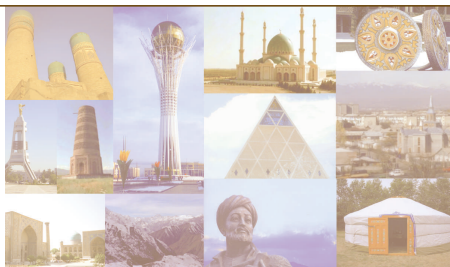


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CASA ASIA



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UZBEKISTAN



SEPTEMBER - OCTOBER 2011

Bimonthly article

Prof. Farkhod Tolipov*

Highlights

The September-October period for Uzbekistan was one of contrasts and controversies. Uzbekistan continues to face constant criticism from the West for its lack of democratization and human rights abuses, to which it invents new responses in the sphere of domestic, international and economic affairs. Achievements and challenges juxtapose. The context of the country's 20-year anniversary of independence continued to loom large.

Internal affairs

On 30 September – 1 October President Islam Karimov visited Namangan and Andijan provinces where he discussed the state of affairs and course of reform in the agricultural sector. He visited farms, met with farmers and discussed the problems and achievements of the local population. He also expressed an interest in living standards and conditions as well as the construction of new infrastructure.

On 14 October, Norboy Kholjigitov, the chairman of the Samarkand branch of the human rights society of Uzbekistan and head of the local branch of the unregistered opposition party "Ozod Dehkonlar" ("Free Peasants"), was released from prison ahead of time. He was famous for his active opposition activity and had been sentenced to ten years imprisonment in 2005 for alleged calumny and blackmail. Human rights activists and Kholjigitov's relatives claimed he was innocent and had been imprisoned on trumped up charges. His early release took place on the eve of the State Secretary Hillary Clinton's visit to Uzbekistan.

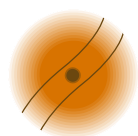
Hillary Clinton visited Uzbekistan from 22-23 October. This is her second visit after her Central Asian tour in 2010. More than a foreign policy event, Clinton's visit also concerned domestic policy in that she visited the Uzbek-American joint venture GM Powertrain Uzbekistan. She said that this plant meets all environmental requirements and provides more than a thousand working places for local residents, and acknowledged the progress Uzbekistan has made in the sphere of human rights.

Foreign and international policy

On 22 September a meeting took place in the Ministry of Foreign Affairs with the delegation of the European Training Foundation (ETF) headed by its director Madeleine Sherban. The parties to the meeting singled out education as an important sphere of cooperation between Uzbekistan and the European Union. The ETF in Uzbekistan supports such projects as "Standard-2000", "Mark based on competence", "Sister's deal", and "National qualification structures in Central Asia 2005-2007". Joint work is presently under way on the project "Working out the national qualification framework". It should be noted that Uzbek-EU cooperation in this sphere looks very promising and is gradually bringing Uzbekistan closer to European standards of education.

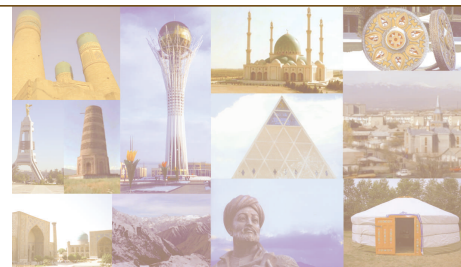
On 10 October a meeting took place at the foreign affairs ministry with Patricia Flor, the German MFA representative for Eastern Europe, Caucasus and Central Asia. The sides discussed Uzbek-German relations such as trade-economic and investment cooperation as well as international and regional issues. German investments in the Uzbek economy amount to \$1 billion. There are 116 companies with German capital in Uzbekistan, among which «CLAAS», «Knauf» and «MAN».

*Department of Political Science, the National University of Uzbekistan.



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On 10 October talks were held at Uzbekistan's foreign affairs ministry with the director of the Office for Central Asia at the US National Security Council Lynne Tracy and the deputy assistant secretary of the Bureau for South and Central Asian affairs Susan Elliot. The two sides discussed current issues of bilateral relations as well as international and regional issues.

It should be noted that the American delegation's visit took place after a telephone conversation between President Obama and President Karimov on 28 September in which Obama acknowledged Uzbekistan's support in resolving the Afghan problem and contributing to the peaceful reconstruction of Afghanistan. The two presidents also discussed the transportation of military and non-military cargo and also troops through the territory of Uzbekistan.

In Tashkent, State Secretary Clinton said that Washington highly evaluates its relations with Tashkent and wants to deepen these ties.

The improvement in Uzbekistan-USA relations has sparked speculation about the prospect of an American military presence in Central Asia and Uzbekistan's new pro-American course. It is symptomatic that Belarus President Lukashenko even questioned the expediency of Uzbekistan's further membership in the Collective Security Treaty Organization (CSTO) of the CIS, which once again shows that Uzbekistan has become a barometer of the region's geopolitical transformation.

Economy and business enterprise

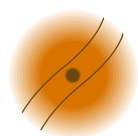
On 6 September Uzbek car producer GM Uzbekistan presented a new model Chevrolet Captiva. Its design, engine and transmission, as well as equipment and saloon have been improved and made more comfortable in comparison with the previous model.

The Asian Development bank (ADB) provided a \$100 million loan for renovating key railways in Uzbekistan, a loan that is expected to boost regional trade. The project financed by the ADB concerns the electrification of 140 km segment of the railway connecting Marakand town in Samarkand province with Karshi city in the south of the country. This segment is a part of the CAREC-6 corridor connecting the north and south of Uzbekistan as well as links with Europe and Middle East and South Asia through Central Asia.

The improvement of these transport networks will help Karshi and Marakand increase exports of goods such as cotton, agricultural products, marble, oil and gas. This is a very ambitious project because its implementation will enable Afghanistan to use the railway link between Khayraton and Mazari-Sharif. Ultimately, then, the economic benefits of the ADB-backed project are clear. At the same time, Uzbekistan is gradually meeting the goals of a very far-reaching long-term strategy to diversify its regional and international interactions and cooperation through the development of its transport infrastructure.

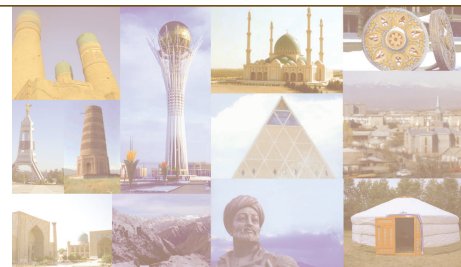
On 12-13 October the seventh international Uzbek cotton fair took place in Tashkent under the heading, "Cotton and Textile: new market perspectives". The two-day fair brought together representatives of the cotton industry, textile companies and trade agents from foreign countries and provided them with information about Uzbekistan's strategy of cotton complex development. They also participated in fair and exchange trade auctions and signed contracts for supply of cotton fibre and textile products. More than 600 foreign partners representing 330 companies from almost 40 countries took part in this year's cotton fair.

Interestingly, the event coincided with increased criticism by Western human rights organizations and companies for Uzbekistan's exploitation of child labour during the cotton picking period. More than 60 famous



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production levels of 3 billion cubic metres on this project. The company envisions reaching the 4 billion mark. LUKOIL is currently working on three projects in Uzbekistan: “Kandym-Khauzak-Shady-Kungrad”, southwest Gissar well and the Uzbek section of the Aral Sea. In the scope of the first two projects, the company plans to extract 18 billion cubic metres of gas by 2017, to which end it has already invested \$1.5 billion and plans to invest \$5 billion by 2017.

On 15 July Uzbekistan signed agreements with the ABD whereby the bank will implement 29 projects for a total amount of \$3.8 billion. The bank has issued long-term credit until 2013. The agreements encompass projects in four spheres: agriculture; private entrepreneurship, regional cooperation in the sphere of transport and custom transit, as well as improving the quality of social services with the emphasis on the protection of children and basic education.

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