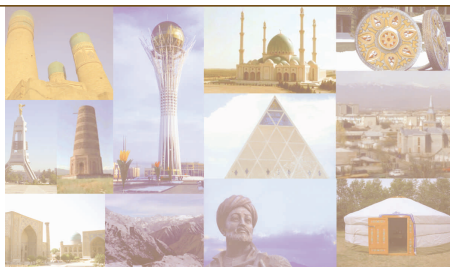


CENTRAL ASIA OBSERVATORY



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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Highlights

Uzbekistan in this period demonstrated certain stagnation in domestic policy and significant activation in its foreign -especially regional- policy. Moreover, Uzbekistan once again faced a serious security challenge sparked by the sudden massacre of Uzbeks in Osh, a city in southern Kyrgyzstan.

Internal affairs

President Islam Karimov adopted a decision on 15 May relative to the system of private notaries, a decision allegedly sparked by a negative tendency that has effectively discredited the institute of private notaries. According to official explanations, inspections of private notary activities revealed a number of serious breaches of norms established by law. In the last two years alone, 110 private notary offices have been sanctioned for breaking the law in varying degrees.

On 10 May the Senate adopted a similar decision, this time banning private medical practice by individuals. The Senate adopted new amendments to the Law "On protection of health of citizens", stating officially that private medical practice in Uzbekistan does not meet the requirements of qualified healthcare. For instance, failure to observe sanitary requirements triggered mass AIDS infections in state-owned hospitals.

These two decisions, ostensibly designed to improve the situation in these two spheres, have all the trappings of Soviet-style measures geared to reducing the scope of private business.

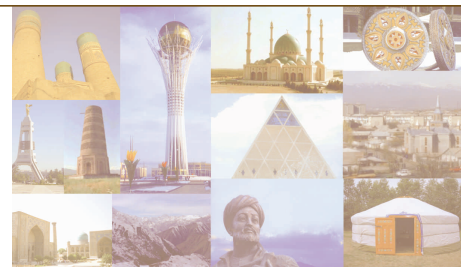
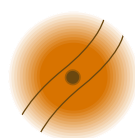
Foreign and international Policy

The Shanghai Cooperation Organization (SCO) summit was held on 11 June in Tashkent. Uzbekistan has been a Chairman of the SCO since the last summit. The presidents of SCO member-states adopted a provision regulating the entry of new members, thereby laying the foundations for the expansion of the Organization. Summit participants adopted the traditional declaration in which they expressed their concerns about the situation in Afghanistan, emphasizing the importance of post-crisis development.

The most important event of the period at international level was the tragic clash between ethnic Uzbeks and Kyrgyzs provoked by a third force -mostly related to former President Bakiev's supporters- in Osh and Jalalabad in southern Kyrgyzstan, beginning on 10 June. This clash led to the massacre of ethnic Uzbeks living in Osh where they constitute the overwhelming majority of the local population. Gangsters killed hundreds of Uzbeks and more than 100,000 refugees fled Osh to Uzbekistan. The event was a serious test for Uzbekistan's foreign policy in that a choice had to be made between interfering in the clash in order to protect Uzbeks and non-interference in the internal affairs of the other state. President Karimov decided to provide the refugees with shelter and Kyrgyzstan with humanitarian assistance.

A week after the outbreak of disturbances in Osh, America's assistant Secretary of State for South and Central Asia Robert Blake visited Uzbekistan's Andijan province where he visited refugee camps to assess the humanitarian situation. He was accompanied by the assistant Secretary of State for democracy, human rights and labour Michael Posner and the director of the US National Security Council Kurt Donnelly.

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Blake also met with the Uzbek foreign affairs minister, Vladimir Norov.

A few days later, Eric Schwarz, assistant Secretary of State for population, refugees and migration, visited Uzbekistan. He discussed the humanitarian situation in Kyrgyzstan with the government of Uzbekistan and with UN agencies and the International Committee of the Red Cross (ICRC).

The Uzbek government adopted urgent measures for delivering humanitarian aid to Kyrgyzstan and providing refugees with food, clothes, and medical and psychological assistance.

President Karimov had a telephone conversation on 17 June with the State Secretary Hillary Clinton and on 16 June with the UN Secretary General Ban Ki-moon. He informed them about the humanitarian situation in the region and discussed increasing international humanitarian assistance to Kyrgyzstan and Uzbek refugees.

These two major events, one positive and one tragic -the SCO summit and the massacre of Uzbeks in Kyrgyzstan- catapulted Uzbekistan to the forefront of regional events.

Economy and business enterprise

The president of the Asia Development Bank (ADB), Haruhiko Kuroda, announced on 1 May that the bank had extended a loan of US \$ 1 billion to Uzbekistan to finance infrastructure projects. Kuroda visited Tashkent on 1-4 May to participate in the 43rd annual meeting of the ADB. He signed a number of new projects for Uzbekistan in spheres such as energy, road construction, transport, water supply and micro-credits for the private sector. He also noted that Uzbekistan's economy had managed to withstand the impacts of the global recession and was set to achieve 8.5% GDP growth, one of the highest in the region.

The US ambassadors in Uzbekistan Richard Norland and the Republic of Korea Kathleen Stevens visited the city of Navoi to evaluate possibilities for investments in the Navoi free industrial-economic zone (FIEZ). Navoi international airport is being transformed into the main inter-continental transport-logistical centre for the South Korean airline and others.

Ambassador Norland said that the United States, South Korea and Uzbekistan want to stimulate economic development and enhance stability in all the countries of Central Asia. The American diplomats were taken on a tour of the airport's infrastructure.

Due to its modern facilities, Navoi airport will become a centre for cargo transport across Asia and Europe.

General Motors recently announced its decision to invest in the FIEZ and Ambassador Norland expressed his hope that American investors will soon start showing more interest in the FIEZ.

Observers and analysts argue that Uzbekistan seriously intends to develop transport-communication infrastructure as a strategic asset. The Navoi FIEZ and its airport has become a new brand of the Uzbek economy and mirrors its strategic status in the region.

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