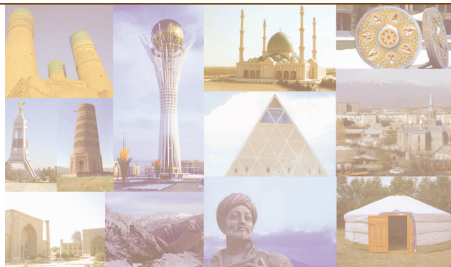


# CENTRAL ASIA OBSERVATORY

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The Central Asia Observatory (CAO) was established in 2007 by three institutions that are interested in the area: Casa Asia, CIDOB Foundation and Royal Institute Elcano



CASA ASIA



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UZBEKISTAN



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Bimonthly article

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## Highlight

The overall situation in Uzbekistan in the period September-October 2008 was in flux. Uzbekistan's leadership seems to be making efforts to overcome the negative consequences of international isolation caused by the Andijan events in May 2005 and international criticism concerning Islam Karimov's third term of presidency, which started after the December 2007 presidential elections.

## Internal affairs

An important event in September was the opening of the Management Development Institute of Singapore in Tashkent (MDIST), a new higher education institute that fully meets modern international requirements and standards of education. MDIST graduates will receive two diplomas, Uzbekistan's Diploma and the internationally recognized British Bachelor of Economics.

The event on 2-3 October, entitled "Liberalization of Mass Media - An Important Component of the Democratization of Society", was co-sponsored by the EU and the Uzbek government. It was a meeting of local and international media and NGO representatives, devoted to discussing the issue of media freedom in Uzbekistan. According to the international participants, among which Amnesty International, La Fédération Internationale des Droits de l'Homme, Human Rights Watch, Institute for War and Peace Reporting, International Crisis Group and Open Society Institute, this seminar cannot in itself be seen as an indicator of a change of attitude by the Uzbek authorities prior to the meeting of EU foreign ministers on 13 October, at which the subject of European sanctions on

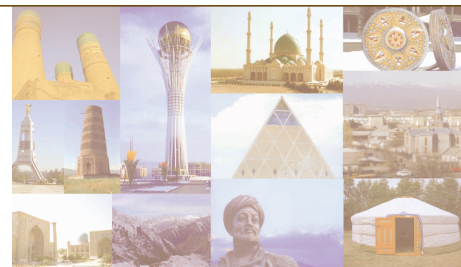
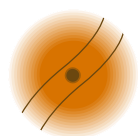
Uzbekistan was expected to be considered.

"The EU must not close its eyes to the harsh realities that journalists face in Uzbekistan", these organizations stated. "There was no hint of acknowledgement from the Uzbek side that the country's media are neither free nor independent, that journalists and others are regularly imprisoned for expressing their opinions, that access to critical external internet sites is blocked, and that foreign journalists are not allowed accreditation to cover the country from within". International human rights organizations concluded that Uzbekistan must:

- end state censorship of all forms of protected expression;
- cease harassment and intimidation of independent journalists working in the country;
- lift reporting restrictions on all domestic and international media outlets;
- promptly and unconditionally release journalists wrongfully detained for their professional activities and others detained for exercising their freedom of expression;
- allow international media outlets, including those that have been forced to stop working in Uzbekistan, to register their bureaus and grant accreditation to international journalists;
- require public trials in line with Article 11 of the Universal Declaration of Human Rights and Article 14 of the International Covenant on Civil and Political Rights, by allowing Uzbek and foreign journalists and other independent monitors to cover criminal proceedings from inside the courtrooms;

Against this backdrop, the special decision of the Cabinet of Ministers of the Republic of Uzbekistan N° 207 was accepted on 12 September 2008, confirming the National Actions' Plan on Realization

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of ILO Conventions N° 138 concerning Minimum Age for Admission to Employment, and N° 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, which have been ratified by the Republic of Uzbekistan

## Foreign and International Policy

Developments in October were quite dynamic, not least owing to the impact of the Russian-Georgian war in August 2008. The split of South Ossetia and Abkhazia from Georgia symbolized what can be called the reordering of the post-Soviet space under Russia's aegis. It seems that the Russo-Georgian war is a demonstration that Russia has embarked upon a new grand strategy – to return the former Soviet republics into its orbit by any means. However, this strategy strongly resembles the old Soviet politics.

Uzbekistan and other Central Asian countries found themselves in a quandary in terms of their attitude toward the events in the Caucasus. Uzbekistan could not add its voice to Western criticism of Russian actions against Georgia, nor could it express full support of Russia. Such a tongue-tied position was especially demonstrated at the Shanghai Cooperation Organization (SCO) summit on 28 August 2008. The SCO member states did not support Russia's military campaign in South Ossetia and Abkhazia and simply expressed the view that Russia is recognized as playing a crucial role in the Caucasus - a fact that is obvious without the Georgia-Russia conflict.

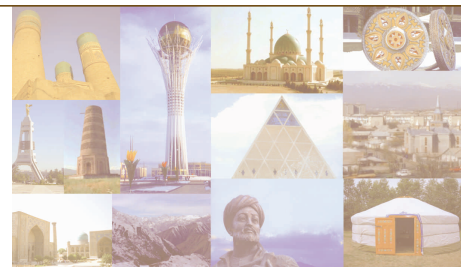
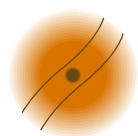
The Collective Security Treaty Organization (CSTO) summit was held on 5 September. The Organization's Secretary-General Nikolay Bordyujka stated that the CSTO member states were to create a new military structure in Central Asia. He said that "all the CSTO countries are concerned with the appearance around them of different military objects, such as ABM defence facilities". He even emphasized that it would

be necessary to restore certain elements of the former Soviet military infrastructure. This seems to be an excessively ambitious aspiration given the fact that none of the CSTO countries, barring Russia, have hitherto expressed the same kind of concerns outside the Organization's meetings.

President Islam Karimov paid an official visit to Azerbaijan on 11 September 2008. Following talks, the two countries signed intergovernmental agreements on tax cooperation and information exchange, the mutual protection of confidential information, humanitarian cooperation, the development of trade, economic, scientific and technical cooperation, measures to increase railway cooperation and develop joint transportations, as well as interagency agreements on cooperation in the sphere of environment, information and communication.

Latvian President Valdis Zatlers visited Tashkent on 8 October 2008, marking the first visit by the leader of a European country since the imposition of EU sanctions on Uzbekistan for using force against unarmed civilians in Andijan (May 2005). In addition to mirroring the development of bilateral relations, this visit symbolized the EU's readiness to improve relations with Uzbekistan.

On 9-10 October, President Islam Karimov visited Bishkek, where he took part in the meetings of the CIS Council of Heads of State and the Interstate Council of the Eurasian Economic Community (EurAsEC), as well as the Summit of Heads of States of Central Asia. The main issue at the CIS summit was the discussion of the Commonwealth's economic development strategy. This document is based on the level of development, capacities and capabilities of each CIS member country, and the strengthening of long-term economic cooperation and the intensification of economic integration processes. The adoption of such an ambitious "strategy", however, contrasts with the serious crisis facing the



CIS. The Commonwealth can hardly have a single strategy for all 11 members without encountering other sub-CIS strategies of smaller groupings, such as EvrAsEC, Central Asia, GUUAM and Russia-Belarus Union.

Finally, on 30 October the World Economic Forum (WEF) on Europe and Central Asia was held in Istanbul (Turkey). Despite being invited to this Forum, Uzbekistan surprisingly refused to participate. This non-participation reflects the uncertainty of Uzbek foreign policy, its painful gesture between international self-isolationism and engagement. Despite the widely recognized uniqueness of the WEF as a platform for enhancing economic cooperation and presenting countries' economic potential as well as attracting new investments and partners, Tashkent's decision to ignore the WEF is more than likely politically motivated.

### **Economy and business enterprise**

One of the main economic issues of the period concerned was the cotton-picking campaign. For the first time ever, the President stated that the campaign would only last until the end of October ("traditionally" -and in the Soviet manner- the cotton picking campaign always lasted until mid-December and included the extensive use of children and students). This year the policy in this field appears to be changing.

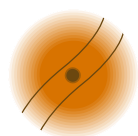
Austria, Germany and France have been forging active ties with Uzbekistan in the course of these two months. On 15 October, the cooperation exchange started in the city business centre, with the participation of representatives of business circles of Uzbekistan and Austria. The event was organized by Uzbekistan's Ministry of Foreign Economic Relations, Investments and Trade, the "Uzinfoinvest" Agency and the Federal Chamber of Economy of Austria.

The forum was geared to expanding bilateral trade and economic and investment cooperation. Participating in the event were Uzbek companies and organizations operating in the fields of oil and gas, energy, automotion, aircraft production, textiles and light industry, pharmaceuticals, construction, agriculture and water management, food processing and chemical industries, transport and transport communications, and tourism. The Austrian delegation, headed by the Vice-President of the Federal Chamber of Economy, Richard Shenzen, included representatives of various companies, among which BSH International (ventilation and fire-fighting technology), Emco Maier Gessellschaft (technologies for metal processing), Agrana Beteiligungs (food), Jet Alliance Holding (consulting services), Tiroler Roehren-UND Metallwerke (pipe production), SY-LAB Gerate (cosmetic and pharmaceutical products).

The Uzbekistan-Germany business forum was held in Tashkent on 14 October. The event was organized by the Ministry of Foreign Economic Relations, Investments and Trade, the Chamber of Commerce and Industry, the "Uzinfoinvest" agency, and the German Federal Ministry of Economy and Technologies. The forum was devoted to expanding bilateral economic and investment cooperation, and was attended by ministry officials, departmental heads and company representatives from the two countries, encompassing numerous fields: investments, fuel and energy, banks and financing, construction, machinery building, agriculture, chemical industry and transport.

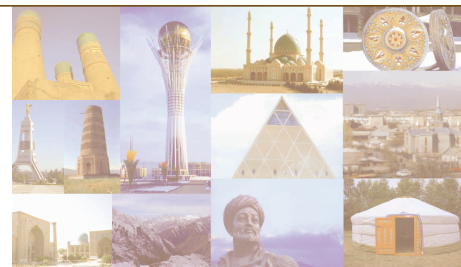
The German businessmen received detailed information on the priority thrust of Uzbekistan's drive to attract investment. They were familiarized with the wide-scale privatization process, reforms in the economy, particularly in the small business sector.

Germany is one of Uzbekistan's largest investors. About 100 projects worth over  $\approx$  1 billion have been implemented in the country with participation of



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German investors. Commodity turnover amounted to \$328.9 million. In January-August 2008, this figure increased 23.8% against the same period last year. Almost 140 joint ventures created with German companies currently operate in Uzbekistan, along with some 60 branch offices of the German companies, operating in the areas of light industry, medicine and pharmaceuticals, trade, agricultural products processing, transportation of cargo and passengers and car servicing.

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