

# CENTRAL ASIA OBSERVATORY

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CASA ASIA



September 2009



UZBEKISTAN



JULY - AUGUST 2009

Bimonthly article

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## Highlights

This period attests to a new impetus in Uzbekistan's foreign policy towards the West and some distancing from Russia. Domestic policy was characterized by events marking two major celebrations. Social problems are nonetheless increasing, despite occasional Soviet-like reports highlighting achievements.

## Internal affairs

As far as domestic affairs are concerned, the entire July-August period in Uzbekistan has been ideologically saturated with ideological campaigning concerning two simultaneous holidays: the celebration of the 18th anniversary of the independence of the Republic of Uzbekistan on 1 September 2009, and 220th anniversary of the capital city Tashkent. Thus, 1 September was declared an official holiday. On 29 August, the eve of these two holidays, parliament traditionally adopted the Amnesty Act with the aim of releasing various criminals serving prison sentences.

By the time these celebrations were scheduled to take place, various new big, modern and beautiful building targets had been met in keeping with standard tradition, the main one being the Palace of International Forums, "Uzbekistan". This building will accommodate all major international forums, as well as cultural events and concerts. Uzbekistan presently chairs the Shanghai Cooperation Organization, so next year's SCO summit will be held in the Palace of International Forums.

Unfortunately on 29 August, during the month of Ramadan, a tragic event occurred in Tashkent. In the Kukcha district of the capital, a deadly clash

took place between police and an unknown militant group, resulting in the deaths of several policemen. The militants were neutralized.

## Foreign and International Policy

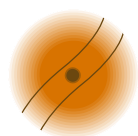
On 2 July a Spanish delegation headed by Foreign Affairs Minister Miguel Angel Moratinos visited Uzbekistan. As announced, the visit proved to be highly productive and successful.

From 12-13 July, a delegation of officials from the US government representing the White House, State Department and Defence Ministry visited Tashkent. The Deputy State Secretary for political affairs William Burns headed the delegation. President Islam Karimov and his Minister of Foreign Affairs Vladimir Nero received the American officials, who also met with other Uzbek officials.

During his meeting with William Burns, President Karimov described the visit as a proof of America's readiness to further develop relations with Uzbekistan on a constructive and pragmatic basis, taking due account of the long-term interests of both countries. The head of the U.S. delegation described the discussions held in Tashkent as a 'positive step' in bilateral relations and expressed hopes for achieving real progress in "our joint work in the upcoming months". He also expressed his gratitude to President Karimov for his contribution to joint efforts in Afghanistan and his support of the Northern Road for supplies and provision of electricity to Kabul and other Afghan cities.

Burns pointed out the real possibilities for further economic cooperation, trade and investments, as well as cooperation in the field of fighting terrorism, drug traffic and border security.

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This visit and a previous one by U.S. congressman Any Faleomavaega on 27-28 June would appear to symbolize a serious “new start” in Uzbek-U.S. relations following the swearing in of the new U.S. president Barak Obama. Uzbek-American relations had been frozen since the Andijan events of May 2005, so this new start may also represent a new thrust in the ongoing geopolitical competition between America and Russia in Central Asia.

In this respect, it should be noted that the recent decision in early August relative to the second Russian air-base to be deployed in Kyrgyzstan, just like the previous decision on 14 June 2009 concerning the CSTO Collective Rapid Reaction Forces, has served to exacerbate the geopolitical situation in the region insofar as it attests to a state of ‘collective confusion’ within the CSTO. Not only does it reflect the absence of strong collectivism over such a very sensitive issue as the application of military power to defend the national and common security of member states, but it also denotes the likelihood of new tensions springing up among them if a decision of this type is adopted. Uzbekistan once again demonstrated its strict and strong ‘no-support’ position regarding this decision relative to the second Russian base. At the same time, many observers argue that the decision was a kind of response to the prolongation of the U.S. military presence in Kyrgyzstan. And so the geopolitical game in Central Asia continues.

On 18 August President Karimov met with the chief of U.S. Central Command General David Petraeus. Karimov stressed the importance of further developing and broadening relations with the United States. Two sides discussed, inter alia, the situation in Afghanistan and problems concerning the reconstruction of this war-torn country, in particular the transfer of humanitarian aid to Afghanistan through Uzbek territory.

It should be noted that President Karimov had already met with General Petraeus in February this year. The political effect of this event was further strengthened

by the new (the second time this year) meeting of President Karimov and the U.S. Ambassador to Uzbekistan, Richard Norland, whom the President received in his office on 29 August. Details of that meeting were not announced barring one short announcement that the President and the Ambassador had discussed further bilateral and multilateral cooperation between the United States and Uzbekistan in the sphere of regional security and stability.

## **Economy and business enterprise**

On 17 July, the Cabinet of Ministers officially announced that GDP growth in the first half of 2009 had reached the high level of 8.2%, a statement endorsed by international financial associations. Growth in the spheres of industry, consumer goods, agricultural production, services and building works were respectively 9.1%, 13.1%, 4.6%, 18.5%, 32.5%. Real income increased 25.9%.

The Cabinet of Ministers also noted that despite the global financial-economic crisis, social-economic policy and timely anti-crisis measures had engendered a stable, balanced and sustainable development of the economy.

In a context of dwindling demand and lower prices for many export products, the key factor in terms of maintaining a sustainable economy is the development of domestic demand through the production of national goods manufacturers. This is achieved through programmes on the development of production and social infrastructure, household construction, services and the extension of local production.

Although this report seems quite positive, social problems are increasing and living standards are falling. This period was not so much economic as political.

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