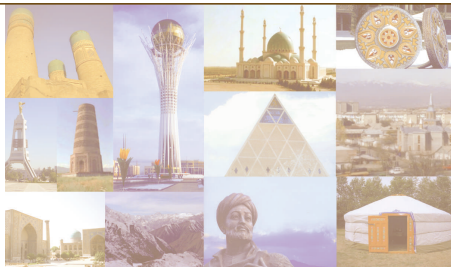


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UZBEKISTAN



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Bimonthly article

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Highlight

The period January-February 2009 was not only symbolical as the beginning of the year but also the beginning of a new shift in Uzbekistan's foreign policy. This, not accidentally, coincided with the swearing in of the new U.S. president, Barak Obama, who promised to spur U.S. policy in Central Asia, particularly in Afghanistan. It was a dynamic and much promising start to the year for Uzbekistan, which is trying to demonstrate its new assertiveness.

Internal affairs

14 January is celebrated every year in Uzbekistan as the Day of Defenders of Homeland.

On 13 January, President Islam Karimov made a special speech to mark the 17th anniversary of the Military Forces of Uzbekistan. He highlighted the country's achievements throughout the entire independence period in the field of military build-up. The strategic goal in this sphere has been the creation of a modern, mobile and well-equipped military force, capable of providing for Uzbekistan's security, stability and territorial integrity. The President referred to the programme that is currently underway to reform the armed forces, highlighting certain elements in this respect. More particularly, he underscored such elements as the ongoing professionalization of the army, military education and officer training, the formation of military districts and the quality of military service. Special attention focused on the technical supply and equipment of the army. He also addressed the issue of further advancing these reforms on the basis of an in-depth assessment of all the threats and challenges to Uzbekistan's national security, and by giving priority to training the military forces for local operations

targeting irregular forces (terrorist groups and others).

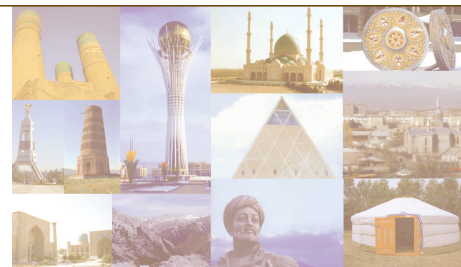
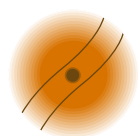
Foreign and International Policy

The President of the Russian Federation, Dimitri Medvedev, visited Uzbekistan on 22-23 January 2009, marking his first state visit to a foreign country. A large retinue of officials and businessmen accompanied him. A day before negotiations began in Tashkent, President Karimov met Vagit Alekperov, the president of Russia's leading oil company Lukoil, to discuss future cooperation between Uzbek companies and Lukoil. This meeting was symbolic, signalling mutually beneficial Uzbek-Russian cooperation on the eve of the summit. Attention was drawn to Russian investments in Uzbekistan's oil production and the 2004 agreement between Lukoil and the state-owned UzbekNefteGaz, involving a \$3bn investment by the Russian company.

In the course of this bilateral summit, the parties discussed various areas of cooperation with a view to expanding investments beyond the energy sphere. Two issues -one regional and one international- were highlighted in this respect. 1) Karimov and Medvedev expressed their positions regarding the tension that has built up between Uzbekistan and Tajikistan over the building of the Rogan hydropower station, which Uzbekistan considers as a potential ecological threat and one that will trigger a water deficit in Uzbekistan. Karimov urged Russia to take a more prudent stand with respect to this water dispute between two Central Asian countries. 2) The two presidents discoursed at length on the situation in neighbouring Afghanistan.

On 4 February President Karimov took part in the CSTO session in Moscow, during which the representatives of the member states discussed the creation of a collective rapid-reaction force. Karimov

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stressed the importance of taking into account the national interests and national legislation of the member states as well as the regional status quo. This statement by the Uzbek leader sounded like a challenge: “national interests” could well be interpreted as Uzbekistan’s intended cooperation with the U.S. and NATO; “national legislation” in the case of Uzbekistan means that the country does not participate in any military block in keeping with its legislation; and “regional status quo” can be interpreted as referring to the regional status quo in Central Asia, notably tension between Uzbekistan and Tajikistan or between Uzbekistan and Kyrgyzstan; and also as referring to the CSTO’s inability to involve itself, as an organization, in Afghan affairs, which require more active involvement on the part of Central Asian countries.

It is interesting to note that soon after the CSTO meeting, the chief of U.S. Central Command General Petraeus visited Tashkent on 17 February. President Karimov and General Petraeus discussed U.S. and Uzbek positions regarding the transfer of non-military cargo from Europe to Afghanistan through Uzbek territory. Karimov expressed his readiness to cooperate with NATO and the U.S. on these matters. At the same time many observers began to speculate on the possibility of America returning to its Uzbek base, which it left in 2005. Speculation has been fuelled further in the light of Kyrgyzstan’s decision to close America’s Gansai airbase at Manas airport, a decision made just before General Petraeus’s visit to Tashkent. (It should be noted that Kyrgyzstan’s sudden decision contrasts with Uzbekistan’s new pro-Western foreign policy motion).

Turkmenistan’s President Gurbanguly Berdymuhamedov visited Tashkent on 24-25 February. At first glance, this visit was an ordinary event in terms of the official agenda for negotiations encompassing trade, energy, transport, tourism and humanitarian issues. Intergovernmental agreements were signed on border cooperation between the two

countries, along with various other routine agreements. The visit was nonetheless noteworthy in that it was the second visit by the current leader of Turkmenistan in the space of two years, contrasting starkly with his predecessor’s relations with the country. Observers spoke about the existence of a hidden agenda -as well as the declared agenda- between Uzbekistan and Turkmenistan, surmising that the two countries could be discussing more strategic issues, such as the situation in Afghanistan. This may well be true in the overall context of all Central Asian countries’ anticipation of the upcoming activation of an operation in Afghanistan.

Economy and business enterprise

President Karimov delivered his traditional speech before the Cabinet of Ministers on the economic outcome for 2009. Given the possible negative impact of the current world economic recession, he advanced his anti-crisis program, one that involves making investments in the technological modernization of economy.

On 27 February President Karimov received the Vice-President of the World Bank for Europe and Central Asia Region, Shigeo Katsu. During the meeting the Uzbek leader and the Japanese economist discussed the implementation of projects geared to enhancing the effectiveness of overall reforms in Uzbekistan, especially the realization of WB “Strategy on cooperation with the Republic of Uzbekistan for the period 2006-2009”. Reference was made to the more than 15 projects that have been implemented in Uzbekistan jointly with the WB, to the tune of \$1 billion. These projects encompass financial-economic, healthcare, education, environmental and other spheres. The two parties also discussed further cooperation between Uzbekistan and the World Bank, including a project on regional cooperation in Central Asia.

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