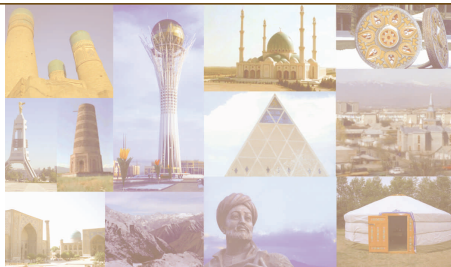


CENTRAL ASIA OBSERVATORY



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UZBEKISTAN



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Highlights

The November-December period was relatively dynamic and illustrative in terms of domestic democratic reforms and foreign policy activity. By the end of the year, the Uzbek leadership had managed to make a positive impression on domestic and international public opinion regarding its reform-prone posture.

Internal affairs

On 12 November in the joint session of both chambers of parliament, President Islam Karimov advanced two interesting initiatives: 1) In the event that the incumbent is incapable of continuing his obligations in power, these obligations should be transferred to the chairman of the Senate. 2) The party that wins the most seats in parliament should nominate the candidate for prime minister. In addition, members of parliament should be entitled to announce a no-confidence vote to the government. Although these initiatives sparked a great deal of interest among international observers and mass media, there was nothing really novel about them. In November 2006 the President advanced the Constitutional Law on increasing the role of political parties in terms of democratizing governance and modernizing the country. Under that law, any party faction in parliament can pronounce itself an opposition faction, and the nomination of the prime minister is made by the President after consultations with each faction. Since then, however, no faction has proclaimed itself to be in opposition, hence the scepticism generated by the President's new initiative, despite being really progressive and democratic in itself.

In December President Karimov issued a decree dismissing the hokim of Samarkand province of

Uzbekistan and appointing the mayor of Samarkand as governor of the region. The President has therefore corrected his cadre policy regarding local governmental bodies. The previous hokim of this province was believed to be prime minister Mirziyoev's protégé. The recent legislative initiatives and the dismissal of the Samarkand hokim are therefore likely to be the elements of the same chain.

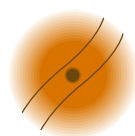
Foreign and international Policy

On 15 November, President Karimov received an EU delegation headed by the commissioner for development Andris Piebalgs. The President highlighted the dynamic development of Uzbek-EU relations. The EU representative appraised the economic situation in Uzbekistan in positive terms and spoke of the EU's interest in developing cooperation with Uzbekistan.

On 2 December, US State Secretary Hillary Clinton visited Tashkent and signed the agreement on scientific-technical cooperation between Uzbekistan and the USA. Under the agreement, the two countries will exchange information, experience and technologies, organize joint seminars, conferences and meetings, train scholars, experts and other technical specialists, and conduct joint scientific research. Scientific-technical cooperation encompasses the spheres of energy, information and communication technologies, biotechnologies, healthcare, nanotechnologies, agriculture and environment.

It should be noted, however, that this event did not spark any euphoria. Generally speaking, the visit of such a high-ranking US official to a Central Asian country would be viewed as an event of strategic importance. It may be assumed that on this occasion, Washington and Tashkent failed to demonstrate the

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strategic character of their relations. Democracy and human rights, traditionally at the forefront of the US agenda, were apparently not discussed during the Clinton visit. Uzbekistan is doubtless once again performing a pendulum policy between Washington and Moscow.

Indeed, an indirect sign of Tashkent's balancing policy was the session of the CSTO Council on 10 December in which President Karimov participated. The prospect of using CSTO forces in crisis resolution scenarios in member countries was seriously discussed, which is particularly significant in the light of Uzbekistan's rejection of this initiative until recently. Tashkent's readiness to discuss this issue should be viewed from the perspective of a new cycle of balancing between two great powers.

On 1-2 December, the OSCE summit took place in Astana, capital of Kazakhstan. The speech by Uzbekistan's foreign affairs minister, Vladimir Norov, contained three controversial statements: 1) Uzbekistan will only construct bilateral relations with Afghanistan and will not participate in any programmes and projects adopted on a collective or block basis, a stand that would appear to contrast with Uzbekistan's inclination to cooperate with NATO on Afghan affairs as reflected in the Uzbek-led "6+3" proposal for peace in Afghanistan, clearly a multilateral format. 2) There is no military solution to the Afghan problem and the coalition forces strategy is not yielding the expected results. This statement is also controversial in the light of the overall success of the coalition forces in Afghanistan since October 2001. 3) The OSCE and its structures did not play a positive role in preventing and neutralizing the bloody events in southern Kyrgyzstan in June 2010. It is not clear, however, how the OSCE might have played a role in the prevention and especially the neutralization of the massacre in June in Osh city. Moreover, the Kyrgyz authorities rejected any interference from the OSCE in that conflict, making it more difficult for the organization to play

a more positive role. Uzbekistan's participation in the last OSCE summit revealed some controversies in its foreign policy dealings.

Economy and business enterprise

On the occasion of Constitution Day on 8 December, President Karimov suggested calling the year 2011 "The Year of Small Business and Entrepreneurship". He pointed out that one of the priorities for 2011 will be to create maximal favourable conditions, preferences and privileges for the development of small business and private entrepreneurship. In the initial years of independence the share of small businesses in GDP was only 1.5%; by 2000 it was 31%. It presently stands at over 50%. In 2010 alone, the development of this sector of the economy generated 480,000 jobs. The President also said that GDP growth in Uzbekistan in 2010 was 8.5%.

President Karimov issued a resolution approving the programme on the priority development of industry in Uzbekistan for the period 2011-2015. The programme includes projects geared to the modernization and technical and technological renovation of basic sectors of economy. It includes 259 projects in the sphere of industry with a total cost of \$30 billion. In particular the programme earmarks \$23.05 billion for building new factories, \$5.2 billion for the modernization and reconstruction of existing companies and factories, and \$1.7 billion for technological renovation.

These projects will be financed with foreign investments and credits (\$20.49 billion) and own resources of companies and factories (\$6.284 billion), as well as the Fund for Reconstruction and Development of Uzbekistan (\$2.2 billion) and loans from commercial banks (\$1.08 billion).

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