
Azia-Prime News Digest Central Asia, January 17, 2008

(this English version is abridged, the Russian version is unabridged and covers the complete Central Asian region)

Tajikistan:

Interior:

Dushanbe, 22.12.2007 (Az-P): The security services of Tajikistan are obliged to prepare a plan how to fight against „terroristic acts“ until the end of January 2008. The Head of State gave such an instruction to the heads of the security branches. Sources inside the Presidential apparatus report that during secret meetings between Rakhmon and the security services directors the President ordered to clear up all possible obstacles within the security structures; except Uzbekistan, he agreed in a common strategy with Russia, Iran and Turkmenistan and expect that all so-called opposition members, who in fact are terrorists, should be in the hands of the security forces in 2008.

Dushanbe, 25.12.2007 (Az-P): A Legislative Committee of the Presidential Administration was founded, after President Rakhmon gave such an order. The official task of this body is to adapt all national legislation to international legal standards. But the true background of this is the following: Rakhmon took the legislative reform by the Turkmen President Berdymukhamedov as an example, when the new leader in Ashkhabad changed many laws from the Niyazov era, which in fact brought him more authority. Our sources comment that Rakhmon's initiative was a result of the influence Berdymukhamedov had on his Tajik counterpart during their consultations in 2007.

Foreign Policy:

Dushanbe, 08.01.2008 (Az-P): The bilateral relations between Tajikistan and the Russian Federation are becoming cooler. The Kremlin is not satisfied with public statements by the Tajik President Rakhmon, where he accused

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Russia of being the main instigator of the Civil War in Tajikistan. Rakhmon said in a speech: „Today it is no secret that many involved circles delivered weapons to various groups in Tajikistan, in order to win interest“. He named A. Sobtshak as one of those instigators. The Russian Government is currently waiting for an official excuse by the Tajik President. Our sources also report that after the bilateral relations between Russia and Uzbekistan became better, Rakhmon tries to imagine that all problems in Tajikistan link to Russia and Uzbekistan.

Dushanbe, 23.12.2007 (Az-P): During a scheduled meeting on December 17, representatives of the Tajik and Afghan Presidents have exchanged their accusations regarding the fight against terrorism. Especially the Afghan side made complaints, how Afghan citizens were treated at the border control when entering Tajik territory and that Afghan territory is frequently is bombarded by the Tajik border police. In addition, Kabul is not satisfied with the close contact between President Rakhmon and the former Afghan President Rabbani (meanwhile Az-P sources inside the Tajik Secret Service confirm those contacts between Rakhmon and Rabbani).

Energy:

Dushanbe, 10.01.2008 (Az-P): AES Corp., a worldwide developing company of power projects, located in the US, announced to stop its activities in Tajikistan indefinitely, from February 1, 2008 the office of AES Corp. will be closed in the capital of Tajikistan. After a visit of Paul Hanrahan, Director of AES, in May 2006 in Dushanbe a memorandum of understanding was signed between the Tajik Government and the company concerning the cooperation in developing power projects; AES Corp. showed its interest to invest 1 thousand million US-\$ in the construction of power stations and power lines, mainly for exporting power to Afghanistan and Pakistan; among other things a new power line between Kurgantjube and Kabul (capacity 220 kw) and one heading to Peshavar (capacity 500 kw) was planned. In addition, AES Corp. agreed in the construction of a thermal power station with a capacity of 1000 mw near the Fon-Yagnobsky coalmine. Between January 17 and 20, 2008 a delegation-visit of AES Corp. is scheduled in order to explaining the reasons for stopping the engagement.

Addition: Experts assume that the realization of big energy projects in Tajikistan are endangered: The development of one main hydroelectric power station has been stopped after the Uzbek Government demanded the release

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of a written expertise, Kazakh investors, who showed big interest in the Nurabad hydroelectric power station in the eastern part of the country, do not want to start negotiating. In addition, our experts have doubts that a final solution will be found regarding the construction of the Rogun power station: the wish of Russia to own 75 % of the shares does not satisfy the Tajik Government and until now there are now other possible investors available for the project; private investors are not likely, because for them such a project would not be profitable. It is most likely that AES Corp. is doubting the usefulness of Tajik energy projects.

Dushanbe, 07.01.2008 (Az-P): Uzbekistan and Turkmenistan have reduced the energy delivery to Tajikistan; instead of 10 m. kw per day Uzbekistan only delivers 1 m. kw per day in the first days of 2008 and Turkmenistan less than 4 m. kw (the Turkmen energy deficit for the winter has the amount of 3,5 thousand million kwh).

Addition: The energy crisis in Tajikistan reached its peak this winter; in some regions of the country, electric power was reduced for two hours per day, in other regions power supply has stopped totally; in most parts of the capital Dushanbe the energy is switched off between 11.00 pm and 5.00 am.

Dushanbe, 15.01.2008 (Az-P): President Rakhmon is determined to solve the problem of the price increase for Uzbek gas (more than 130 US\$ for 1000 m³) during a personal conversation with his counterpart Karimov. A source inside the Presidential Administration informed us that Rakhmon is planning to have a telephone conversation, in which he wants to underline his objections very clearly; according to our source, the Tajik President also wants to underline the Uzbek dependency on water by mentioning that two hydroelectric power stations will start its work in 2008 and he could turn off the tap for Uzbekistan anytime; Rakhmon believes that with this argument, Karimov will ask for pardon.

State Power:

Dushanbe, 05.01.2008 (Az-P): The Commission for Justice and Economy received the order from the President to check the activities of all ministries and administrations. Sources inside the Government reported to us that staff changes will be most likely; they also assume that some ministers and their deputies have to go to trial in the near future. A source informed us that President Rakhmon has threatened his cabinet members: I will punish

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everyone, many of you became fat, some of you have contacts with islamistic terrorists.

Dushanbe, 11.01.2008 (Az-P): H. Sodulaev, influential brother of the President's wife, has a serious argument with Rakhmon. By order of the President, the Tajik KNB and the Anti-Corruption Agency of Tajikistan opened investigations against Sodulaev's Orient Bank. All accounts that are related with Russian companies are investigated, especially accounts of TALKO. Our sources gave us the information that parts of these accounts were already transferred from Orient Bank to the Development Bank of Tajikistan, controlled by Rakhmon's daughter Takhmina.

Commentary: Rakhmon is planning to cut off Sodulaev's financial responsibility for the aluminium industry; it seems that the President is not satisfied with the fact that his brother-in-law used to be one of the main supporters of Russian interests in Tajikistan and that he actively backed the interests of RUSAL in the country. In addition, another aspect might be of interest: A few months ago, Sodulaev founded a broadcasting station called Imruz; some features criticized sharply the politics of the Tajik Government (We don't need such a government/The Government is responsible for energy shortage). Without permission of the company's head, it is not likely that journalists would go public with such accusations. Our experts assume that a struggle between Rakhmon's daughter and powerful relatives of the President's wife is mainly responsible for the above mentioned actions.

Turkmenistan:

Economy:

Ashkhabad, 02.01.2008 (Az-P): President Berdymukhamedov is not planning to support the Turkish businessman Calik in Turkmenistan anymore. The Turkmen Head of State - according to our sources - is insisting to transfer all assets back to the country, that was brought out of Turkmenistan to Western and Turkish banks by Calik during the reign of Niyazov. Our sources report that Mr. Calik visited the Turkmen capital middle of December, on Dec. 12 he received the refusal for an audience with the President; the main reason for this behaviour by Berdymukhamedov is Calik's close connection with former Turkmenbashi officials, who were dismissed or sent to jail by the new

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President directly after he came into power; it was underlined that especially Calik's friendship with the former Chief of the Presidential Guard Rejepov, who after Niyazov's death and Berdymukhamedov's boosting was sentenced to jail for several serious crimes is a fact that counts for the Turkmen President. In addition, some of the above mentioned officials from the Niyazov era confirmed during their court hearings that Calik bought estates in Istanbul, Ankara and the Turkish Riviera for them and invested their money at foreign banks. The sources also report that all international business, which was under the control of Calik should be handed over to other Turkish businessmen. Calik received an order by the Turkmen President to help the Government bringing back all assets to the country, not only Calik's, but also the ones of the former officials.

Interior:

Ashkhabad, 22.12.2007 (Az-P): By order of President Berdymukhamedov a commission was established that has the task to supervise all legislative acts, court decisions and even warrants in Turkmenistan; the commission's results have to be reported directly to the Presidential Administration.

Commentary: This decision is an aggravation of the Niyazov ruling; under Turkmenbashi only warrants of high-level officials, warrants issued by the MNB and the General Prosecutor were supervised; with this new order all decisions of the criminal law down to the district level have to be reported directly to President Berdymukhamedov. Even local public prosecutors, the local MNB offices and police have to report possible accusations against officials directly to the President.

Ashkhabad, 27.12.2007 (Az-P): Another state commission was established by order of the Turkmen President that has the task to investigate the actions of all foreign companies in Turkmenistan. Our sources report that this commission should mainly concentrate its work on companies in the field of construction and trade and to take steps to reimburse compensations for their illegal activity in Turkmenistan. These actions also include responsible Turkmen officials, who were in contact with the foreign companies.

Addition: Our sources inside the Administration report that the state commission in January already reported illegal activity of Turkish, Ukrainian and Western companies to the President, among them Israel's Merhav

Group. The commission came to the result that those companies did active money laundering during the Niyazov period.

Ashkhabad, 15.01.2008 (Az-P): The Turkmen Administration shows no signals to the Ukrainian counterpart giving up its accusations regarding breaches of contracts by Ukrainian companies in Turkmenistan; at the moment Ashkhabad is examining possible counter measures by giving those contracts to Chinese companies. Our sources have evidence that Chinese companies already presented documents to the Turkmen side, in which a taking over of the contracts and their fulfillment is described. In addition to that, a Turkmen delegation went on January 15 to Beijing with the main task to prove a larger Chinese engagement in Turkmenistan. At the same time, the Turkmen Government has the opinion that the contracts with Ukraine became invalid after several reminders and no reaction from the Ukrainian side. One of the last reminders was signed by President Berdymukhamedov and was sent to the Ukrainian President Jushenko personally.

Ashkhabad, 15.01.2008 (Az-P): Turkmenistan is not able to deliver enough gas to its neighbour Iran. According to our sources, a Turkmen delegation went to Tehran in order to defuse the bilateral crisis, which came into affect after the delivery completely stopped in late December 2007. The Turkmen side argued, that technical problems would be responsible for this. At the beginning of January, Turkmenistan sent a signal to Iran, that it would be able to start the delivery again, but only on the condition that Tehran would be willing to pay back its debts from 2007. For Ashkabad those debts came into effect after Iran demanded to switch from US\$ to € for paying the gas, while Turkmenistan refused this proposal. Meanwhile, an Iranian delegation was planning to travel to Turkmenistan in the first half of January 2008 in order to solve the problem, but a sharp language between both sides on January 14 made this impossible. The Turkmen underlined the fact that there are still Iranian debts to pay, the stopping of gas-delivery to Iran has technical reasons and Turkmenistan needs those payments for fixing the technical problems. The counterpart in Tehran of course argued that the main reason for Turkmenistan lies in a wished alteration of the contracts and the Turkmen demand to increase the gas price. Iran called the behaviour of its neighbour immoral, especially because of the extreme winter temperatures. The Iranian side also underlined the fact that they will halt any payments until the gas delivery has started again. Our sources inside the Turkmen gas sector report that Turkmenistan will not be able to start the export to Iran again within the next weeks; most Turkmen gas deposits are not able to put enough pressure

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into the pipelines for a possible delivery. Because of their poor condition the country would not have enough gas for exporting; for Turkmenistan, the fulfillment of the contracts with Russia have the major priority. According to other informations, many rural areas in Turkmenistan report daily interruptions of gas delivery to Turkmen villages, even the total stop has been reported.

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