

Central Asia – the Political Economy of Events in 1995

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Introduction

No greater disappointment for Pakistan's foreign policy since the break up of the Soviet Union has been the inability to benefit from increased trade and traffic with five Central Asian Republics (CARs). The continuing civil war in Afghanistan has blocked land routes while neighbouring countries such as Iran and Turkey have surged ahead with strengthening economic links with Central Asia.

Five years ago Pakistani businessmen dreamed of turning Peshawar and Quetta into large trading hubs for doing business with Central Asia. At the very least Pakistan could have served as a major service centre for Central Asian trade and Western investors wanting to exploit markets of the region. The CARs in turn would use the port of Karachi as a major export centre. That dream is still not a reality, but in the meantime Iran has linked Turkmenistan to the Gulf by a railway line and Turkey, although having no direct trade route, has invested nearly US 2 billion dollars in Central Asia since 1991.

Hopes for a peaceful solution to the Afghan civil war in 1995 were constantly dashed and all the CARs were faced with increasing economic problems, partly stemming from their lack of alternative trade routes apart from the one across Russia. The continuing economic downturn created political problems for the CARs and led to the rising trend towards authoritarianism. There were never high expectations that working parliamentary democracies would evolve in the CARs after they became independent four years ago. But there was some hope that these authoritarian one party states would decentralise power and become more open societies, if for no other reason than to contain and to accommodate ethnic and Islamic fundamentalist pressures from within and an economic meltdown.

However, the run of presidential and parliamentary elections in these states in 1995 showed a steady reversal. As their problems have multiplied, their economic crises worsen and ethnic fissures deepen, leaders of all the states have resorted to a tightening of political control and a ban on all opposition forces from participating in the political process. The ruling elite, almost entirely a left over from the communist era, is under siege and the Presidents have all held referendums extending their mandate to rule indefinitely.

The CAR regimes have few outside pressures to force them to open up their societies. Russia, still the most powerful foreign presence in the region, has in fact encouraged the regimes to maintain the status quo and limit political democracy. However, the net result has been an exacerbation of tensions because of the frustrations felt by not only the numerous ethnic minorities, opposition parties and Islamic fundamentalists, but even by the newly emerging business groups who face opposition from the neo-communist bureaucracy in their attempts to create a market economy. Unless power is decentralised and those left out of the political process not accommodated, all the CAR regimes will face increasing internal political problems.

Over the years, the continuing civil war in Tajikistan and the dangers of it spreading, pre-occupied all the CARs. Despite several rounds of UN sponsored talks between the Tajik government and the Islamic opposition, both sides refused to seek accommodation. The war in Chechnya launched by Russia also became a major problem because it demonstrated that Russia would not tolerate secession by a Muslim people from within Russia or independent Muslim states in Central Asia striking out on their own. The brutal killing of Chechens acted as a demonstration effect for all the Muslim peoples in the former Soviet Union and increased Russian-Muslim tensions in Central Asia.

Despite continued Russian pressure, all the CARs began to play a greater role in the Economic Conference Organisation (ECO) which includes Iran, Turkey, Pakistan and Afghanistan and now comprises ten countries, 300 million people and a sizable chunk of Asia. ECO summits and meetings produced plans for an ECO Trade and Development Bank, an ECO Shipping Company, an ECO airline and an ECO Reinsurance Company. An ECO transit trade agreement will facilitate transit land trade across member states territories without payment of duties, while another agreement promised to rationalise visa regulations for businessmen.

All the CARs continued to face severe economic problems with falling GDP, rising inflation and unemployment and the lack of foreign investment except for select areas such as oil and gas. Ultimately when and how the economic recovery of the region takes place, will determine the future political stability and the role the region will play in the wider world.

Kazakhstan

President Nursultan Nazarbayev faced the most critical political crisis of his long career during 1995, as Kazakhstan continued to face severe economic problems, tensions with Russia and growing militancy by the large

Russian population settled in Kazakhstan. However, the United States, Europe and international lending agencies demonstrated more support for Kazakhstan than for any of the other Central Asian Republics.

In a surprise move in March, the Constitutional Court upheld a private petition asking for the dissolution of Parliament because of the government's rigging of the 1994 elections.

The court called the 1994 elections "unconstitutional and illegitimate", echoing the views of many critics and the opposition at the time.

Nazarbayev was forced to dismiss parliament on March 11, promised fresh elections and appointed Akezhan Kazhegeldin as an interim prime minister. Even though the parliament had been virtually hand-picked by the president, it had resisted the government's privatisation plans and offered considerable opposition to Nazarbayev's growing presidential powers during the 12 months that the parliament functioned.

For several days the country was in a constitutional limbo and the president was forced to cancel visits to Europe, Australia and Indonesia. On March 15 some 130 rebel MPs, led by the poet and anti-nuclear campaigner Olzhas Suleimenov, rejected the court's ruling and set up an alternative people's Parliament.

Nazarbayev retaliated by saying he would rule by decree. He later appointed an Assembly of the Peoples of Kazakhstan to discuss reforms. After a few days the rebel movement collapsed, though a long hunger strike by some MPs inside the parliament building continued.

The crisis and partly been perpetrated by the president himself so that he could dispense with a critical parliament and rule by decree. In a highly controversial move, but one that followed the trend set by leaders of other republics, on March 26 Nazarbayev announced a referendum to extend his mandate as president until the year 2000. The referendum, held on April 26, resulted in a landslide for the president, with 95 per cent of the voters in favour of giving him the necessary mandate. However, opposition groups – including Lad, the Russian settlers' party – called it a fraud and accused the government of vote-rigging.

Nazarbayev then announced a debate for a new draft constitution which, following the French model, would give enormous powers to the president. French legal experts arrived to help frame the new laws, which would give the president the power to dissolve parliament in return for the

assembly being able to impeach the president. There would be a new two-chamber parliament with a 55-seat lower house and a 47-seat senate or upper house with seven senators nominated by the president.

With Nazarbayev refusing to hold fresh parliamentary elections, the cleavage between the Russian population, which is 36 per cent of the total, and Kazakhs grew wider with Lad taking a stronger anti-government position and receiving support from Moscow. The president faced unrelenting pressure from Moscow to concede to local Russian demands.

In January he had partly complied when he signed 17 agreements with Moscow, ensuring virtual dual citizenship for his local Russian population and handing over the defence of the Kazakh state to Russia. Both sides also agreed to free currency convertibility and a customs union. However, tensions with Moscow and the local Russian population persisted. In an attempt to counter Russian pressure, Kazakhstan also tried to enhance greater cooperation within the five republics. On February 10, the leaders of Kazakhstan, Uzbekistan and Kirgystan met in Almaty to sign four documents pledging to build "a common economic space." They agreed to set up a Central Asian bank with initial capital of \$9 million, an interstate council and a regional common market. However, similar attempts and pledges in the past have never yielded concrete results because of the inherent rivalry within the republics.

On February 11, a Commonwealth of Independent States summit was held at Almaty under the shadow of the war in Chechnya, which was proving to be a major embarrassment for the republics' regimes in their relations with Russia. With the Russian army killing Muslim Chechens, there was considerable anger among the largely Muslim population of Central Asia, which their leaders had to contain so it did not spill over into inter-ethnic tensions between locals and Russian residents.

Nazarbayev tried to persuade the summit to agree to a pact of peace and stability between CIS member states and a defence agreement, which would integrate the air defences of the CIS, but the idea was shot down by the more suspicious and independent-minded Uzbekistan, Ukraine and Azerbaijan.

Kazakhstan's dismantling of its nuclear arsenal was praised by the visiting US Defence Secretary, William Perry, on a trip to Almaty in April. The US pledged \$43 million more for the dismantling process in addition to the \$350 million it had already given. During the past 12 months, Kazakhstan had stripped the warheads of half of the nuclear armed missiles

it held in 1992. The US also pledged \$6 million for a joint US-Kazakh technology research centre, while four US companies signed investment deals with Kazakhstan. US concerns had been heightened by a major political embarrassment when the news leaked in February that on December 27, 1994 fire had broken out at the Mangistausky nuclear power plant near the Caspian Sea, after oil had caught fire. Experts pointed out that the nuclear industry faced grave dangers because of the exodus of trained Russian workers, which the Kazakhs were unable to replace.

With Western companies exploring for oil and gas in Kazakhstan and in view of the government's willingness to dismantle its nuclear weapons, international lenders made every attempt to bolster the Kazakh economy. On January 6, the Asian Development Bank gave its first loan of \$60 million to finance imports. On May 27, at the Paris meeting of the International Monetary Fund, Western donors pledged \$1.22 billion to Kazakhstan in loans for budgetary support and development programmes.

A few days later, the World Bank announced aid of \$41 million as help for a new social protection programme to help with unemployment as the privatisation of state-run industries continued. On June 20, the International Finance Corp. (IFC) agreed to invest \$57 million as partial financing for a joint Kazakh-German oil company, which would start drilling in the Akshabulak oilfield.

However, the Kazakh economy remained in the doldrums. Releasing figures in May, the government said that GDP for 1994 decreased by 25 per cent and inflation stood at 35 per cent, though by March 1995, inflation had been reduced to 5 per cent. Unemployment hovered around 10 per cent, but unofficial figures put it much higher.

Economic problems had been intensified by Russia's refusal to allow the Chevron Corp. of the US to build a new pipeline from its oilfields in Tenghiz to Europe, while demanding a hefty transit fee for chevron to use old Russian pipelines. Russia did its utmost to exploit and restrict the export of Kazakh gas and oil.

The Russian gas agency, Gazprom, was buying Kazakh gas for \$8.74 per 1,000 cubic feet, when world prices for gas stood at around \$80. Russia was also buying gas condensate for \$1.25 per 1,000 cubic feet, when the international price was around \$18.

The Western interest in Kazakhstan, its rich mineral resources and its high profile among all the five republics encouraged many foreign investors. In April, Indonesia President Suharto signed several agreements in

Almaty. He was followed by German President Roam Herzog, who met with some of the 550,000 ethnic Germans still living in Kazakhstan.

Although several cooperation agreements were signed, neither country made it any easier for ethnic Germans to leave their homes and resettle in Germany. Nazarbayev also refused to allow funding for any special German schools or language training, in case it increased ethnic tensions in the country.

In May, Nazarbayev visited South Korea, signing several economic agreements. On June 13, Turkish President Suleyman Demirel signed contracts in Almaty for a Turkish-funded 954 megawatt power plant at Aktubinsk. After visiting religious sites in the south, he donated \$35 million for restoration work and the construction of a new Turkish-Kazakh University.

Kazakhstan also played a major role in trying to end the civil war in Tajikistan, hosting United Nations-sponsored talks between the Tajik government and rebels in Almaty in May. Despite Nazarbayev's personal intervention on several occasions, the talks ended in failure after 11 days.

Perhaps the most substantial agreement was the finalisation of a new trade route between Kazakhstan, Kirgystan, China and Pakistan, using the Karakorum Highway through northern Pakistan down to Karachi port. Pakistan plans to improve the 20,000-foot high mountain road, only open in summer, to make it an all-weather road. A major foreign policy concern for Kazakhstan was the development of export routes out of the landlocked country which did not use Russian ports.

Kazakhstan Data

Basic Data

Area: 2,717,300 square kilometers

Population (1993): 17 million

Ethnic composition: Kazakh 41%, Russians 37%, 100 other ethnic groups

Labour force: 9.2 million

GDP (1993): \$24.73 billion (1992: \$28.6 billion)

Military

Army: 63,000 men under joint CIS control

Nuclear weapons: ICBMs

Air Force: 40 bombers

National forces: to be formed with 5,000 men

Kirgyzstan

The exception to the lack of democracy in Central Asia has been the tiny Republic of Kirgyzstan under non-communist President Askar Akayev. But in trying to ensure that opposition parties can operate and that parliament is functional rather than a rubber stamp, the president has met with serious political and economic problems in this largely nomadic country, where the people are more concerned about their falling living standards.

On February 5, some 2.3 million Kirgyz shepherds turned out to vote for 1,400 candidates for the new 105-seat parliament or Yogorku Kenesh. But with only 161 candidates representing 12 registered political parties, with the rest standing as independents, the result was a free-for-all that confused voters and led to only a poor 43 per cent turnout. Many people said they did not vote because economic hardship prevented them from wanting to participate in politics.

Several former communists were elected to parliament, reflecting public antagonism to the spate of economic reforms and privatisation carried out by the government under International Monetary Fund guidelines. Moreover, during the past 18 months there have been frequent cabinet changes, intense power struggles and massive corruption scandals within the ruling elite which have disillusioned many people.

Facing a dire economic meltdown despite aid from the IMF, the United States and Japan, Akayev was forced to claim even more powers for the presidency to give him more control over the economy and stamp out rampant corruption. Falling GDP, large-scale unemployment, rising inflation and the lack of foreign investment continued to make it difficult for the country to provide even basic services to many people.

However, there was some foreign aid. On May 30, the Agha Khan arrived on a state visit after visiting his Ismaili followers in Tajikistan. The Agha Khan promised to help Kirgyzstan develop roads and other projects. A few days earlier Akayev had visited Manila in order to extract more aid from the Asian Development Bank. The ADP gave \$60 million in loans to finance the privatisation of agricultural land and renovation of the power and heating plant in Bishkek, plus \$5 million in technical assistance. The ADP is also supporting a loan package to small farmers as the government tries to eliminate large communes. On July 11, the International Finance Corp. said it would provide \$40 million towards financing a private-sector gold-mining project near the lake of Issyk Kul.

Kirgyzstan remains the darling of the international donor agencies because of its commitment to democracy and economic reform, but its lack of resources and its severe, landlocked geography make it difficult to attract either tourists or foreign businessmen.

Kirgyzstan Data

Basic Data

Area: 198,500 square kilometers

Population: 4.6 million

Ethnic composition: Kirgyz 56.5%, Russians 17.5%, Uzbeks 12.9%, 80 other ethnic groups

Labour force: 1.75 million

GDP (1993): \$3.92 billion (1992: \$3.67 billion)

Military

Army: 8,000 men under joint CIS control

National forces: to be formed with approximately 5,000 men

Tajikistan

The civil war which has continued unabated since 1992, claiming 30,000 dead and displacing hundreds of thousands of people, has devastated Tajikistan's economy and forced the government to depend increasingly on military and economic support from Russia and Uzbekistan. During 1995, United Nations-sponsored peace talks between the government of President Imamali Rakhmanov and armed Islamic opposition groups, who have their bases in northern Afghanistan, failed to yield any positive solution. The government's attempts to legitimise itself through elections were also unsuccessful.

During the winter months, fighting continued on the Tajik-Afghan border as Islamic rebels mounted raids into Tajikistan from Afghanistan. A Russian border force of some 25,000 men were involved in frequent clashes with the rebels. On January 3, six guards were killed by rebels on the border; two days later, Russian guards shot dead some 15 rebels.

A so-called cease-fire concluded in September 1994 under the auspices of the UN was due to expire on February 6. Although it was extended to the end of March, neither side took much notice, despite the presence in Dushanbe of some 17 UN military officers who monitor the accord. By the end of the year there were some 70 UN officers monitoring the cease-fire.

On February 26, the government held elections for a new 181-member parliament in a desperate attempt to try to legitimise itself. Reminiscent of polls during the communist era, the only candidates allowed to stand were those who supported Rakhmanov. The turnout was reported to be 85 per cent, even though the president's writ only runs in about half the country. The United States and Europe had refused to send observers to the elections, saying they could not be fair.

On Islamic opposition refused to take part and condemned the polls as a conspiracy. The only legal opposition party allowed to stand for just five seats – the People's Unity Party, led by former Prime Minister Abdumalik Abdullahdzanov – pulled out of the polls just two days before voting began, because of what it called "the anti-democratic practices by the Rakhmanov regime." The government did not seem to care.

On November 6, 1994, Rakhmanov had held presidential elections, which he won, even though the UN, Russia and Western countries had warned him that such polls were meaningless without the Islamic opposition being allowed to participate. That election also included voting on a referendum for a new constitution which gave the president even more powers, and which the new parliament now endorsed.

Fighting continued despite the cease-fire and the elections. At least eight Russian soldiers, part of the 25,000-strong CIS contingent propping up the regime, were killed by Tajik guerrillas in separate incidents in the capital Dushanbe. Dozens of rebels were killed in gun fights along the Afghanistan-Tajikistan border. Despite the government's best attempts, the elections did little to legitimise the Rakhmanov regime.

In March, UN Undersecretary-General Aido Ajello held four days of talks with the government in Dushanbe, and then arrived in Islamabad to meet with the Tajik opposition. The opposition's demands that Russian troops pull out of Tajikistan, prisoners be freed and a neutral interim government be established until fresh elections could be held, were constantly rejected by the government. One rebel leader, Akbar Turanzoda, warned on March 6 in Islamabad of an escalation in hostilities unless the Tajikistan government was more accommodating. Sporadic fighting continued.

In April, border guards killed 200 rebels on the Afghan border from an attacking force of some 600 rebels, who mounted a spring offensive against government outposts. Using heavy artillery and helicopter gunships, Russian border guards fought pitched battles with the rebels, who had laid siege to several government outposts. Some 40 Russian guards were also killed in these encounters.

The UN Special Mediator on Tajikistan, Piriz Ballon, escaped death near Dushanbe on April 10 when a mine blew up a military truck that was escorting his car. Russian planes bombed rebel bases in the Afghan province of Taloqan on April 14, resulting in protests from the Afghan regime of President Burhanuddin Rabbani and serious tensions with Kabul.

Fighting also spread to the Pamir region of Gorno-Badakhshan where the Pamiris were fighting a separate war demanding autonomy and even independence from Tajikistan. On April 14, some 50 rebels and six border guards were killed near Khorog, the capital of the region. By the end of April, Moscow had sent an extra 2,000 troops to Khorog to confront the rebels, who in turn accused Russia of breaking an agreement not to station additional Russian troops in the Pamirs.

Another round of UN-sponsored talks began in Moscow on April 16, but were broken off by the rebels after slurs made against them by the Russian Foreign Minister Andrei Kozyrev. The UN later persuaded the rebels to return to the negotiating table. On April 22, four foreign ministers from Russia and the republics issued a statement demanding an end to the civil war and direct talks between Rakhmanov and rebel leader Abdullah Nuri, who is based in Iran.

On May 14, the government arrested 20 rebels in Dushanbe, apparently for plotting to kill Rakhmanov. Nevertheless, Rakhmanov traveled to Kabul on May 17 to hold direct talks with Abdullah Nuri. Little progress was made, but after three days both sides signed a declaration of good intentions, and promised to meet in Almaty a week later. Subsequent talks lasting 11 days in the Kazakh capital also yielded no concrete results, though the official cease-fire was extended for another three months.

Meanwhile, faced with war in Chechnya, Russia beefed up its forces in Tajikistan and appointed the hawkish Gen. Valentin Bobryshev as the new commander of Russian border forces in Tajikistan. Despite extra pay, discipline among the border guards had been deteriorating rapidly because of the harsh conditions, frequent attacks by the rebels and no sign of peace being in sight. As many as 1,000 of the Russian and Central Asian guards were reported to have deserted over the past two years.

On the diplomatic front, Rakhmanov continued to be snubbed by most world leaders. However, in May the Agha Khan visited Dushanbe and the Pamir region, where large numbers of the Ismaeli community live. He promised to give considerable help to develop roads, agriculture and education in the area through the Agha Khan Development Network, despite the continued fighting. The Agha Khan was concerned about the

desperate plight of the Ismaelis living in the Pamirs, who were cut off from the outside world.

In July, Rakhmanov visited Iran and publicly asked President Rafsanjani for help to end the civil war in Tajikistan. Although Iran had backed the rebels in the past and several rebel leaders continued to live in Teheran, Iran had for some time tried to play a conciliatory role in the conflict. Some 12 agreements were signed between the two countries, and Iran gave \$10 million in credits to Tajikistan.

The economic crisis in Tajikistan continued to worsen, as the government was incapable of either providing effective security to the population or ensuring that industry and commerce continued to run. Most factories in the republic have already closed down or are running at much-reduced capacity, due to the shortages of raw materials and spare parts and the lack of technical personnel, many of whom have fled the republic.

Moscow continues to subsidise heavily the prices of basic commodities such as bread. On May 15, the government introduced the Tajik rouble, which was to be backed by the Russian rouble. This led to another round of price rises in major population centres.

The civil war in Tajikistan, along with the conflict in Afghanistan, remains one of the most pressing concerns for all the Central Asian Republics. The fact that the conflict involves Islamic fundamentalism, escalating ethnic and clan rivalries and hatreds and allows Russia to maintain a major military presence in the region, continues to give concern to all the regional capitals. However, there is no indication that either side is yet willing to compromise sufficiently to allow a peace agreement to take shape.

Tajikistan Data

Basic Data

Area: 143,100 square kilometers

Population (1993): 5.8 million

Ethnic composition (1993): Tajiks 58.5%, Uzbeks 23%, Russians 2%

Labour force: 1.9 million

GDP (1993): \$2.52 billion (1992: \$3.79 billion)

Military

Army: 25,000 Russian troops

Some 2,000 troops from Uzbekistan, Kazakhstan and Kirgызstan

Estimated 5,000 rebel forces based inside country and in Afghanistan

Turkmenistan

Turkmenistan continued on its path of authoritarian rule under President Saparmurad Niyazov, with opposition parties banned and a massive personality cult built up around the president. Earlier hopes that Turkmenistan would be able to tie up lucrative deals to build pipelines, so that it could export its vast resources of natural gas to Europe, remained on the drawing boards, due to the lack of international funding and political unrest among its neighbours.

In 1994, Turkmenistan's hand-picked parliament had extended Niyazov's term as President unconditionally until the year 2002. In parliamentary elections on December 12, 1994 to a new, smaller 50-man parliament, there were only 50 candidates from the ruling Democratic Party for all the seats. Naturally, they all won; members of opposition groups were either in jail or had gone into exile in Moscow.

In view of Turkmenistan's oil and gas riches, Niyazov had promised that he would turn his country into a new Kuwait. But so far there is no pipeline as an outlet for these products, except through Russia, which has been demanding higher and higher fees for the transit of Turkmen gas. There are plans to develop gas pipelines through Iran and Turkey to Europe, and another pipeline through southern Afghanistan and Pakistan via Karachi. But these are still on the drawing boards, because of the continuing civil war in Afghanistan and the unwillingness of Western donor agencies to fund building projects in Iran.

In January the president visited Turkey to try and seek funding for a \$6 billion gas pipeline through Turkey to Europe, but talks on financing the deal were not finalised. Meanwhile, a Spanish company was carrying out a \$900 million feasibility study for a gas pipeline, from Kushka on the Afghan border to Herat and Kandahar in Afghanistan, and on to Quetta and Karachi in Pakistan. Such a pipeline is unlikely to be built until the war in Afghanistan comes to an end.

In April, Turkmenistan, Iran and India signed a trade pact in New Delhi to allow India access to trade with Turkmenistan through the Iranian port of Bandar Abbas, on the Arabian Gulf. India will thus be able to bypass Russia and war-torn Afghanistan in developing its future relations with Central Asia.

The new railway link between the Iranian town of Meshad and Sarakh, on the Turkmen border, now allows Turkmen goods to be exported directly through Bandar Abbas. However, Iran remains apprehensive about

allowing the transit of Turkmen gas exports, because of the effect they may have on exports of Iranian gas.

On March 3, Turkmenistan took the lead in calling for a summit on cleaning up the highly polluted Aral Sea. All five Central Asian leaders participated in the meeting, which set up a fund to study the problem. The World Bank has given \$40 million to conduct a study on how the sea can be saved.

Turkmenistan has maintained strict independence, refusing to join organisations based in the Commonwealth of Independent States or to participate in plans for integration of the Central Asian states. However, at the same time, the president has firmly linked the country's security and defence forces with those of Russia through a series of military pacts, ensuring that Russia does not interfere politically in the republic.

Despite its vast gas and other mineral resources, Turkmenistan's geography – trapped between the war-torn Afghanistan and an unacceptable Iran – has made it extremely difficult for the country to attract foreign investment. Moreover, Niyazov's harsh authoritarian rule, media censorship and lack of economic reforms have made the country a natural target for international human-rights groups and led to a dampening of outside interest in the country.

Turkmenistan Data

Basic Data

Area: 488,000 square kilometers

Population (1993): 3.9 million

Ethnic composition: Turkmen 72%, Uzbeks 13%, Russians 12.6%

Labour force: 1.85 million

GDP (1993): \$5.16 billion (1992: n.a.)

Military

Army: 34,000 men under joint CIS control

National forces: to be formed

Uzbekistan

President Islam Karimov, a former communist party member, has held a firm grip on Uzbekistan since independence, banning opposition parties, maintaining a large state-run economic sector and being slow to liberalise either politically or economically. Moreover, he has played an

increasingly important regional role, which makes leaders of the other Central Asian republics both suspicious and anxious.

Karimov held two rounds of elections on December 25, 1994 and January 15, 1995 for a new 250-seat parliament or Oli Majlis. His People's Democratic Party or PDP (the former Uzbek communist party) won 231 seats, with the remainder going to close allies in the Party of National Progress, which Karimov himself set up two years ago. Turnout was again reported to be 93 per cent, with government officials forcing voters to vote. However, it was also reported that in at least seven constituencies re-polling had to be carried out because the initial turnout was less than 50 per cent.

Opposition parties, whose members have mostly been jailed or gone into exile, have been banned since 1992 and were barred from standing in the elections. The strident Uzbek nationalist groups who oppose continued Russian influence in Central Asia have been eliminated, while the Islamic fundamentalist opposition remains strong, especially in the Ferghana valley, though it has been driven underground. The government did not bother with the formality of inviting foreign observers to the elections.

Following the trend in other Central Asian states, Karimov then held a referendum on March 26 to extend his presidency until the year 2000. The government claimed that there was a 90 per cent turnout by the country's 11 million voters, of a total population of 22 million. By deciding on the referendum, Karimov avoided the politically sensitive decision of holding presidential elections, which were due later in 1995. Most Central Asian leaders have used the same tactic to avoid elections and having to face up to the problem of candidates standing against them.

On March 3, Karimov joined other Central Asian heads of state at the special summit to discuss the clean-up of the Aral Sea. With much of the sea located in western Uzbekistan, and the drying up of its waters having led to severe ecological and economic damage to the entire region, Karimov was at pains to try to persuade his fellow leaders to contribute to the clean-up, for which the World Bank has already given \$40 million.

Former Turkish Prime Minister Tansu Ciller visited Tashkent on July 7 for two days. She inaugurated a new theme and cultural park called "Tashkent Land," a \$100 million project built by the Turkish private sector. Ciller also announced a new \$200 million credit line for Uzbekistan and signed four agreements to expand trade ties. She stresses that Turkey, which has 172 joint ventures in Central Asia and has invested over \$1 billion there over the past four years, would continue building closer links with the region, despite Turkey's own severe economic problems.

Pakistan, meanwhile, has 54 joint ventures with Uzbekistan, worth some \$72 million. Pakistani delegations signed several new agreements with Uzbekistan, including the avoidance of double taxation, a continued credit line of \$30 million which had initially been given in 1992, and organising trade fairs. Prime Minister Benazir Bhutto visited Tashkent; both countries have a common policy in Afghanistan, which is to oppose the government of President Burhanuddin Rabbani and back Uzbek warlord Gen. Rashid Dostum.

Other foreign investment in Uzbekistan remained small because of the slow pace of economic reforms. On March 31, the World Bank gave Uzbekistan \$160 million for its promised privatisation and economic reform programme and to help ease the country's shortage of foreign exchange. This loan followed a cooperation agreement in 1994 between Uzbekistan and the International Monetary Fund to develop the country's private sector and initiate major economic reforms. However, Karimov has been particularly slow in implementing many parts of the agreement.

On May 27, Newmont Mining Co. of the United States announced that it would start work on a \$225 million project to develop the gold mine in Muruntau, in the Kizil Kum region. The European Bank for Reconstruction and Development raised \$105 million for the project – the first syndicated loan ever raised for Uzbekistan.

Uzbekistan has continued to play a major regional role. It has backed the government of Tajikistan in its war with Islamic rebels by providing military aid and military technicians as well as pilots to Dushanbe. Tashkent is also providing military support for Dostum in northern Afghanistan. In 1995, Dostum received ammunition, spare parts and fuel for his tanks and aircraft, as well as an unknown quantity of tanks from Uzbekistan.

At the same time, Karimov has repeatedly snubbed Turkmenistan's attempts to build a gas and oil pipeline for itself through Iran and Turkey to Europe. Karimov remains adamant that Uzbekistan must be a part of any new regional pipeline to the West.

Uzbekistan's relations with Russia have remained a mixture of defiance and surrender. Karimov remains militarily dependent on Russia, especially for Moscow's containment of the civil war in Tajikistan, where the local Uzbek population is opposed to the Islamic rebels and has backed the government fully. At the same time, Karimov has tried to appear as an Uzbek nationalist by defying the Russians over such issues as the granting of dual nationality to Russian settlers in Uzbekistan – something which the much weaker Turkmenistan has already conceded.

Uzbekistan with a population of 22 million, over 50 per cent of whom are under 20 years old, is facing a continuing economic crisis, growing unemployment, rising prices and a weakening of its currency. Despite the considerable mineral resources in the country, foreign investment has remained small because of the authoritarian style of the Karimov regime, the sluggish bureaucracy and the lack of reforms and modernisation.

Despite an apparent political calm, there is a growing Islamic movement in the Ferghana valley in the east of the country. With Uzbekistan's size, population and clout, no government in the region can afford to ignore the country or its post-communist leadership. Despite the fears and suspicions he generates in the Central Asian region, Karimov has been slow to play a more positive role in bringing the five republics together in a more productive programme of economic integration.

Uzbekistan Data

Basic Data

Area: 447,400 square kilometers

Population (1993): 21.9 million

Ethnic composition (1993): Uzbeks 71%, Russians 10.8%, Tajiks 4%, Tartars 4.2%

Labour force: 8.11 million

GDP (1993): \$20.43 billion (1992: n.a.)

Military

Army: 15,000 men under joint CIS control

National forces: one brigade of 700 men