

Russia to significantly boost military presence in Central Asia KQ-15

Vladimir Raquyuhin

MOSCOW: Russia will significantly boost its military presence in Kyrgyzstan amid speculations about a possible shutdown of an American air base in the Central Asian state.

Russian President Vladimir Putin said Russia would expand its air base in Kyrgyzstan.

"It is one of our priorities to continue building up the military base at Kant (airport)," the Russian leader said after talks in the Kremlin with visiting Kyrgyz President Kurmambek Bakiyev.

"This is a mobile operational component of the Collective Se-

curity Treaty Organisation's rapid deployment force in Central Asia, and we are interested in reinforcing it," Mr. Putin stressed. Even though the base operates under the aegis of CSTO, a Russia-led defence pact of former Soviet states, it belongs to Russia.

U.S. warned

Mr. Bakiyev said the Russian airbase "helps guarantee the security and stability, not only of Kyrgyzstan, but also of the Central Asian region as a whole."

Russia and the United States both have air bases in Kyrgyzstan, but last week Mr. Bakiyev

warned Washington its Ganci base at the Manas international airport will be closed down if no agreement is reached by June 1 on a 100-fold increase in rent payments for the base.

Russia's Air Force Commander Vladimir Mikhailov said earlier this year the Russian air base in Kyrgyzstan will grow 2.5 times bigger in personnel and aircraft. Russia will also lengthen one of the two air strips at the base to allow all combat and transport aircraft to use it. In future the airbase would enable Russia to significantly build up its air power in the region within 24 hours.

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THE HINDU

Iran grabs spotlight at Asian summit



Shanghai: Leaders of Central Asian countries converged on Shanghai on Wednesday for a security summit where they are likely to be upstaged by Iranian President Mahmoud Ahmadinejad and Iran's nuclear stand-off with the West.

Leaders of the Shanghai Cooperation Organisation's six members, China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, will meet in Shanghai on Thursday to discuss oil, terrorism and border controls.

Ahmadinejad is attending as an SCO observer.

They received a red-carpet reception as they arrived throughout the afternoon, with schoolchildren presenting bunches of flowers under each country's national flag before they were whisked off down specially cleared highways to the conference venues.

Students, civil servants and some workers in Shanghai have been given five days off as the city has all but closed down to ensure security.

A spokesman for China's Foreign Ministry, Qin Gang, said the members might discuss Iran's nuclear dispute with the United States and Western European powers, but that would not be the main topic.

"The main theme will be

the SCO's future development. Iran is an observer member, but the focus will be on the SCO itself," Qin said.

Iran is under increasing pressure to reply to a package of incentives and penalties offered by the five permanent members of the UN Security Council, which include China and Russia, along with Germany, aimed at persuading it to give up uranium enrichment.

If Iran rejects the package, the Western powers may push for UN-backed sanctions, a step China and Russia have resisted.

The SCO's proclaimed purpose is to fight what member states call "terrorist" and "separatist" threats to their rule, though opposition critics and human rights groups have said often these threats are only from unarmed opponents.

US-based Human Rights Watch said all six SCO countries had committed serious violations of humanitarian law in the name of counter-terrorism.

"Of particular concern are SCO members' records with respect to extraditions, renditions, extrajudicial executions, treatment of terrorism suspects in police custody, and the treatment of religious dissidents and of ethnic minorities who peacefully advocate independence," it said in a statement. REUTERS

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THE TIMES OF INDIA

Mid-day meal: Cabinet increases Central assistance

EXPRESS NEWS SERVICE
NEW DELHI, JUNE 16

THE Cabinet Committee on Economic Affairs has enhanced Central assistance to states for meeting the cooking cost in the mid-day meal scheme from the existing Rs 1 to Rs 1.50 per child per day. All states, except the seven North-Eastern states, would have to contribute 50 paise to meet the overall Rs 2 cooking cost. In the north-east, the Centre would provide Rs 1.80 and the states will chip in with 20 paise.

In an attempt to push better implementation of the scheme, the Centre will fund the states in the construction of a kitchen-cum-store in about six lakh primary schools at a cost of Rs 60,000 each. Another Rs 5,000 will be paid to each school for buying cooking devices.

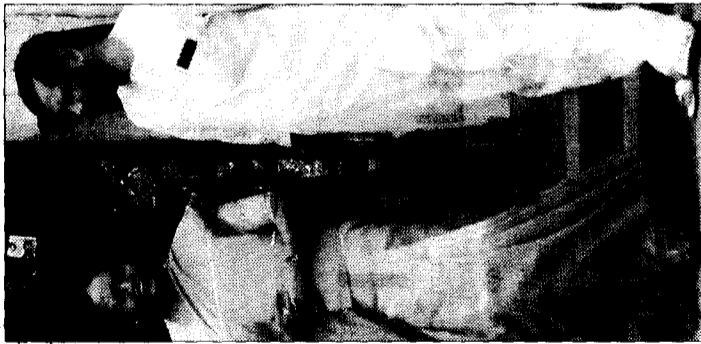
The CCEA approved the East-West Corridor Strengthening Scheme of the Power Grid Corporation at a cost of Rs 803.7 crore.

New offices for political parties in Capital

The landmark offices of the country's leading political parties will have to move out of the heart of the capital. The Cabinet has decided to allot them land in the institutional area in keeping with a Supreme Court directive. "This exercise is to be completed in three years," Defence Minister Pranab Mukherjee told reporters. He said a uniform and rational policy will be adopted for allotting land to political parties in the institutional area to enable their effective functioning. —PTI

nected grid between Eastern and Western India under various operating conditions.

The Cabinet Committee on Security (CCS) also met today and reviewed the internal security situation in the country, though Defence Minister Pranab Mukherjee said that "no decision was taken". The CCS also cleared a Memorandum of Understanding on Defence Cooperation between India and Peru.



Union Ministers Meira Kumar and Ramvilas Paswan in New Delhi

The scheme is expected to help maintain stability of the intercon-



Union Ministers Lalu Prasad and Santosh Mohan Deb in New Delhi on Friday. Photos by Ravi Batra

OTHER DECISIONS

- Mazgaon Dock's preference share redemption rescheduled
- 50 New Kendriya Vidyalayas approved
- Air Service pact between India and Iceland
- Bilateral Investment Agreement with Slovak Republic
- Funding of the Shastri Indo-Canadian Institute renewed
- India to sign International Convention for the Suppression of Acts of Nuclear Terrorism
- Nod for equity investment by RITES Limited in Tanzania Rail Corporation project
- Prison Modernisation Scheme extended
- Delhi Police Housing Corporation to be set up
- Circuit bench of Calcutta High Court at Jalpaiguri
- Bharat Ophthalmic Glass to be wound up
- National Fisheries Development Board approved

Central Asia opens energy door to India

TIMES NEWS NETWORK

Tashkent: India is poised for a breakthrough in its efforts to access Central Asia's vast hydrocarbons treasure. Uzbekistan on Wednesday said it will give exploration acreages to Indian firms without bidding in return for an equal share in the revenue from any discovery.

After his talks with Prime Minister Manmohan Singh, Uzbekistan President Islam Karimov told reporters that the arrangement with Indian firms will be similar to those in place with Russia, China, Korea, Malaysia and EU nations. The two countries signed three framework agreements specifying India's role in Uzbekistan's energy and minerals sector.

The Uzbek offer marks a change in India's fortunes in Central Asia. New Delhi's efforts at securing a foothold in the region's energy sector have so far been unsuccessful. In neighbouring Kazakhstan, for example, India failed to get a stake in the Kurmangazy field in spite of intervention by then PM Atal Bihari Vajpayee. Efforts to secure equity in Satpayev and Mukhambet fields too have hit snags.

6/8 2005

DROP BY DROP

- Three framework deals specifying India's role in Uzbekistan's energy and minerals sector signed
- Uzbekistan ready to give exploration acreages to Indian firms without equal revenue clause
- Arrangement with Indian firms similar to those in place with Russia, China, Korea, EU



- Delhi's efforts at securing a foothold in the region's energy sector have so far been unsuccessful, particularly in neighbouring Kazakhstan

"This is certainly a breakthrough. The understanding at the top policy-making level will enable us to put our plans of investing in Central Asia and Uzbekistan on the fast track," ONGC Videsh managing director R S Butola said in Delhi. ONGC Videsh has been working since January on an MoU for cooperation with the Uzbek national explorer.

For gas utility GAIL, which signed one of the three co-operation MoUs with Uzbekneftegaz, the development could mean big opportunities. Uzbekistan is known to have more gas than oil. Gas reserves are estimated at 65-70 trillion cubic feet. The country is on the transit route for Russian monopoly Gazprom's supplies to

Europe but lacks pipeline networks to transport gas.

An Indian presence in Uzbekistan's gas production and distribution business will also give a thrust to TAP (Turkmenistan-Afghanistan-Pakistan) gas pipeline and make India's case to join the project stronger. Uzbek gasfields can be connected to TAP and gas discovered by an Indian company can be injected into the transnational pipeline for wheeling to India.

But it is early days yet. For one, Uzbekistan's forex controls, dollar repatriation policy and low gas price could prove to be a dampener. Indications, however, are that it is going to change all that to attract Asian investments.

Russia and the Great Game in Central Asia

Vladimir Radyuhin

RUSSIA HAS scored another point in the new Great Game for control of Central Asia, with Uzbekistan joining the Eurasian Economic Community (EEC), Moscow's most ambitious integration project in the former Soviet Union. Uzbekistan, the most populous state in Central Asia, last week became the sixth member of the EEC set up in 2005 by Russia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan as a customs union.

"We are setting up a common market of countries with a population of 205 million. It is one of the largest integration projects in the world," said Kazakhstan's President Nursultan Nazarbayev at the EEC summit in St. Petersburg on January 25, where Uzbekistan was formally admitted to the group.

The accession of Uzbekistan to the EEC advances the process of geopolitical reorientation of Central Asia away from the United States and towards Russia and China. The U.S. push to win a long-term military foothold in Central Asia suffered a major setback last year when Uzbekistan shut down the Pentagon's main air force base in the region. This followed the U.S.-backed "tulip revolution" in neighbouring Kyrgyzstan and an Islamist revolt in Uzbekistan's Andijan province, in which Tashkent also saw an American hand.

Uzbekistan, which was a U.S. bridgehead in Central Asia in the post-9/11 scenario, has become Russia's key ally in the region. Its authoritarian leader Islam Karimov now sees Russia as the main bulwark against "orange revolutions" in the region. In November he signed a mutual security treaty with Moscow, which allows Russia to establish a military base on Uzbek territory. There is a good chance Uzbekistan may also join the Collective Security Treaty Organisation, a defence bloc which has the same members as the EEC plus Armenia.

Local fears of U.S., Chinese expansion

The dramatic shift in Central Asia in favour of Russia has been driven in large measure by local fears of U.S. and Chinese expansion. The American support for "orange revolutions" in the former Soviet Union is perceived as an immediate

The accession of Uzbekistan to the Eurasian Economic Community advances Moscow's goal of setting up an OPEC-like gas cartel in the region.

threat to the autocratic regimes in Central Asia and to regional stability as a whole. The Central Asian states are also apprehensive that China's growing economic presence will eventually lead to demographic aggression. Kazakhstan with a population of 15 million already has 100,000 Chinese living on its territory and marrying Kazakh girls.

The EEC gained priority for Russia after the pro-Western "orange revolution" in Ukraine a year ago torpedoed another integration project, the Common Economic Space. The alliance, which involved the four industrial powerhouses of the former Soviet Union — Russia, Ukraine, Belarus, and Kazakhstan — accounting for 94 per cent of the erstwhile USSR's GDP, was to become a magnet for economic re-integration of other ex-Soviet states as well. But Ukraine's new leadership has ruled out full-fledged membership in the project, declaring the strategic goal of joining the European Union.

However, Uzbekistan's geo-strategic *volte face* opened up new opportunities for Russia. Apart from being the world's second biggest exporter of cotton, Uzbekistan is rich in oil, gas, gold, and uranium and lies at the crossroads of transport routes in Central Asia. Uzbekistan with its 26.8 million people already accounts for half the combined population of Central Asia and the share is set to grow, given its high birth rates.

With the admission of Uzbekistan, the EEC comprises all Central Asian states, except for isolationist Turkmenistan. Uzbekistan has filled a crucial missing link in Russian efforts to build a common market and a unified transport system spanning the European and Asian parts of the former Soviet Union. Tashkent has vowed to accede to all the 70-odd EEC agreements providing for freer trade and visa-free travel before the

end of the year. By 2007, the EEC plans to set up a full-fledged customs union. The ultimate goal is to establish a monetary union and achieve free movement of goods, investment, services, and workforce.

The enlarged EEC can impart faster economic growth to Central Asia and help deal with the post-Soviet problems of simmering ethnic tension, rising religious extremism, and smouldering disputes over scarce water resources.

In recent years, Russia has regained many commanding positions in Central Asian economies. Following the expansion of the EEC, it looks set to further enhance its economic influence in the region. President Vladimir Putin has made it clear that Russia will use the enlarged EEC to consolidate its grip over the energy resources of Central Asia.

"Russia is firmly determined to widen cooperation within the Eurasian Economic Community in the field of global energy safety," the Russian leader said at the group's summit in St. Petersburg last week.

The stronger EEC will help Russia compete with both the U.S. and China for control over energy flows from Central Asia, which accounts for nearly 5 per cent of the world's proven natural gas reserves and about 3.5 per cent of oil and coal.

The U.S. seeks to channel oil and gas exports from the Caspian region and Central Asia to the West, while China is working to turn them from the West to the East. The U.S. has lobbied through the construction of the Baku-Tbilisi-Ceyhan oil pipeline and a parallel gas pipe, and is prodding Kazakhstan to commit more hydrocarbon exports to these pipes to make them commercially viable.

For its part, China has built a 988-km pipeline from Kazakhstan to China capable of carrying 10

million tonnes of crude a year in the first stage, and up to 20 million tonnes in the second stage. The Chinese National Offshore Oil Corporation (CNOOC) last year bought Kazakhstan's biggest oil producing company, PetroKazakhstan, for \$4.2 billion, narrowly outbidding ONGC-Videsh Ltd. Since 1997, CNOOC invested nearly \$10 billion in Kazakhstan. Chinese exports to Central Asian states are growing by leaps and bounds, and Beijing's expansion to the region will be further facilitated by the planned construction of a 4,000-km trunk railway linking China to Western Europe.

Russia and China are close allies in promoting regional security in Central Asia through the Shanghai Cooperation Organisation (SCO), but they are competitors when it comes to sharing energy resources in the region. Moscow was unhappy with Beijing's offer last year of \$900 million in loans to Central Asian states to facilitate Chinese exports, and blocked its proposal to set up a free trade zone among the SCO member-states.

At the same time, Russia is actively pursuing the goal of a free trade zone for the Eurasian Economic Community, which has the same members as the SCO, plus Belarus and minus China.

Uzbekistan's participation in the EEC advances the Russian goal of setting up an OPEC-like gas cartel in Central Asia. The day Uzbekistan was admitted to the EEC, Russia's Gazprom signed two agreements on joint development of its gas fields worth around \$1.5 billion. Earlier Russia's oil major LUKoil sealed a multibillion-dollar oil and gas extraction deal with Uzbekistan.

Russian oil and gas companies have strong positions in Kazakhstan's energy industry. Last week Gazprom signed a deal with Kyrgyzstan for the exploration and development of gas fields and the modernisation and construction of new gas transport facilities. Turkmenistan, the only Central Asian state that is not a member of the EEC, is nevertheless firmly strapped to Russia. Under a 25-year contract Gazprom concluded with Turkmenistan leader Saparmurat Niyazov, the Russian company will buy practically all the natural gas the desert state offers for export.

In the past few months, Russia's Gazprom natural gas monopoly signed five-year accords with Kazakhstan and Uzbekistan giving the company monopoly rights for the transportation of natural gas from Central Asia across their territories to Europe. Gazprom also controls export gas pipelines to Europe running through Belarus, the only European ally of Russia involved in the EEC. Now that Belarus, Kazakhstan, and Uzbekistan are all members of EEC, the gas cartel has *de facto* been formed. The new arrangement already helped Russia resolve a standoff with Ukraine earlier this month over the inevitable price hike for natural gas supplies, with Gazprom offering Ukraine cheaper Central Asian natural gas, while freeing more Russian gas for export to Europe at a much higher price.

Nuclear alliance

Moscow's next goal is to forge a nuclear energy alliance with its ex-Soviet partners. Addressing the St. Petersburg summit of the Eurasian pact, President Putin proposed extending energy cooperation among the member-states to the nuclear field with an eye on rebuilding the nuclear energy complex of the former Soviet Union.

Mr. Putin's plan calls for pulling together the technological potential of Russia and Ukraine and the extensive uranium ore reserves in Kazakhstan and Uzbekistan to set up in Russia a global centre for nuclear fuel cycle services to other countries, including enrichment under the control of the International Atomic Energy Agency and recycling of spent nuclear fuel.

Stronger positions on the Central Asian energy market should help Mr. Putin advance his goal of positioning Russia as a global energy leader. As Russia took over the rotating presidency in the Group of Eight on January 1, Mr. Putin called for creating an "energy set-up [that] should be equally fair for the producers and consumers of energy resources for the sustained economic growth in the world."

CARTOONSCAPE

