Tel. +1-202-663-7712; 1-202-663-7721
 Fax. +1-202-663-7785; 1-253-550-4390

FOR MANY INVESTORS, KAZAKHSTAN'S CREDIT UPGRADES ARE A MIXED BLESSING

Peter Laurens

Last week, Moody's Investors Service revised its credit ratings for four Kazakh companies. This follows upgrades of the ratings of Kazakhstan's government itself, granted two years ago by Moody's and earlier this year by Standard & Poor's, another important credit ratings agency. With nearly all of its globally-traded debt now rated investment-grade by Moody's, Kazakhstan has emerged as a serious, albeit smaller player in global capital markets. Among the former Soviet states, only the Baltics can boast of a similar level of creditworthiness. Nevertheless, for some global investors this is an ironical turn of events: while the growth of Kazakhstan's oil and gas exports has driven the rise in credit ratings, it has also lessened the urgency of attracting foreign capital and developing other sectors of Kazakhstan's economy.

BACKGROUND: Nowadays, the credit ratings agencies are less interested in telling a debtor's economic story than in judging its ability to service its debt. On August 19th, Moody's Investors Service changed its credit outlook on three major Kazakh banks to "positive", and upgraded the foreign-currency debt rating of both the national oil transport company and another large bank. It based its decision on its belief that Kazakhstan's government has the wealth as well as the will to support the country's most important companies in case of distress. Back in September 2002 Moody's assigned an investment-grade rating to the long-term foreign-currency debt of the government itself, and Kazakhstan became the first country in the former Soviet Union to receive such a rating from a major international credit rating agency. This was made possible by the country's very rapid economic growth over the last five years.

A glance at some of the country's economic statistics shows the justification for the spate of upgrades and ratings revisions: Kazakhstan's real GDP growth averaged 10.6% per annum from 2000-2003, and is forecast at 9% for 2004. Its foreign exchange reserves, not including gold, have risen from USD 2.3bn in 2000 to a forecast USD 10.8bn in 2004. Illustrating the effect of the country's rapid economic growth on the government's fiscal situation, the ratio of public debt to GDP declined from 25.5% in 2000 to 15.5% in 2003.

Remarkably, the groundwork for Kazakhstan's emergence as a creditor nation was laid in 1995, when the government granted independence to the central bank after the economy went through several years of hyperinflation. The government previously had lent large sums of money to deeply indebted enterprises which used the proceeds to buy hard currency, causing inflation to soar and the value of the domestic currency to plummet. Because of the new financial regulatory structure put in place after the crisis, Kazakhstan's economy was to some extent protected when Russia defaulted on its domestic debt in 1998, enabling positive GDP growth to resume in 1999. Central bank independence together with a strong government regulatory structure made possible rapid growth in the banking and finance sector, such that by mid 2004 per-capita private bank deposits were the highest in the former Soviet Union.

IMPLICATIONS: The global credit ratings agencies play a very significant role in the capital markets. They provide investors with a snapshot opinion of a borrower's capacity and willingness to pay back its debt obligations. On the flip side, for borrowers themselves, credit ratings are very powerful determinants of the funding costs they face. Positive ratings can lead to more liquid credit markets by way of lowering the "risk premium" demanded by investors when dealing with scarcity of information regarding a potential borrower. At home, as a nation's capital markets mature, the need for a viable credit ratings system becomes apparent, and good credit ratings come to be seen as essential for the stability of the corporate sector of the economy. Abroad, positive ratings act to encourage continued flows of capital from foreign investors into a growing, diversifying economy.

In the case of Kazakhstan, rapid growth, driven by hydrocarbon exports, has provided much of the raw capital for reliable debt service but is not the sole reason that the capital markets have acknowledged the country's creditworthiness. Many countries receive abundant foreign exchange from oil and gas exports yet have missed an investment-grade rating. From a ratings perspective, Kazakhstan's hyperinflation in the early 1990s proved to be a blessing in disguise, because it compelled the government to commit to prudent management of its debt burden to increase its stock of capital, through accumulation of hard-currency reserves and foreign direct investment when needed. In addition, the authorities oversaw the creation of a robust pension funds system which, through its investments in the bonds of local Kazakh issuers, spurred the development of the country's debt securities market.

The gradual upgrades and increasingly positive assessments of Kazakhstan's debt securities made over the last few years have attracted a wider group of players in the capital markets, so-called "crossover investors", who look to diversify their investments but are otherwise reluctant to lend money to borrowers they know little about. Their diversification into Kazakhstan has resulted in sizeable profits for many of them. However, the improving ratings have created a perception of investment safety in Kazakhstan's debt markets that is paradoxically at odds with the goals of other classes of investors, whose appetite for risk leads them on a search for

greater yield than can be provided by investing in higher-rated debt. In Kazakhstan, the government is flush with cash and currently does not have much of a need to borrow. Moreover, local corporate businesses that choose to borrow abroad are still largely limited to the banking and hydrocarbon sectors of the economy, in spite of the government's avowed efforts to promote business outside these sectors. So, until the economy diversifies there is little impetus, or even need, for further inflows of global capital. This paradox is overcome in a nation such as neighboring Russia, whose government is rated like Kazakhstan's but whose corporate sector, because of its greater diversity, size and risk, offers more opportunity to capture investment yield.

CONCLUSIONS: Although it is a useful and even necessary tool for many investors, a credit rating does not purport to forecast a debtor's economic future. Nor does it predict the direction or stability of a security's price, should the debtor borrow by issuing securities. In the view of many

investors interested in Kazakhstan, favorable credit assessments cannot obscure the fact that investment opportunities are still limited.

Although it is often claimed that Kazakhstan's market will always be too small and isolated to attract much money to the alternative sectors of its economy, there are more than enough investors who would be willing to provide at least portfolio capital, if the conditions were right. The question is whether a significant number of firms will arise outside the oil and gas sectors and become large enough to source capital in the global markets, as opposed to financing with local banks or through local equity investors. This will depend on how much the mineral wealth stimulates growth of other sectors of the economy, as well as on the degree of the government's commitment to the diversification of business.

AUTHOR BIO: Peter G. Laurens is Senior Associate, Fixed Income Credit Analysis at FH International Financial Services, Inc.

CSTO'S ANTITERRORIST EXERCISES "RUBEZH-2004" SCORE HIGH RATING AMONG MEMBER-STATES

During the first week of August, Russia, Kazakhstan, Kyrgyzstan and Tajikistan held the largest exercises in the CSTO's history – the joint rapid-deployment exercises "Rubezh-2004". While the accomplishment of the long awaited aviation plan was the drill's highlight, the Russian-led CSTO contested its reputation of a sheer paper agreement.

The CSTO's Collective Rapid Reaction Forces (CRRF) exercises were conducted in two stages, the first in Almaty, Kazakhstan, and the second in Balykchy, Issyk-Kul oblast in Kyrgyzstan. Together, about 1,700 CRRF troops out of the organization's total of 4,500 were involved in the exercises. The second stage was comprised of practical trainings at "Edelweiss" military camp in a remote mountainous place with some elements of military infrastructure that remain from the Soviet times.

Previous CRRF exercises featured the "Batken-3" scenario to fight IMU terrorists. According to the current exercises' scheme, the troops are trained to fight Al Qaeda warriors and other terrorist organizations allegedly active in the Ferghana Valley to create a Caliphate. The main task of "Rubezh-2004" was to disband international terrorists by means of air attacks. This was the first time when the CRRF completed the whole spectrum of exercises, from threat recognition to its full annihilation.

Military equipment for the exercises included weaponry for ground and air targets. The Russian military base at Kant supplied SU-25 and Mig-29 front-line bombers, Mi-8 MTV, Mi-24 and "Chernaya Akula" (Black Shark) – Mi 50 helicopters. Russia sent elite Special Forces from Privolzhsko-Ural'skii military district. Kazakhstan

and Kyrgyzstan sent one additional battalion each and Tajikistan sent two. The Kyrgyz side provided logistical support, besides necessary accommodation facilities such as shelter tents and dining rooms. The camping areas included ambulance and medical equipment, satellite television and internet access.

"Rubezh-2004" will outdo the recently held joint military exercises by the SCO in China" in scope and professionalism, Colonel Japarov from Kyrgyzstan stated. The Kyrgyz President Askar Akaev, Russian Minister of Defense Sergei Ivanov and General Secretary Nikolai Borduzha observed "Rubezh-2004". For the first time, accredited military observers from SCO and the Chinese Ministry of Defense attended the CRRF exercises. Armenia, Ukraine and Uzbekistan sent observers as well.

Uzbekistan is not a member of the CSTO, however bilateral military relations between the Uzbek and Russian governments noticeably improved in the last several months. Earlier in July, Uzbek President Karimov visited Yalta, Ukraine, to meet with President Putin. The presidents signed a bilateral agreement on military technological cooperation to strengthen the Uzbek army and enhance coordination of customs regimes. The Uzbek mass media only marginally mentioned the "Rubezh-2004" exercises. Local newspapers were preoccupied with the suicide bombings in Tashkent on July 30 and a trial of fifteen suspects in terrorist blasts earlier this year.

Meanwhile, the U.S. Assistant Secretary of State Elisabeth Jones said during her visit to Bishkek that the American military presence in Central Asia is temporary and depends on developments in

Afghanistan. On July 28, Tajikistan received military equipment from the U.S. amounting to US\$1.7million. The equipment is aimed at helping national armed forces expand their capacity, the Tajik new agency Asia-Plus reported.

Since the last armed conflict in Batken in 2000, there were little signs of a significant non-state armed mobilization such as that of the IMU. The regional insurgency seems to have changed from mass attacks and conflicts at national borders to individual violent outbreaks such as suicide bombers, as in Uzbekistan. Observers believe that the IMU is no longer capable of instigating conflicts with Kyrgyz or Uzbek troops.

Cooperation between the CSTO's member states has intensified, and the number of CRRF has increased since last year. Although the CSTO was previously widely criticized as an inefficient organization, there is a visible approval of its growing necessity among the local population in Kyrgyzstan, where the exercises could be seen by anyone who passed Balykchy town. Kyrgyz and Tajik mass media reported that the exercises demonstrated that the CSTO was not another paper agreement, but a viable regional institution, which will be crucial in providing security of national sovereignties and regional order against international terrorism in the future. "The exercises are needed for the army to transfer its experience and skills from year to year," says Stal, a Kyrgyz soldier. For many Central Asian soldiers, this was a first chance to get acquainted with modern military weapons.

Erica Marat

CHINA'S MILITARY FOOTPRINT IN CENTRAL ASIA

Stephen Blank

In the past 12-18 months, China's role and influence in Central Asia has gradually been mounting. This has taken the shape of increased energy deals, furthering of the SCO and seeking to develop it into a collective security organization, and direct bilateral ties and military exercises with Central Asian states. China is increasingly showing a desire to broaden its links to Central Asia to be independent on Russia. Xinjiang remains one of the main foci of China's attention to the region, but it is clear by now that China intends to significantly develop its security presence in the region across the board.

BACKGROUND: China's increasing interest in Central Asia does not get a lot of analysis in the West. This is unfortunate because in terms of economic interest and military capability, China's presence is steadily growing. In the last 12-18 months, it has finally begun to consummate energy deals with Kazakhstan and Azerbaijan, and it has particularly asserted itself through the medium of the Shanghai Cooperative Organization or SCO. China has been the driving force pushing for an expansion of the SCO's capabilities and range of activities, intending to make it a true collective security organization. Thus it has established a precedent here of committing its troops to come to the defense of other members if they are attacked by terrorists, separatists, fundamentalists etc., has conducted extensive military exercises inside China and in Central Asia with all the other members of the SCO, concluded bilateral exercises with Kyrgyzstan, and is about to undertake such exercises with Russia. More such exercises are imminent, as it has announced that it and Pakistan will undertake joint anti-terrorism drills in Xinjiang in August 2004.

China has always been active in Central Asia and the presence of U.S. bases there since September 11 as well as Russia's efforts to exclude it from a direct share of the region's energy economy have galvanized its leadership into a comprehensive effort to enhance all the dimensions of China's presence in Central Asia. Russia's rejection of an earlier deal to pump oil from Siberia to China and its efforts to constrain Kazakhstan's exports so that they only go through Russian pipelines created a perfect opportunity for invigorating Sino-Kazakh partnerships to complete the pipeline from Aktobe province to China through Xinjiang.

Similarly, its acquiescence in the American military presence must have strengthened China's resolve to make the SCO into a true security provider and to rely ever more on direct political and military links with Central Asian states that did not have to be mediated through Moscow.

China has also alertly seized upon strains in Uzbekistan's relations with Washington and inside the country as an abortive uprising took place there in March, to conclude a new pact with Tashkent that obliges the latter to further circumscribe Uighur activities inside Uzbekistan and thus allay Chinese fears of the continuing insurgent movement inside Xinjiang. There is little doubt that doing everything

possible to consolidate Beijing's hold over that province is one of the drivers of Chinese policy in all dimensions in Central Asia: economic, political and military. But beyond the pact with Uzbekistan and the energy ties with Kazakhstan and Azerbaijan, what is most striking are the military moves underway.

IMPLICATIONS: As part of its deal with Uzbekistan and as part of its broader policies to the other members of the SCO and throughout Central Asia, China is strengthening its military capacity and legitimacy to intervene in the area should a crisis develop. This policy involves not just extensive exercises with all SCO members and bilateral ones with Kyrgyzstan, it also entails strengthening the real capacity of the SCO to function as a kind of political alliance that provides genuine regional collective security. Second, it is strengthening its bilateral linkages with Uzbekistan and Kyrgyzstan in particular, but more generally with the other members as well.

Thus increasing amounts of bilateral military assistance are going to these states and the signs of coordination in intelligence on terrorism are multiplying as they crack down on Uighur movements in their homelands to retain China's friendship. Indeed, for Beijing such crackdowns have increasingly become preconditions for any kind of friendly relationship with Central Asian states and the provision of desperately needed aid. Third, to strengthen China's cooperation with Pakistan and its position in South Asia as well as in Central Asia, it is undertaking anti-terror drills with Pakistan in August, 2004. It is holding out the prospect of using Xinjiang as a laboratory for increased cooperation with Pakistan, thereby tempting Islamabad with the possibility of realizing a long held vision of greater trade with Xinjiang and Central Asia. These exercises, which will occur in the Tashkorgan Tajik Autonomous County in the Uighur Autonomous Region of China, aim to send a message to India as well as to insurgents, but they also reinforce the idea that China remains a reliable and ready protector of the region against military action by terrorists, fundamentalists, and separatists.

These new exercises also represent a reward for Pakistan, which finally got rid of some of the leading terrorists wanted by China who were hiding in or operating out of Pakistan. China, at one point, even went public about these activities,

a sure sign of its displeasure with Pakistan, because such issues were usually handled in private. Pakistan got the message and in raids earlier this year killed Hasan Mahsum, a leading Chinese Muslim separatist leader and *bête noire* of Beijing.

CONCLUSIONS: China's comprehensive policies in Central Asia appear to represent the elements of an across-the-board strategy to enhance every dimension of its capabilities and its security as regards Xinjiang and Central Asia in general. These moves also tell us that an exclusive focus on Chinese military operations as they pertain to Taiwan risks losing sight of the fact that China sees Central Asia as a potential theater of military operations and is taking steps to be ready to fight there and project its military as well as economic power beyond its borders. As China's overall capabilities grow, there should be little doubt that both its interest in projecting those capabilities into Central Asia and

its ability to do so will grow as well. Consequently, those who say that the great game is over are only seeing half the picture. It is true that increasingly it looks like nobody will secure a monopoly over energy assets in Central Asia, but that does not stop the competition for strategic access and influence in the region because Central Asia's importance goes beyond energy, no matter how significant energy is. China, like the other players, understands that and is therefore augmenting its capabilities to play a comprehensive role in the area. Failing to pay sufficient attention to China's activities, we only ignore them at our and Central Asia's peril.

AUTHOR'S BIO: Professor Stephen Blank, Strategic Studies Institute, US Army War college, Carlisle Barracks, PA 17013. The views expressed here do not in any way represent those of the U.S. Army, Defense Dept., or the U.S. Government.

A CLASH OF "TRADITIONAL" AND NEW POLITICAL CULTURES IN KAZAKHSTAN

In recent years Kazakhstan made half-hearted efforts to democratize the political system, adopting a new election law and promising greater press freedom. In reality, however, the onslaught on media and persecution of opposition leaders diminished the significance of these modest political achievements. The ruling regime tries to indoctrinate the concept of "a Kazakh brand of democracy", and implies that western type of democracy does not fit with the political traditions and ethnic mentality of Kazakhs.

The underlying idea of political reforms is to create a "governable democracy" and to consolidate the society under the slogan of national unity, giving priority to political stability over democratic reforms. State officials in their talks with western political circles reiterate that Kazakh society is not ready to accept democratic ideas. The same point is pressed home to the domestic audience. Speaking at the congress of the Otan party, President Nursultan Nazarbayev said that some media outlets were propagating ethnic strife and clan separatism. "This is absolutely inadmissible. Freedom does not mean irresponsibility... Everyone should be held responsible for his words and deeds. Otherwise the very pivot of democracy, freedom, will turn into chaos... We must keep in mind that democracy is not a thing to be simply declared. Democracy must be built in the process of long and hard work. And it takes time" stressed the president.

On the other hand, under the new geopolitical situation in Central Asia, expanding military and political ties with NATO countries and the U.S. entails a necessity to reshape the political system taking into account Western values. It is getting increasingly difficult for the leadership of Kazakhstan to stick to the authoritarian type of rule. In some cases, the ruling elite is quite successful in face-lifting the façade of democracy, and it helps to manipulate effectively the political

process. The recently announced creation of the National Commission on problems of democracy and civic society, which is to replace the Permanently Acting Council set up only two years ago, is viewed by political observers as one of such moves intended to create an impression of a "constructive dialogue" between the opposition and the regime. It should be recalled that the Permanently Acting Council (PAC) initiated by state ideologists has been widely viewed as nothing more than a guise of democracy created only to advance the official line. For that reason, many opposition parties left that ambiguous organization. Bauryzhan Mukhamedzhanov, deputy head of the Administration of the president, admitted that PAC fell short of expectations that it would lead to a dialogue between different political forces because it got bogged down in clashes of views between numerous irreconcilable members of various parties. To avoid such useless debates in the newly-baked commission, he suggested that each political party send only one representative to the National Commission.

Theoretically, the National Commission on problems of democracy and civic society must bring together all political parties for an open discussion of any issues on equal basis. However, since the National Committee as a consultative body is created at the presidential administration, it can be feared that opposition parties will not have much say in the committee.

Nevertheless, new developments clearly indicate that the authorities are making efforts to polish up the country's stained image. On August 11, leaders of the Democratic Choice of Kazakhstan party announced that Galymzhan Zhakiyanov, a former rebellious governor of the Pavlodar region who in November of 2001 created the DCK opposition party along with other top-placed democratically-minded government members, was released from

his cell in Kushmurun prison in Kostanay region to be transferred to colony settlement with greater freedom of movement. In August 2002, Zhakiyanov was sentenced to 7 years imprisonment on charges of abuse of office, which has never been admitted by him or his defense. After his imprisonment, activists of the DCK launched a wide public campaign demanding his release and collected one million signatures in his support. It seems, however, that it was not public demand that prompted authorities to leniency. Obviously, at least two factors played a role in Zhakiyanov's fate. First, as part of the democratization process, Kazakhstan is carrying out a widely publicized reform of its penitentiary system, improving prison conditions and reducing the number of the inmates in overcrowded cells. Second, Zhakiyanov's release from his confinement would avert the criticism from international observers of the OSCE Office for Democratic Institutions and Human Rights expected to arrive for the September 19 parliamentary elections.

Successful social and macroeconomic programs of the government and praises of economic and political achievements of Kazakhstan from western state and public figures produce a generally positive impression, and serve as a powerful argument against the opposition. Returning from his three-year exile in the U.S., the former editor of the defunct opposition paper *21 Vek*, Bigeldy Gabdullin, commented that his views had completely changed in those years, and he abandoned the camp of the opposition who, excessively absorbed by political ambitions, were unable to concentrate on economic and social issues. But the opposition strongly doubts if a country ruled by former communists can ever produce genuinely democratic reform.

Marat Yermukanov

PULLING BACK TROOPS, GEORGIA CALLS FOR EUROPEAN HELP

Jaba Devdariani

President Mikheil Saakashvili's decision to pull back his troops from South Ossetia is almost desperate cry for the political assistance from the European powers. Georgia is ready to accept suboptimal solutions with regards to peacekeeping, but return to the pre-July status quo is no longer acceptable. If no definitive answer is received within a month, resumption of hostilities becomes likely.

BACKGROUND: On August 19, in a first offensive military operation since the resumption of fire in South Ossetia, Georgian special forces captured the strategic heights from which Georgian villages were pounded during almost two weeks. Despite popular calls for a continued offensive, Georgian authorities decided to hand over the heights to the tripartite peacekeeping troops and withdraw the police and military detachments from South Ossetia. Simultaneously, President Saakashvili called upon the international community to assist in elaborating a new format of the peace process, which would allow for international presence during the political negotiations, and for increased international military monitoring on the ground. The Georgian government has reiterated that the format of the Joint Control Commission (JCC) established in accordance with the 1992 peace accords is no longer acceptable, as it allows South Ossetia, backed by two other members – North Ossetia and Russia – to stonewall all Georgian proposals. Top Georgian officials also repeated offers of substantial autonomy for South Ossetia.

Before Saakashvili's decision became known on August 19, Russian Foreign Minister Sergei Lavrov said there was no need for an international conference or any new peace process in South Ossetia, as the JCC format already provided for a political mechanism. The U.S. State Department also accepted the language of using "existing political mechanisms" for defusing the crisis. However, after the decision on troop pullout, the OSCE's ambassador to Georgia hinted optimism on a potential expansion of OSCE monitoring in South Ossetia. EU special ambassador Heikki Talvitie is visiting Georgia on August 23, OSCE Permanent Council members are invited to visit Georgia on September 5 and the president of the European Commission Romano Prodi is to visit Tbilisi in mid-September.

IMPLICATIONS: The armed clashes in August confirmed the presence of armed volunteers or mercenaries that have infiltrated South Ossetia from Russia to fight against Georgian authorities. Following the most fierce exchanges of August 17-18, independent military analysts tend to conclude that specific night vision and sniper equipment used against Georgian detachments indicates either that the Russian special forces are participating in the clashes directly, or that they have been training and equipping the Ossetian military for a substantial period of time. Saakashvili is determined to engage South Ossetian de facto authorities in a dialogue over

the political status of South Ossetia. However, Russia's military backing gives no incentive for the South Ossetian president, Eduard Kokoity, to launch such a dialogue. Simultaneously, Georgia has no confidence in a Russia-dominated JCC format.

On August 18, Georgian foreign minister Salome Zourabichvili formulated the Georgian vision of the peace process at the OSCE Permanent Council session in Vienna: "demilitarization, ceasefire and direct dialogue [with South Ossetian authorities]." To achieve these aims, Georgia calls for an expanded OSCE monitoring, which should include the South Ossetian section of the Russo-Georgian border (Roki tunnel). Georgia also calls for an international conference under a OSCE/UN aegis to discuss the proposals for a political settlement.

So far, the OSCE's reaction has been cautious, and the support of the EU and the U.S. rather lukewarm. The Russian foreign ministry characterized the Georgian requests to increase the OSCE role on July 31 as "obviously unattainable" and accused OSCE monitors of siding with Georgians in South Ossetia. This is an interesting twist, as on July 8 the OSCE was accused by CIS countries (except Georgia and Azerbaijan) of focusing "exclusively on monitoring human rights and democratic institutions" in the CIS. The statement argued for an increased security role of the organization to "correct the imbalance." Strengthening the security arm of the OSCE (where Russia has an effective veto right) in Europe to counterweigh NATO is a familiar goal of Russian diplomacy since the mid-1990s. Still, Russia consistently objects to even OSCE participation in South Ossetia, apparently unwilling to dilute its own direct influence even to a slight extent. Recently, some Russian politicians commented positively on using the "Minsk group" format, applied to Nagorno Karabakh conflict since 1992. The "Minsk Group" – a consultative political forum of selected members of the OSCE – has failed to deliver results in Nagorno Karabakh, not least because its mandate was blurred, its participants had no clear commitments, and the initiatives were at times blocked or ignored by Russia. Involvement of Western powers would still be a positive outcome for official Tbilisi, but a "Minsk Group" format can be one, but by no means the only new mechanism for South Ossetia.

For Georgia, expanded OSCE involvement is a suboptimal option. Certainly, Tbilisi would like to see NATO or EU peacekeepers replace the Russian ones. Nonetheless, Saakashvili is pragmatic about available options. U.S. troops are tied down in Iraq and Afghanistan and Washington is consumed by the upcoming presidential elections. The EU recently took over an operation in Afghanistan and plans to do the same in Bosnia-Herzegovina. Thus Georgia's requests to the international community are rather minimal: to give an international backing to the political dialogue by the means of a conference (Bulgaria already offered Sofia as a venue) and to significantly increase monitoring of South Ossetia as a confidence-building measure. The Russian-dominated multipartite peacekeeping forces are allowed to remain in South Ossetia.

If Saakashvili fails to secure this minimal support, Tbilisi would not be able to restore the situation to pre-escalation status quo. This would mean a re-opening of the gushing smuggling from South Ossetia, and a major loss of face with the electorate by backtracking on key election commitments. There would be a strong public support for a military operation in South Ossetia, possibly endorsed by the security

establishment in the government and the parliament. Sustained clashes will undoubtedly damage Georgia's economic reforms that the European powers have staked on through a Euro 1 billion support package. While Saakashvili-Zhvania's government is genuinely committed to these reforms, the issues of national security are bound to prevail.

CONCLUSIONS: It would be an illusion to assume that the JCC framework is capable of addressing the current situation in South Ossetia. Georgian authorities have acted to solve the key economic (smuggling) and political (territorial integrity) issues by "de-frosting" the South Ossetian conflict and it is impossible to reset the clock to the situation of Spring 2004. Georgian authorities have indicated willingness to compromise and accept suboptimal security arrangements to the extent that they ensure minimal security of its citizens and a progress at the negotiating table. If the EU and OSCE shuttle diplomacy fails to deliver results within the coming month, resumption of hostilities could be real in mid- to late October.

AUTHOR'S BIO: Jaba Devdariani is the founder of Civil Georgia (civil.ge) and a works of the OSCE mission in Bosnia-Herzegovina.

AZERBAIJAN FACES DIFFICULT FOREIGN POLICY CHOICES

In the past two weeks, the Azerbaijani capital of Baku was the center of attention by both Iranian and American high ranking officials, putting the Azerbaijani leadership in a difficult position between the competing powers. While the visit of the Iranian President Mohammad Khatami was significant for the improvement of overall bilateral relations, Donald Rumsfeld, the Head of the Pentagon, came to Azerbaijan for more intensified military talks, thus causing speculations about the possibility of American bases in the country. This, in turn, might challenge Azerbaijan's balanced foreign policy approach between the East and the West.

Khatami's visit came at a perfect time. While hesitating to visit Azerbaijan during the presidency of Heydar Aliyev, Khatami nevertheless decided to accept the invitation of the new Azerbaijani leader Ilham Aliyev and visit Azerbaijan in order to start "a new era" in the bilateral relations. During his visit, he held talks with the political leadership of Azerbaijan, participated in the Iranian-Azerbaijani business forum and traveled to Ganja, the second largest city of the country, to visit the grave of the greatest Azerbaijani poet Nizami.

Iran and Azerbaijan share a long history, yet the relations between the two neighbors soured in 2001 due to the disagreements over the oil fields in the south of the Caspian sea. Iran subsequently attacked Azerbaijani geophysical exploration ships and violated the air space of the country. Only political and military help from Turkey prevented that conflict from escalating.

Iran and Azerbaijan, although both overwhelmingly Shia Muslim nations, also differ in their approaches towards the U.S.. Azerbaijan, an active member of the U.S.-led anti-terrorism campaign and economic partner of the U.S., wishes to increase the American economic and military presence in the Caspian region – something bitterly opposed by the Iranian government. Azerbaijan, on the other hand, accuses Iran of violating the human rights of the 20-30 million ethnic Azerbaijanis in Iran and requests the opening of an Azerbaijani consulate in Tabriz. Both countries distrust each other, yet the opportunities for trade and economic cooperation are enormous.

While in Baku, Khatami supported the idea of a North-South transport corridor, stretching from Russia all the way to Iran. Azerbaijan's government also offered various business plans for the consideration of Iranian businessmen. However, what interested the Iranian leadership most is whether Azerbaijan will refrain from hosting the American bases or not.

Many analysts believe that the visit of the U.S. Defense Secretary Donald Rumsfeld to Baku two weeks ago was related exactly to the issue of U.S. military bases in Azerbaijan. On October 16th, President Bush announced that the U.S. government planned a massive relocation of its military bases overseas, including the re-stationing of the bases from Germany and South Korea to the Eastern Europe and North Africa. This is done in an effort to combat new threats of international terrorism and religious fundamentalism, coming from the Middle East. Azerbaijan, with its geo-strategic location at the crossroads of the Europe,

Central Asia and Middle East, could serve as a perfect location for these goals. In addition to that, the increasing tensions in the U.S.-Iranian relations and the growing frustration of the US Administration with Iran's nuclear program make the need for U.S. bases in Azerbaijan even more urgent.

Although local and international media have been speculating about a possible informal agreement reached by the governments of the U.S. and Azerbaijan on stationing of U.S. troops in the country, government officials on both sides refused to give direct answers. "If someone believes that the military bases are born overnight, they are naive," said the foreign minister of Azerbaijan Elmar Mammadyarov, when asked by a Russian journalist about the fate of the bases.

But General Charles Wald, deputy commander of the US European Command Headquarters told the Defense News that Azerbaijan, along with Uganda and Sao Tome, could potentially host U.S. troops, AzerNews reported on August 20. He also added that the American troops would help to guard the Baku-Tbilisi-Ceyhan main oil-exporting pipeline.

Azerbaijani leadership faces a difficult choice. Military cooperation with the U.S. can only bring benefits to the gradually strengthening army of Azerbaijan, yet one needs to make sure that the potential anger by Russia and Iran and the threats of Islamic terrorists do not outweigh the benefits of this cooperation.

Fariz Ismailzade

CASPIAN GAS: POTENTIAL TO ACTIVATE EUROPE IN THE SOUTH CAUCASUS

Mamuka Tsereteli

The initial enthusiastic support of the EU and other major European countries toward the new states of the Caucasus was replaced by passivity by the end of 1990s. The TRACECA (Transport Corridor Europe-Caucasus-Asia) and Inogate (International Oil and Gas Transport to Europe) programs, launched in the mid-1990s, focused primarily on smaller scale projects and never achieved their initial strategic goal of diversifying supply routes to Europe. The potential for alternative energy supplies to Europe and the enlargement of NATO and the EU are opening a new dimension in these relationships. The recent EU decision to include the South Caucasus in the European Neighborhood Policy is a small step in the right direction, but what countries of South Caucasus need the most is the long-term security guarantees under NATO umbrella.

BACKGROUND: Europe's natural gas demand is projected to increase substantially in the future. Even under conservative scenarios the demand for importing natural gas to the EU will double from 200 billion cubic meters (bcm) a year in 2002 to 400 bcm per annum by 2030, with total demand raising from 400 bcm to up to 600 bcm in the same period. Russia will try to fill this gap with its own gas, as well as with the gas from Turkmenistan, with the world's third largest gas reserves, and potentially from Kazakhstan, if those countries do not have alternative delivery options by that time. This alternative may be a natural gas pipeline through the Caspian to Azerbaijan, Georgia, and Turkey and then on to Europe.

Among the top policy priorities for EU energy development is "avoidance of strategic dependence". At the same time, some EU member countries are already strategically dependent on Russian gas, particularly in Central, Eastern, and South-Eastern Europe, where there is an almost 100 percent dependence on Russia's Gazprom.

One step towards an alternative gas corridor to Europe is the South Caucasus Pipeline, connecting Baku to Erzurum in Turkey, via Georgia, which will deliver 6 bcm of gas to Turkey per year under an existing gas purchase agreement. Small volumes will be delivered to Azerbaijan and Georgia, thus contributing to the energy security of those countries. The initial capacity of the gas pipeline will be 8.4 bcm per year with throughput capacity to be increased to up to 30 bcm per annum, with the potential of being connected to Turkmen producers, aiming at European gas markets. The Azerbaijani fields' proximity to Turkey makes its position very competitive on Turkish and South-Eastern European markets. The natural gas connection between Turkey and Greece is currently under development, and it is to be commissioned in 2006. This connection will provide the first opportunity to ship Caspian natural gas directly to the EU, which can be done in several ways.

At this stage of project design, the capacity of a planned Turkey-Greece-Italy pipeline appears to be 10-12 bcm per annum with a possible upgrade to 22 bcm. The second pipeline under consideration is the Turkey-Baumgarten

(Austria) system. Five gas companies in Central and South East Europe (BOTAS of Turkey, Bulgargaz, Transgaz of Romania, MOL of Hungary, and OMV of Austria) have agreed to study a possible route from Baumgarten. In early 2004, the five companies formed a joint company, Nabucco Company Pipeline Study GmbH, to examine possible routes and produce a feasibility study by the end of this year. Each of the companies owns 20% of the company's capital. A first option envisages the building of a pipeline with a total annual capacity of 30 bcm per annum, of which 20 bcm would be delivered to the gas hub of Baumgarten at the Slovak-Austrian border, where it connects to the Central and Western Europe transit system. The 10 bcm capacity will bring diversification of supplies to transit countries which currently depend exclusively on Russian imports. The sponsors plan to start shipments of natural gas from Turkey in 2009.

IMPLICATIONS: It is in the long-term interest of the Caspian producers to fill these pipelines with natural gas from Azerbaijan, and potentially from Turkmenistan and Kazakhstan. On the other hand, it is obvious that the potential entry of Caspian natural gas will help Europe to diversify energy supply, and to reduce dependence on the state-owned Russian monopoly, Gazprom. This development will perfectly complement major reforms planned in the European gas sector, aiming at the creation of a competitive market of multiple operators and options of delivery routes.

It is also obvious that Russia is trying to prevent new entrants from obtaining a substantial stake in the European and Turkish gas market in order to maintain its dominance there. Currently Gazprom is producing 540 billion cubic meters (bcm) of natural gas. Exports to the EU constitutes 25 percent of its total production, but brings 75 percent of its revenues. Gazprom's exports account for 20-25 % of Russia's export revenues. Therefore, Europe is a strategic market for Russia and it is expected that Russia will use its leverage to prevent the opening of a new natural gas corridor connecting the Caspian and Turkey to Europe. The major leverage remaining in Russian hands are the frozen conflicts

of the region, and remaining Russian bases in Georgia. The situation in South Ossetia proves that Russia is actively using this leverage for different purposes.

But this competition is in the long-term interest of Europe, and Russia as well. Diversification of supply routes and gas sector reforms in Europe will eventually drive Russian monopolistic supplier, as well as Russian gas sector in general, towards much needed reforms. After all, one of the drivers behind the development of the South Caucasus Energy Corridor has been the inflexibility of the Russian state pipeline monopolies. By dominating access to markets and by creating barriers to access for others, they have forced producers to look for alternative means to the market. The result has been the development of alternative routes. Without market liberalization, it will be impossible to attract investments in the Russian gas sector, and without investments it will be impossible to meet the ambitious production goals of Gazprom.

CONCLUSIONS: There is a clear match between the strategic interest of Europe and the South Caucasus. Europe needs diversified energy supplies and supply routes, and to have strategic access to the Central Eurasian inland. The South Caucasus needs to be politically independent and economically viable, and to have strong security guarantees from the major powers of the world. That is why relationships with NATO and the enlarged EU are becoming

the top foreign policy priorities for Georgia and Azerbaijan. Responding to this serves Europe's long-term security interests.

Europeans can do at least four things for the South Caucasus: First, to expedite the integration of Georgia and other South Caucasian states in the broader Transatlantic partnership and in NATO. Second, to actively facilitate the internationalization of the conflict resolution processes in the South Caucasus, which is currently monopolized by Russia, who is not interested in the resolution of those conflicts. Third, continuing strong support for the development of pipeline projects of both oil and natural gas. Of particular importance is to reengage Turkmenistan in the development of the TransCaspian natural gas pipeline project, which can substantially balance the energy security of Central and Eastern European countries; Fourth, continuing support for the democratic political process and economic recovery, based on rule of law, private property and free entrepreneurship.

AUTHOR'S BIO: Mamuka Tsereteli is the Executive Director of the America-Georgia Business Council and Adjunct Professor at the School of International Service at American University in Washington, D.C. His areas of interests include economic security, political and economic risk mitigation strategies, and business development.

GUN FIRE IN DUSHANBE RESULTS IN HIGH PROFILE ARREST OF TAJIK DRUG CONTROL AGENCY DIRECTOR

On August 6, government security forces in Dushanbe made a spectacular raid on the Headquarters of the Tajik Drug Control Agency (DCA). The intended target for the arrest was the high profile DCA director, General Ghaffor Mirzoev. The arrest was made following an early morning gun battle between General Mirzoev's body guards and government security forces.

The government's handling of the arrest certainly indicates a strong desire for a very public arrest rather than a discreet detention. In the week leading up to his arrest, speculation was already mounting that events in Dushanbe were going to take an unexpected turn. Immediately prior to the arrest, General Mirzoev had been denied both permission to take annual leave or to leave the country on work-related matters. At the same time, criminal charges regarding financial irregularities in his personal business activities were filed prior to the arrest. It is understood that further charges have now been lodged, and these are said to include illegal weapons possessions, abuse of power, tax evasion and

murder. In addition to Mirzoev, eight of his bodyguards and two of his brothers were also arrested.

A number of analysts have linked the arrest to the 2005 parliamentary elections and the desire by President Imomali Rahmonov to ensure that potential political rivals do not pose a threat. Certainly, Mirzoev was considered a supporter of potential rivals and was being 'watched closely'. There was also government suspicions that he might have a strong enough personal following that would allow him to mount a coup. It was for these reasons that earlier this year, he was removed from his position as head of the presidential guard and placed in charge of the Tajik Drug Control Agency. The move resulted in a significant amount of unease, and surprise, among international drug control bodies. Much of this unease was not concerned with Mirzoev's power-base, but rather the extent of his personal wealth, and whether some of this had been gained through involvement in drug trafficking. Certainly it is true that General Mirzoev is a wealthy man, he owns a

number of successful businesses, his wife and children live in Dubai, and he spends his time living between luxury apartments in Dushanbe. But allegations of drug trafficking have not been proven, and General Mirzoev himself has indicated that he is wealthy enough and has no need to engage in the thriving drug trade. A number of drug control experts have also supported this view. Indeed, representatives of the UNODC have been quick to point out that they see the events as being entirely related to Tajikistan's domestic politics. Many experts now hope that the DCA's former and now reinstated director, Rustam Nazarov, will continue the positive work he was doing before Mirzoyev's appointment. How Mirzoyev's supporters, particularly those loyal to him in the 3000 strong presidential guard, will respond to these events will be critical. Since the arrest there have been heavily armed police on the streets of Dushanbe. For Tajikistan such events have the capability of undermining what can only be described as 'a fragile peace'.

Justine Walker

NEWS BITES

GEORGIAN-ABKHAZ TALKS SUSPENDED AFTER TURKISH VESSEL SHELLED

31 July

Abkhaz officials suspended talks with their Georgian counterparts on 31 July in response to the recent shelling of a Turkish commercial cargo ship off the Abkhaz coast. A statement issued by the Abkhaz official criticized the incident as breach of the cease-fire agreement in effect and stated that "the actions of the new Georgian authorities in regard to South Ossetia, and now in regard to Abkhazia, demonstrate that the Georgian side has embarked upon a policy of wrecking the process of peaceful settlement of conflicts." (RFE/RL)

CONSTRUCTION STOPPED ON BAKU-CEYHAN PIPELINE

3 August

Construction on the proposed 1,100-mile pipeline running from the Caspian Sea to the Mediterranean has been stopped due to BP's failure to get construction permits. Environmental authorities in Georgia found that the British Petroleum-led consortium that is responsible for building the pipeline failed to get the proper clearances. Georgia's environment ministry reportedly sent BP a formal reminder that BP must apply for construction permits to undertake any operations in the region, but the company failed to respond, beginning construction anyway. Rusudan Medzmariasvhili, a BP representative said, "The Georgian government wants independent experts to conduct safety tests." BP hopes to get the necessary paperwork in by the first week of August. Environmentalists are hopeful that the delay might cause the new President of the Georgian government, Mikhail Saakashvili, to take a new look at the project and its route. The region of the Borjomi Valley, which the pipeline is due to interrupt, is full of alpine forests and mineral spas. Environmental are also worried that seismic activity in the area could result in major spills. The pipeline will run from Baku in Azerbaijan through Tbilisi to Ceyhan, Turkey and is due to be completed by next January. The project is costing \$3.6 billion. The pipeline construction is now 70 percent completed. (Ecolinks News)

IRANIAN PRESIDENT ON BAKU VISIT

5 August

Iran's President Mohammad Khatami has arrived in Azerbaijan's capital, Baku, for a two-day visit. He is meeting his Azerbaijani counterpart, Ilham Aliyev, and signing a raft of bilateral agreements bolstering economic, educational and cultural co-operation between the two states. This is President Khatami's first ever visit to Azerbaijan, Iran's crucial strategic neighbour. The most important issues on the agenda will be regional security and disputed territorial rights over the oil-rich landlocked Caspian Sea. Azerbaijan and Iran's shared border runs across important oil reserves. The two countries, however, share more than just a frontier. Nearly 20% of Iran's population

are ethnic Azeris and in both countries Shia Islam is the dominant religion. Nevertheless past relations have been frosty. Tehran has expressed concern over Baku's pro-Western stance. Azerbaijan is America's ally in the "war on terror" and Washington is backing a major oil pipeline project in the region. For its part, Baku is worried about the possible spread of Islamic fundamentalism in Azerbaijan. For all these reasons, few expect President Khatami's visit to bring major changes, although analysts say any co-operation with Iran is important for the security of this extremely fragile region. (BBC)

CHECHEN ENVOY CONCERNED ABOUT POSSIBLE U.S. ASYLUM DECISION

6 August

The U.S. decision to provide political asylum to Chechen separatist leader Aslan Maskhadov's emissary Ilyas Akhmadov, if reports about this decision are confirmed, would be a demonstration of double standards in the fight against terrorism, Chechen envoy in Russia Ziyad Sabsabi said in an interview with Interfax on Friday. "If the U.S. has really given Ilyas Akhmadov political asylum, this does not only indicate that it is following a policy of double standards in the battle with terrorism. This step cannot be explained by logic at all," Sabsabi said. "We know that Akhmadov, as Maskhadov's emissary, supports a terrorist war against civilians, the authorities and the federal forces on Chechnya's territory," Sabsabi said. "It would be interesting to see the U.S. reaction if one of the European countries gave political asylum to a person who is on the U.S.' so-called terrorist black list," Sabsabi said. The U.S. authorities need to explain their motives for giving Akhmadov political asylum, he said. (Interfax)

ABKHAZ AUTHORITIES DENOUNCE SAAKASHVILI'S DECLARATION

6 August

The prime minister of the self-proclaimed republic of Abkhazia, Raul Khajimba, said that Georgian President Mikheil Saakashvili has no right to declare Abkhazia a military conflict zone. "Saakashvili has no right to declare Abkhazia a military conflict zone. Moreover, there are no grounds for it," Khajimba told local media outlets in response to statements made by Saakashvili during his visit to the United States. "We will continue our integration both with Russia and other nations of the international community," he said. Saakashvili's remarks "come as further evidence of Georgia's reluctance to settle relations with Abkhazia peacefully," he said. Recent provocative acts at sea prove this as well, he said. (Interfax)

GEORGIA WELCOMES INCREASED OSCE PRESENCE IN SOUTH OSSETIA

6 August

Georgian Foreign Minister Salome Zourabichvili issued a statement on 6 August welcoming the recent decision of the

OSCE Permanent Council to increase the number of military observers deployed along the border region between South Ossetia and Georgia proper. Although the increased deployment is marginal, with only two additional observers added to the four-person OSCE force, the move is seen as an attempt by the OSCE to demonstrate its commitment to stabilizing the situation in South Ossetia. The OSCE Permanent Council is also expected to dispatch a small delegation to Tbilisi in the coming days. The increase was first requested by the Georgian Foreign Ministry during a 29 July meeting of the OSCE Permanent Council in Vienna. (ITAR-TASS)

KYRGYZ GOLD EXPORTS, GDP RISE

9 August

Kyrgyzstan's gold exports increased 38.8 percent in the first half of 2004 against a backdrop of rising world prices for the precious metal. According to the country's National Bank, the main buyers of Kyrgyz gold in the first half of 2004 were the United Arab Emirates and Switzerland. National Bank head Ulan Sarbonov told a 9 August news conference that the country's GDP totaled \$813 million in the first half of 2004, a 9.2 percent increase on the second half of 2003, Kabar news agency reported. Industrial production rose 18.1 percent for the period. (RFE/RL)

ARMENIAN DIAMOND PRODUCTION DOWN; MATCHING DECLINE IN TRADE WITH RUSSIA

9 August

Armenian Trade and Development Minister Karen Chshmaritarian said on 9 August at a Yerevan press conference that diamond production decreased by 17 percent for the first half of the year. The decline is tied to the shortfall in diamonds sent to Armenia by Russia for reprocessing and polishing. Russia has supplied Armenia with only 70,000 carats of unprocessed diamonds so far this year, well short of the 2004 quota of 400,000 carats. Russia also maintains strict restrictions on Armenia's ability to export processed diamonds. Bilateral trade between Russia and Armenia has also declined, with Armenia now in last place among all former Soviet economies. Enjoying a tenfold increase in output over the last six years, Armenian diamond production was identified by the government as a strategic sector of the economy in December 2003 with the adoption of a three-year program to double the volume of diamond processing and exports. (Arminfo)

GEORGIAN OFFICIALS IN MOSCOW FOR TALKS ON SOUTH OSSETIA, ABKHAZIA

9 August

Georgian Defense Minister Giorgi Baramidze and Georgian Minister for Conflict Resolution Giorgi Khaindrava arrived in Moscow on 9 August for talks aimed at reducing tensions between the two countries regarding the situations in Abkhazia and South Ossetia. Khaindrava told journalists that the goal of his mission is to convey to the Russian side the Georgian government's position on the two situations and "to receive an answer to the question of from where the separatists are getting modern weaponry." The two men are expected to meet with Defense Minister Sergei Ivanov and the chief of the General Staff, Colonel General Yurii Balyuevskii. (Interfax)

CONSTRUCTION OF BAKU-TBILISI-CEYHAN OIL PIPELINE RESUMES

9 August

Officials of the British Petroleum (BP) office in Tbilisi announced on 9 August that construction of the Georgian section of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline has resumed. The Georgian government halted construction of the \$3 billion project on 19 July and publicly criticized BP for failing to provide adequate security measures designed to protect the environment from an accidental oil spill. Construction of the 248-kilometer Georgian section of the pipeline was launched in April and, along with the 443-kilometer Azerbaijani section, is to become fully operational by the end of 2004. The largest portion of the 1767-kilometer pipeline, the 1076-kilometer Turkish section, is estimated to be operational by February 2005. (Interfax)

TSKHINVALI BOMBARDED FOR FIVE HOURS LAST NIGHT - S. OSSETIA

10 August

South Ossetia claims that Tskhinvali's suburbs were bombarded by Georgian mortars for five hours last night. "In the period between 2:00 a.m. and 7:00 a.m., Priiskaya Heights [Tskhinvali suburbs] was fired at with mortars," South Ossetia's information committee chairman Irina Gagloyeva told Interfax. "The bombardment was made from three points - the Georgian settlements of Erebi, Anabet and Tamarasheni. No one was harmed by it," Gagloyeva said. "The mortar bombardment is a provocation aimed at intensifying the situation," she said. "The main purpose of these actions is to create an unbearable psychological climate and scare the population of South Ossetia," she said. A 40-minute mortar barrage of the Sarabuk and Tliakana settlements was also conducted, she said. These settlements are populated mainly by Ossetians. No one was harmed in the attack. (Interfax)

GEORGIAN OFFICIAL SAYS SAAKASHVILI'S STATEMENT WAS MISTRANSLATED

10 August

Georgian Minister for Conflict Resolution Giorgi Khaindrava, currently in Moscow for talks with senior Russian officials, told "Izvestiya" on 10 August that a recent statement by Georgian President Mikheil Saakashvili that caused considerable controversy in Russia was incorrectly translated. Saakashvili last week made a comment that was widely interpreted in Russia as threatening that Tbilisi would fire on civilian vessels attempting to reach Abkhazia via the Black Sea. Khaindrava said that Saakashvili was really warning Russians planning to vacation in Abkhazia that the region is "a conflict zone" and that "shooting could break out at any moment." "We just don't understand why the statement of Mikheil Saakashvili, which, incidentally, was incorrectly translated into Russian, provoked such a strong reaction," Khaindrava said. RIA-Novosti on 4 August reported Saakashvili as saying: "This territory, which is soaked with the blood of Georgians and where they played soccer with the heads of Georgians, is not a place for the lounge chairs of so-called Russian tourists. If you plan to come over from Sochi in boats to Abkhazia, you should get used to the sort of thing that happened on Saturday, when Georgian border troops fired on a vessel." (RFE/RL)

DEFENSE MINISTER SAYS GEORGIA READY TO INCREASE DEPLOYMENT OF TROOPS IN IRAQ

10 August

In comments to reporters during his visit to Moscow on 10 August, Defense Minister Baramidze stated that Georgia is prepared to increase its deployment of troops to Iraq. The Georgian military presence in Iraq is limited to a U.S.-trained Georgian company of 159 men, currently stationed in northern Iraq but preparing to be assigned to guard the UN mission in Baghdad. Defense Ministry officials are also quoted by the Caucasus Press on 10 August as confirming that Baramidze will conduct "a fact-finding visit" to Iraq from 15-18 August. (Caucasus Press)

ALL POLITICAL FORCES CAN VOTE IN CHECHEN ELECTION – ARSAKHANOV

10 August

The followers of all political forces will be able to vote in the Chechen presidential elections on August 29, Chechen Election Commission Chairman Abdul-Kerim Arskhanov told Interfax. "I suggest that all political forces, including the supporters of the separatists, take part in the voting. Let them come to the elections and vote for one of the candidates. They can also vote against all [candidates] and demonstrate that they dislike the campaign," Arskhanov said. He was commenting on a statement made by Chechnya's Mufti Akhmad-Khadzhi Shamayev to Western mass media on the need to involve representatives of the separatists in the elections. It is too late for the separatists to put forward their own presidential candidate, as the election commission stopped accepting applications for candidate registration on July 14, Arskhanov said. "Right now we can only talk about separatists' supporters taking part in the voting itself," Arskhanov said. He announced that preparations for the Chechen presidential elections have entered their final stage. "Technically, the republic is ready for elections by 80%-85%. The Chechen presidential campaign is proceeding in accordance with the law and the schedule without any incidents," he said. The early Chechen presidential elections were set following the death of Chechen President Akhmad Kadyrov in a terrorist bombing in Grozny on May 9. The final list of registered candidates includes the chairman of the public council for control over the restoration of Chechnya's economy and social sphere Alu Alkhanov, an officer of the FSB's Chechen office Movsur Khamidov, Chechen presidential advisor Vakha Visayev, Chechen State Council staff member Mukhmud-Khasan Asakov, director of Nedr company Magomed Aidamirov, Groznetekhim's General Director Umar Abuyev, and the director of the Modern Humanitarian Academy's office in Chechnya Abdula Bugayev. No additional security forces are needed for the election, Chechen Deputy Interior Minister Colonel Akhmed Dakayev told Interfax earlier. "The situation does not demand it. The forces and resources present in the republic are sufficient to ensure security on the day of the voting," Dakayev said. Starting on August 19, the Chechen Interior Ministry, which has over 14,000 members, will be stepping up its activity. "This mode of service envisages the strengthening of coordination between security departments, increasing the number of mobile checkpoints in settlements and

on Chechen roads, and the strengthening security at voting stations," Dakayev said. (Interfax)

TAJIK DRUG TSAR ARRESTED TO PREVENT COUP ATTEMPT?

11 August

The Institute for War and Peace Reporting (IWPR) quoted several sources on 10 August as saying that Ghaffor Mirzoev, the former head of Tajikistan's Drug Control Agency, was arrested on 6 August to prevent a possible coup attempt. Noting that 3,000 heavy weapons were allegedly discovered in the basement of the Drug Control Agency, IWPR quoted Prosecutor-General Bobojon Bobokhonov as saying: "Most possibly [Mirzoev] wanted to stage a coup d'etat." An Interior Ministry source told IWPR that "Mirzoev had enormous supplies of modern weaponry and he could have accomplished a coup." An anonymous source described as "close to Mirzoev" told IWPR that "[Mirzoev]...could easily organize a rebellion -- even from jail." Asia Plus-Blitz reported on 10 August that a shoot-out occurred during Mirzoev's arrest and that one of Mirzoev's bodyguards and a policeman were killed. Mirzoev is expected to face formal charges of weapons possession, abuse of office, and murder by 16 August. A coup attempt could be added to the list of charges. (RFE/RL)

SOUTH OSSETIAN AND GEORGIAN CAPITALS SUFFER ENERGY BLACKOUT

11 August

Despite the halt in clashes on 11 August between Georgian and South Ossetian forces that included a six-hour exchange of mortar and small-arms fire, the South Ossetian capital Tskhinvali suffered a complete energy blackout for 12 hours on 11 August. The blackout, attributed to four high-voltage power lines that were damaged in the clashes, soon triggered an electrical-network failure that left the Georgian capital Tbilisi completely without power for most of the day. (ITAR-TASS)

RUMSFELD IN AZERBAIJAN FOR TALKS

11 August

US Defense Secretary Donald Rumsfeld arrived here Wednesday for talks with leaders of Azerbaijan, the only predominantly Muslim country with troops in Iraq. Rumsfeld, who flew here from Afghanistan, was expected to meet Thursday with President Ilham Aliyev for talks on issues ranging from maritime security in the oil-rich Caspian to efforts to prevent proliferation of nuclear materials. He also was expected to thank leaders here for sending troops to missions in Iraq, Afghanistan and Kosovo, and supporting US counter-terrorism efforts since the September 11, 2001 attacks on the United States, officials said. Azerbaijan was Rumsfeld's third stop on a trip that began in Oman. (AFP)

U.S. HELSINKI COMMISSION CRITICIZES AZERBAIJANI DECISION ON BAKU MOSQUE

12 August

United States Helsinki Commission Chairman Representative Christopher Smith (R-NJ) has criticized the 11 August ruling by the Azerbaijani Supreme Court upholding the eviction of worshippers from the Djuma Mosque. The U.S. official expressed concern over the continuing harassment of mosque

members by the authorities and added that "the actions of the Azerbaijani government are shameful and demonstrate real contempt for international human rights norms and OSCE commitments." Smith called on the Azerbaijani government to "end this embarrassment, return full control of the mosque to the community, and allow them to operate freely." He further denounced "Soviet-like actions by the authorities -- harassing and detaining community members and imposing a state-appointed imam at the mosque." The 100-year-old Djuma Mosque is seen by the Azerbaijani authorities as a center for Islamic extremists and closed it down last month. Members of the mosque have filed an appeal to the Strasbourg-based European Court of Human Rights protesting their eviction. (Turan)

TURKISH PRIME MINISTER ARRIVES IN TBILISI **12 August**

A delegation of Turkish officials led by Prime Minister Recep Tayyip Erdogan arrived in Georgia on 11 August for a two-day visit. The Turkish delegation, which includes government ministers and more than 100 businessmen, is seeking to negotiate the expansion of border crossing points between the two countries and is reportedly interested in specific investment opportunities in Georgia, with a special focus on the planned construction of a network of high-voltage electrical transmission lines, the joint modernization of the Batumi airport and a highway through the port city of Batumi. Erdogan also met with Georgian Prime Minister Zurab Zhvania, Foreign Minister Salome Zourabichvili, and President Mikheil Saakashvili before formally opening a Georgian-Turkish business and investment forum in the Georgian capital. The Georgian president and Turkish prime minister also discussed the resumption of construction of the Baku-Tbilisi-Ceyhan oil pipeline and the status of the ongoing project to develop the Kars-Tbilisi railway. The Turkish delegation was expected to visit Batumi on 12 August to review the Turkish-financed modernization of the port facilities and to inspect several local hotels that are about to be privatized. (Caucasus Press)

OSCE SETS UP ELECTION OBSERVER MISSION IN KAZAKHSTAN

13 August

The OSCE announced in an 11 August press release that it has set up an election observer mission to monitor 19 September parliamentary elections in Kazakhstan. OSCE Ambassador Robert L. Barry of the United States will head the mission, which includes a 12-member team based in Astana and Almaty, as well as 16 long-term international observers throughout the country. Four-hundred short-term observers have been requested for election-day monitoring. Observers "will assess the election process against international standards agreed to by all OSCE participating states, as well as against national legislation." The mission will issue preliminary findings the day after the elections, and a comprehensive report one month after the election process is complete. (RFE/RL)

TAJIKISTAN SEEKS RETURN OF HELICOPTER FROM AFGHANISTAN

13 August

Tajikistan has asked the government of Afghanistan for assistance in recovering a helicopter that former Drug Control Agency head Ghaffor Mirzoev is accused of having rented out illegally in Afghanistan. Afghanistan Ambassador Muhammad Dovud Panjsheri confirmed the receipt of a request from Tajikistan's Foreign Ministry for help in returning the Russian-made MI-8 helicopter. The Foreign Ministry request notes that in 2003 Tajikistan's Olympic Committee, which Mirzoev headed at the time, leased the helicopter to an American company in Afghanistan. The helicopter, along with its six-member crew, was supposed to have been returned on 7 March 2004. Ambassador Panjsheri told Asia Plus, "Afghanistan is not involved in this and has no connection with this matter, since the contract was between an American company active in Afghanistan and Tajikistan's Olympic Committee." He said, however, that the request has been passed on to Afghanistan's Foreign Ministry. (Asia Plus-Blitz)

HIV/AIDS POSES INCREASING THREAT IN TAJIKISTAN

16 August

Azamjon Mirzoev, the director of Tajikistan's AIDS prevention center, has announced that Tajikistan must implement the World Health Organization's (WHO) HIV/AIDS treatment protocol. Against a backdrop of rising infection rates, Tajikistan's Health Ministry has appealed to the WHO for implementation support, Mirzoev said. He went on to note that while 119 HIV/AIDS cases were recorded between 1991 and 2003, 109 new patients have been identified in the first half of 2004 alone. Mirzoev suggested that better diagnostics may have played a role in the sharp increase. (Avesta)

ARMENIAN OPPOSITION URGED TO END PARLIAMENT BOYCOTT

16 August

Galust Sahakian, who heads the parliament faction of Prime Minister Andranik Markarian's Republican Party of Armenia, told RFE/RL's Armenian Service on 13 August that in recent weeks he has met with unnamed opposition leaders in an attempt to persuade them to abandon their six-month boycott of parliamentary proceedings. The 24 opposition parliamentarians declared that boycott in early February to protest what they termed the majority's "illegal" refusal to debate proposed constitutional amendments that would pave the way for a referendum of confidence in President Robert Kocharian. Sahakian said renewed opposition participation in the legislative process could contribute to finding "solutions to issues that could become dangerous for our state in the near future." "Many of the superpowers now seem to be debating Armenia's future status, as was the case with Azerbaijan and Georgia," Sahakian added. (RFE/RL)

KAZAKH COMMISSION TESTS ELECTRONIC VOTING SYSTEM

17 August

The Central Electoral Commission tested its Saylau electronic-voting system in Astana on 16 August before an audience of political-party representatives, journalists, and international observers, Khabar TV reported. In the mock election, 45 voters voted for a variety of candidates. Commission head Zagipa

Balieva pronounced herself satisfied with the exercise. She noted that the commission hopes that the system will be used by 30-40 percent of voters in the 19 September parliamentary elections, although she added that a final decision depends on the outcome of further testing, Khabar TV reported. But Robert Barry, the head of the OSCE's election observation mission in Kazakhstan, urged caution. "When we were making a preliminary evaluation of our mission in June and July, we determined pretty clearly that it would be a concern for us if such an electronic-voting system were to be introduced in a large scale during the elections in September." Interfax-Kazakhstan quoted Barry as saying on 16 August. (RFE/RL)

KAZAKH OPPOSITION BLOC SUES ELECTION COMMISSION

17 August

Democratic Choice of Kazakhstan (DVK) leader Asylbek Kozhakhmetov announced on 17 August in Almaty that the opposition bloc of DVK and the Communist Party has filed a lawsuit with the Supreme Court against the Central Election Commission. The suit seeks to reverse the commission's decision to prevent the bloc from using the official title "The opposition bloc of Abdildin and Zhaqiyaynov (union of communists and DVK)." Kozhakhmetov said that a separate suit filed with the Supreme Court aims to recover dividends for 361,092 investors in investment privatization funds. The suit is intended to remedy the inequality of large-scale privatization in the 1990s. Kozhakhmetov called it "only the first step toward returning national and natural riches to the people of Kazakhstan." (Interfax-Kazakhstan)

BRITISH TROOPS ARRIVE IN KAZAKHSTAN FOR TRAINING EXERCISE

17 August

Around 150 British troops arrived in Kazakhstan on Tuesday for a 10-day training exercise aimed at strengthening the oil-rich republic's defences, a British official in the former Soviet republic said. The soldiers of the third battalion of the Princess of Wales' royal regiment will train with a unit of Kazakh air-mobile infantry to meet several hypothetical threats including military invasion and a raid on oil installations, the British embassy official said. "It's designed to protect the territorial integrity of Kazakhstan against any group," the official told AFP. The exercise near the country's commercial center Almaty is the second British-Kazakh exercise of its kind. Western countries including the United States have sought to strengthen Kazakhstan's military in recent years amid concerns about the vulnerability of Kazakh oil installations, which are mainly located on the Caspian Sea coast. Approximately 30 Kazakh military engineers and support staff are currently deployed as part of the US-led coalition in Iraq. (AFP)

SAAKASHVILI ASKS WORLD LEADERS TO ESTABLISH FORUM TO SETTLE CONFLICT WITH S. OSSETIA

17 August

Georgian President Mikheil Saakashvili on Tuesday sent a message to world leaders and heads of international organizations asking to set up a consultative conference to settle the Georgian-Ossetian conflict. "We are ready for the

convocation of a consultative forum to find a peaceful way out together. Probably there is some reserve of peace which we have not used and that may be proposed by the forum," his message says. Saakashvili also suggested expanding the mandate of the OSCE observer mission and increase the number of observers in the Georgian-Ossetian conflict who could control also the Roki tunnel connecting South Ossetia with Russia. Saakashvili urged world leaders to render aid to Georgia to avoid a humanitarian catastrophe in South Ossetia. (Interfax)

TWO SENIOR POLICE OFFICERS SHOT DEAD IN DAGESTAN

17 August

Chief of the anti-terrorist force in Dagestan Lt. Col. Gaji Abdurazakov and member of the Russian Interior Ministry anti-terrorist department Maj. Alexander Groshev have been killed in Kaspiisk, Dagestan. Unidentified gunmen opened fire at their car at about 11:45 a.m. on Tuesday, the press service of the Dagestani Interior Ministry told Interfax. The two officers died, the attackers seized their car and fled on it. A search operation for the attackers was launched. (Interfax)

KAZAKH INFORMATION MINISTER PRESENTS NEW DRAFT MEDIA LAW

18 August

Information Minister Altynbek Sarsenbaev presented a new draft law on the media on 18 August. Sarsenbaev said that the draft law differs significantly from existing legislation and is based on democratic principles. According to Sarsenbaev, the proposed law simplifies the registration process for media outlets, eliminates criminal penalties for libel, includes mechanisms for guaranteeing free speech and protecting the rights of journalists, and takes away the state's right to own controlling stakes in broadcasting companies and news agencies. "The state and executive branch will not have the right to own controlling stakes in the media except for their own websites, specialized publications, and one television and radio company," he said. Sarsenbaev invited journalists and other media professionals to offer their suggestions on improving the draft law, which is slated to come before parliament in January 2005. (Kazinform)

CHECHEN PRESIDENTIAL CANDIDATE DOES NOT RULE OUT TALKS WITH MASKHADOV

18 August

Chechen presidential candidate Alu Alkhanov said talks with Chechen separatist leaders could be held if Maskhadov admitted that his chosen path is not leading Chechnya to peace. "If Maskhadov wants peace in Chechnya, if Maskhadov says, 'I understand, I know and I see that this path is not leading the republic and the people to prosperity, quiet life and peace,' why not hold talks with him?" Alkhanov told journalists in Moscow on Wednesday following his meeting with representatives of the public and Russia's Chechen communities. "I'm not conducting any talks with rebel leaders or other representatives now," said Alkhanov, who is chairman of the Public Control Commission for Chechnya's economic and social rehabilitation. (Interfax)

OPERATIONS IN CHECHNYA SHOULD NOT BE CONDUCTED BY MASKED MEN

18 August

Law enforcement agencies in Chechnya should ban officers from conducting special operations in masks, said Chairman of the public council for control of Chechnya's socioeconomic restoration and presidential candidate Alu Alkhanov. "I am categorically against security and law enforcement agencies' working in masks. A man serving the law and protecting his people should not cover his face. It is criminals who are supposed to cover their faces," Alkhanov said meeting with members of Chechen diasporas in Russian regions in Moscow on Wednesday. Taking questions from the participants in the meeting, Alkhanov said the activity of the Chechen authorities must be transparent, and they must enjoy the people's trust. (Interfax)

PUTIN CALLS FOR COMPROMISE IN SOUTH OSSETIA, ABKHAZIA

19 August

Speaking to reporters in Sochi on 18 August, President Vladimir Putin said that Russia is not taking sides in the conflict between Tbilisi and the Georgian region of South Ossetia, ORT and RTR reported. Moscow is ready to play the role of mediator and to serve as guarantor of any agreements that might be reached, Putin said. "From time to time we hear the assertion that the conflict is taking the form of a Russian-Georgian confrontation," Putin said. "But it is not like this and it cannot be like this." He said he believes the conflict began in the early 1990s when Tbilisi "abolished the autonomous status of South Ossetia and Abkhazia" (in fact, only South Ossetia's autonomous status was abolished). "This foolish decision triggered ethnic conflicts, and today we see a repetition of what happened in the 1990s," Putin said. He added that Russia is concerned by the "explosive development" of the situation in South Ossetia and about the atmosphere in Abkhazia. Russia is calling on all sides in the conflicts to show a willingness to compromise and to resolve them through peaceful means. (RFE/RL)

SOUTH OSSETIA REFUTES GEORGIAN CLAIMS OF ALLEGED DEATH OF 8 COSSACKS

19 August

The South Ossetian authorities have denied Georgian claims that eight Cossacks were killed near Tskhinvali. "The Georgian interior minister's statement that eight Cossacks were killed near Tskhinvali last night is not true. There are no Cossacks in the Ossetian armed units," Chairwoman of the South Ossetian Information and Press Committee Irina Gagloyeva told Interfax. Georgian armed units attacked and overran Ossetian and Cossack positions early on Thursday and eight Cossacks were found dead on the seized heights, Georgian Interior Minister Irakly Okruashvili told Rustavi 2 TV Company by phone. He said the Cossacks left behind many weapons, uniforms and food in their retreat. (Interfax)

THREE GEORGIAN SERVICEMEN KILLED IN TSKHINVALI AREA LAST NIGHT - GEORGIAN DEFENSE MINISTER

19 August

Contrary to earlier reports, three rather than six Georgian servicemen were killed and seven others wounded in the Tskhinvali conflict area last night, a Georgian Defense Minister official told Interfax on Thursday. The wounded men are in

serious conditions, he said. An official in the Georgian Sheeta Kartli area police said earlier on Thursday that six Georgian servicemen were killed and seven wounded when Ossetians shelled Georgian positions Wednesday evening. (Interfax)

GEORGIAN ARMED UNITS KILL 8 COSSACKS - INTERIOR MINISTER

19 August

Georgian armed units attacked and overran Ossetian and Cossack positions early on Thursday, blaming the opponents for the nightly gunfire that is increasing tension in the region, Georgian Interior Minister Irakly Okruashvili told Rustavi 2 TV company by phone. He said eight Cossacks were found dead on the seized heights. "Information about the enemy's casualties is being updated, and the death rate may be even higher," he said. He said Cossacks left behind many weapons, uniforms and food in their retreat. (Interfax)

UZBEK BLAST TRIAL HEARS EVIDENCE

19 August

A court in Uzbekistan has been hearing evidence at the trial of 15 suspects allegedly involved in a series of suicide bombings and attacks. The judge said that a total of six Uzbeks blew themselves up during three days of violence in March which killed more than 40 people. It was the first time violence of this sort had hit Uzbekistan. The accused allegedly belonged to a radical Islamic group, which the authorities say had al-Qaeda links. The court was aghast to see photographs of two young women and four men, who, it seems, blew themselves up in Tashkent, two near a bazaar and the rest in a house, cornered by a police chase. The 15 defendants, who sat silently in cages, are accused of a range of crimes. A woman in her 40s said she had sewn 50 suicide belts. Some of the men testified to training in Waziristan, in the Pakistani borderlands near Afghanistan. The evidence put forward is dense and at times hard to follow, but the picture emerging seems to be that the Uzbek group was planning a much wider series of attacks, possibly at foreign embassies and international hotels. This plan apparently stalled, leaving a handful of militants to hit an assortment of targets, mainly policemen. The trial began in July, but was adjourned after three more suicide bombers blew themselves up at the US and Israeli embassies and the procurator's office. According to the prosecution, one of those involved was a Kazakh national, heavily involved in the Uzbek radical Islamic movement. (BBC)

ABOUT 20 INTERNATIONAL OBSERVERS TO MONITOR CHECHEN ELECTIONS

20 August

Some 20 international observers will be present at the early presidential elections in Chechnya, Russian Central Elections Commission Chairman Alexander Veshnyakov told journalists on Friday. "The CIS Executive Committee, the Arab League and the Organization of the Islamic Conference have already sent their confirmations and submitted documents for accreditation. The OSCE has not yet confirmed [whether its observers will be present at the elections or not]," Veshnyakov said. The OSCE has explained this delay by the fact that the organization is currently preparing its representatives to monitor a number of national elections, including in Kazakhstan, Ukraine and Belarus, the official said. (Interfax)

GEORGIA STARTS SOUTH OSSETIA PULLOUT

20 August

Fighting in South Ossetia has reportedly died down as Georgia began withdrawing its troops from the conflict zone. The move came a day after Georgia claimed to have captured key strategic positions in the breakaway region. Control will be handed over to a joint peacekeeping force of Russian, Ossetian and Georgian soldiers. The US welcomed the move, saying it sent the right signals, and urged both sides to seek a political solution. Georgia's new leader Mikhail Saakashvili earlier said the withdrawal was the "last chance for peace" in the region. Separatist South Ossetian fighters have been battling Georgian soldiers in the worst violence there in 10 years. Heavy shelling and skirmishes are said to have claimed the lives of at least seven Georgian soldiers recently. The Georgian authorities say their troops killed eight South Ossetian fighters in recent clashes, although the claim had not been confirmed. Russia has fiercely criticised Georgian advances in the area. Efforts are now under way to enforce a ceasefire deal struck last Friday and steadily violated since then. South Ossetia broke away from Georgia in 1992 following an 18-month conflict. Many of its inhabitants want to link up with North Ossetia, which is part of Russia. But President Saakashvili has made clear his intention to bring the troubled region back into the fold. He has said Georgia sent extra troops to South Ossetia to combat smuggling, and this had "prompted vicious attacks on this contingent". He called on world leaders to hold a conference on the future of South Ossetia and send Western peacekeepers to the region. On Thursday, Georgian forces reportedly captured key positions near Tskhinvali. After the apparent show of strength, President Saakashvili said the forces were ready to hand over to peacekeepers. "We are ready to hand over control of these positions to the tripartite peacekeeping contingent, which also includes Georgians, and leave 500 of our select fighters under our peacekeeping force quota to protect Georgian villages against attacks and possible acts of provocation," he said. "We are also ready to withdraw from all other positions and redeploy our forces outside the conflict zone in Gori." The BBC's Sarah Rainsford in Tbilisi said residents of Tskhinvali reported stray bullets hitting the city's central square on Thursday, despite the planned withdrawal. (BBC)

PUTIN VISITS CHECHEN LEADER GRAVE

22 August

Russian President Vladimir Putin has made an unannounced trip to Chechnya, to visit the grave of the region's late pro-Moscow leader. Mr Putin laid flowers at the grave of former Chechen leader Akhmad Kadyrov who was killed by a rebel bomb in May. The visit came a week ahead of elections to choose a new leader for the troubled region. Mr Putin was accompanied by Mr Kadyrov's son and Chechen Interior Minister, Alu Alkhanov. Mr Alkhanov is the Kremlin's favoured candidate to replace Mr Kadyrov. Backed by the Russian authorities and the Kadyrov family, he currently directs police helping Russian troops to fight the Chechen separatist rebels. Mr Putin showered the late Mr Kadyrov with praise during the rare visit to the region on Russia's southern border, says the BBC's Steve Rosenberg in Moscow. "We lost a sincere, courageous, talented and decent man," Mr Putin said at the graveside. "He had no other goal but

to serve his people." Mr Kadyrov died on 9 May when a bomb went off in a VIP seating area of Dynamo stadium in Grozny during a ceremony marking victory in World War II. His death was seen as a huge blow to Moscow's attempts to restore order in the republic. The visit came after a day of violence in the region, where rebels have been fighting for independence for more than a decade. Military officials say that on Saturday at least 12 soldiers and police were killed in rebel attacks. (BBC)

REPORT CLAIMS UZBEK DETECTIVE IS MURDERED IN KAZAKHSTAN

23 August

The murder of an Uzbek citizen whose body was discovered in Shymkent, Kazakhstan may be linked to terrorism attacks in Uzbekistan, Kazakhstan's Channel 31 reported on 20 August. The report quotes unidentified "first-hand" sources as saying that an Uzbek citizen found dead in a Shymkent sauna was an Uzbek detective who arrived to investigate reports that some of the defendants in the Hizb ut-Tahrir trial trained in southern Kazakhstan. In a bizarre twist, the Channel 31 report claimed that Kazakh police found near the body of the murdered Uzbek citizen "an ordinary shoe into the sole of which a gun in the form of a ballpoint pen had been installed." Uzbek authorities recently stated that one of the three suicide bombers in 30 July attacks in Tashkent was Avaz Shoyusupov, a Kazakh citizen. Kazakhstan's Foreign Ministry and National Security Committee both stated on 20 August that they are working with the Uzbek authorities to investigate terror attacks in Tashkent, Khabar TV reported. (RFE/RL)

TA TRAINS WITH FORMER SOVIET ARMY

23 August

Nearly 200 Territorial Army soldiers are working alongside former Soviet bloc troops in Kazakhstan. Soldiers from the 3rd Battalion of the Princess of Wales Royal Regiment have already completed six months in Iraq. Now the challenging, sandy terrain and hot weather of Kazakhstan is being seen as a good place to train for the Gulf. Lance Corporal Tony Scott said: "It's sandy, it's hard and recent operations have been in hot weather so it's good to get used to that sort of thing." Lt Col Tony Guthrie, the battalion's commanding officer, said many find it hard to believe they are working alongside former USSR troops. "I spent my formative years studying tactics and learning how to fight these people," he told BBC South East Today. "You do have to keep pinching yourself and remembering that they are now your friends. "But actually when you deal with them, it's not difficult because they are so incredibly friendly." The soldiers are taking part in a two-week camp which is part of a "Partnership for Peace" exercise with the Kazakhstan Army, firing ex-Soviet weapons and using Soviet-built helicopters. The 3rd Princess of Wales Royal Regiment is the voluntary infantry regiment for the South East of England, with units across Surrey, Sussex and Kent. Later this year, members of the battalion will participate in a patrol competition in Italy and an exchange programme in the United States. (BBC)

89 DEAD IN TWIN RUSSIAN PLANE CRASHES, TERROR PROBED

25 August

Two passenger jets crashed simultaneously in different places after taking off from a Moscow airport, leaving 89 people dead and raising fears of terrorism in the heart of Russia. The planes departed within about an hour of each other late Tuesday bound for destinations in southern Russia and went down at almost precisely the same moment 770 kilometers (480 miles) apart in two regions south of the Russian capital. Wreckage and bodies lay strewn across fields outside the central city of Tula and the southern city of Rostov-on-Don as hundreds of emergency workers used cranes to sift through the detritus and extract corpses. Officials were at a loss to explain how the planes went down with such improbably coincidental timing and said the possibility that the crashes resulted from terrorist attacks was being "carefully studied" along with other theories. There were however no claims of responsibility for the twin disasters and investigators also indicated that they were looking at other possible explanations including bad weather, pilot error and

problems with the fuel pumped into the jets. "The hypothesis of a terrorist act is being carefully studied" by experts from the FSB intelligence service and other government agencies, FSB spokesman Sergei Ignachenko told AFP. Russian security agencies were already on heightened alert ahead of elections Sunday in the war-torn republic of Chechnya that some breakaway rebel groups have vowed to thwart with violence if needed. President Vladimir Putin, in a statement transmitted by Russian media, ordered security agencies to investigate the crashes "without delay" but there was little official comment on the crashes apart from death toll updates. Russian media reported that the planes were carrying a total of 90 passengers and crew. That figure however was later revised to 89 after authorities published figures indicating one plane had 46 people aboard and the other 43. (AFP)

