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THE SILK ROAD STRATEGY ACT OF 1999

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Mr. HELMS, from the Committee on Foreign Relations, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany S. 579]

The Committee on Foreign Relations, to which was referred the bill (S. 579), to amend the Foreign Assistance Act of 1961 to target assistance to support the economic and political independence of the countries of the South Caucasus and Central Asia, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

CONTENTS

	Page
Purposes of the bill	1
Committee action	19
Section-by-section analysis	21
Cost estimate	23
Evaluation of regulatory impact	24
Changes in existing law	24
Minority views	31

PURPOSES OF THE BILL

INTRODUCTION

The Silk Road Strategy Act is necessitated by the failure of current U.S. policy and assistance laws to resolve regional conflicts or effectively advance American interests in the South Caucasus and Central Asia. Eight years after the collapse of the Soviet Union, the Silk Road Strategy Act establishes a policy framework that elevates and differentiates Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan from the

status of "former Soviet republics" and "newly independent states." The very use of these labels by U.S. policy makers has frustrated states in the South Caucasus and Central Asia that view themselves as permanently independent and sovereign countries. Most of these states—including several pro-Western, secular Muslim governments—are racked by civil wars, ethnic tensions, and weak and undemocratic regimes. They are falling dangerously behind in both economic and democratic reforms, which in turn provides an opening for attempts by regional powers and sub-regional forces to undermine their very sovereignty.

The countries in the South Caucasus and Central Asia have almost without exception shown a strong desire to work with the United States in pursuit of economic and democratic reforms. Clearly, enormous economic gains are possible in several countries in the region due to the presence of oil and gas reserves. The goal of the United States should be to promote economic and democratic reforms in the region while helping to develop oil and gas resources in a manner that is beneficial to all states in the region. Specifically, American interests in the region are threefold: (1) to ensure the development of stable, democratic states in the region, including the resolution of regional conflicts; (2) to develop friendly relationships among the states in the region and with the United States and its allies; and (3) to ensure that the economies and the natural resources of the region are developed in a manner dictated by the market, rather than through exploitation by regional, hegemonic powers.

The Silk Road Strategy Act will not lead to any immediate increase in foreign assistance to the South Caucasus and Central Asia. The goal of the legislation is to focus U.S. assistance better to achieve U.S. interests. The legislation provides general authorization for a broad range of U.S. assistance to promote reconciliation and recovery from regional conflicts; to foster economic growth and development, including the conditions necessary for regional economic cooperation; to develop regional infrastructure; to secure borders and implement effective controls necessary to prevent smuggling of illegal narcotics and the proliferation of technology and materials related to weapons of mass destruction; and to promote institutions of democratic government and create the conditions for the growth of pluralistic societies. As these programs develop, in a regional context, the Silk Road Strategy Act can be the means to bring peace, stability and economic development to the South Caucasus and Central Asia.

The goal of regional cooperation, which is the underlying rationale for the Silk Road Strategy Act, has drawn the support of every government in the South Caucasus and Central Asia with the exception of Armenia, as well as the governments of close American allies such as Turkey, Ukraine, and Romania. The legislation is endorsed by a broad coalition of organizations, including the Women's Commission for Refugee Women and Children, the American Petroleum Institute, the National Association of Manufacturers, the National Foreign Trade Council, the United States Chamber of Commerce, the Georgian American Community, the American Jewish Committee, the American Jewish Congress, the Anti-Defamation League, B'nai B'rith, and the National Conference on Soviet Jewry.

The authorities in the Silk Road Strategy Act complement and build upon the authorities included in the Freedom Support Act (the law currently governing U.S. assistance to the 13 independent nations that once composed the Soviet Union), while creating a regional focus for U.S. policy in the South Caucasus and Central Asia. The legislation encourages a re-energized U.S. assistance initiative in the region while maintaining a strong emphasis on democratic reform and human rights. In fact, the restrictions on assistance included in section 499E of the Silk Road Strategy Act are, verbatim, the same restrictions on assistance that are included in the Freedom Support Act. In a May 19, 1998 letter to the Foreign Relations Committee, the Department of State offers the Clinton Administration's unqualified support for the Silk Road Strategy Act which "provides a useful framework for U.S. interests in the Southern Caucasus and Central Asia." The letter goes on to state that, in the view of the Administration, "(t)his Act builds upon the Freedom Support Act and highlights America's interests in this region."

Under the Freedom Support Act, U.S. assistance in the region has been skewed by earmarks, rigid restrictions and, especially, an absence of correlation between dollar amounts and results in economic or democratic reforms. For example, the only country in the region recognized as having conducted a fully free and fair election, Georgia, has received less than half of the total assistance—and less than a quarter on a per capita basis— provided to Armenia since 1992. Yet, in a critique of democratic progress in Armenia, a February 3, 1998 Human Rights Watch report reveals that the resignation of the Armenian President last year was in fact forced by a powerful Armenian militia group. Furthermore, according to the April 1998 Digest of the Commission on Security and Cooperation in Europe (CSCE), the subsequent March 1998 presidential election in Armenia did not meet the standards of the Organization on Security and Cooperation in Europe (OSCE). In fact, according to the CSCE report, "(s)ince the 1991 election of Levon Ter-Petrossyan, Armenia has not held an election that the OSCE/ODIHR observation missions have been able to certify as free and fair."

Other governments in the region have also failed to implement democratic reforms. The government of Azerbaijan is a case in point. Opposition candidates boycotted the October 1998, Azerbaijani presidential election due to a lack of confidence in an electoral process solely under the control of the incumbent president. Ironically, until 1996, the government of Azerbaijan was prevented by the Freedom Support Act from receiving any U.S. assistance, including technical assistance designed specifically to promote the development of democratic institutions and sound election laws. Nonetheless, in a June 1998 letter to the Congress, the five leading opposition candidates in Azerbaijan made an explicit appeal for the lifting of assistance restrictions against Azerbaijan as an essential step for encouraging democratic development of their country.

The Clinton Administration has requested that the Congress allow broader U.S. assistance to Azerbaijan, pointing out that critics of corruption and undemocratic tendencies in the government of that country have simultaneously blocked the very assistance that could facilitate reforms. According to the Department of State, anti-corruption assistance, counter-narcotics programs, economic reform

assistance (including transparency in budgeting and tax reform), and funding of regional environmental cooperation programs are all prohibited to the Government of Azerbaijan under section 907 of the Freedom Support Act.

EAST-WEST VERSUS NORTH-SOUTH: THE SILK ROAD STRATEGY

The Silk Road Strategy Act establishes a regional approach for U.S. trade, economic assistance and foreign policy specifically to build an East-West axis of political cooperation among the eight countries that lie between Russia and Iran on the southern periphery of the former Soviet Union. Efforts to resolve conflicts in the region are at a standstill, economic and democratic reforms are slowing, and Russia and Iran are fomenting instability in order to establish political influence over those states.

Russian and Iranian mischief can be attributed to a mutual desire to expand political control in the South Caucasus and Central Asia while seeking to maintain control over the flow of oil and gas resources from the region. Senior officials from Russia and Iran meet frequently to coordinate their interests in the South Caucasus and Central Asia. At a June 27, 1998, meeting between the Transportation Ministers of Russia and Iran, a plan was announced to develop a North-South economic corridor between the two countries. On July 19, 1998, the governments of those two countries reiterated their intention to frustrate efforts to delimit the ownership of resources in the Caspian Sea. Meanwhile, Russia has used its exclusive control of existing oil and gas pipelines to force economic and political concessions from neighboring states.

As part of the deepening relationship with Iran, the Russian Government has shown reckless disregard for the proliferation of sophisticated weapons technology to that country. According to an April 25, 1998, New York Times report, the Russian Government failed to stop "a truck laden with 22 tons of stainless steel that could be used to make missiles" that was on its way to Tehran, despite advance warning by the United States Government. Fortunately, according to the report, cooperative customs agents in Azerbaijan were willing to stop the shipment before it entered Iran.

PROMOTING HUMAN RIGHTS

A leading challenge for United States policy in the South Caucasus and Central Asia is to determine when to disengage and when to use the broad array of U.S. assistance programs to strengthen democratic institutions, encourage economic reforms, and foster the development of civil society in countries that otherwise have poor human rights records. Among the factors that must weigh heavily in deciding U.S. policy in the South Caucasus and Central Asia are the friendly, pro-American receptivity found among most states in the region that could allow democratic ideals to take root. Also, consideration must be given to compelling U.S. geostrategic and economic interests in the region, as well as the likelihood that U.S. disengagement will do nothing to improve human rights while regional powers such as China, Iran and Russia (countries with human rights records of even more dubious quality than those in the South Caucasus and Central Asia) increase their political influence over those states.

There is no benefit in the Silk Road Strategy Act for those who violate basic human rights. Section 499E of the Silk Road Strategy Act specifically prohibits assistance to the government of any country that "is engaged in a consistent pattern of gross violations of internationally recognized human rights." It is necessary to recognize that human rights problems exist in every country in the region. However, under existing human rights statutes, the Administration has not found such violations to be sufficient to merit a cut-off of U.S. assistance.

To some extent, human rights abuses, undemocratic tendencies and authoritarian government can be attributed to ongoing conflicts in the region, especially in Armenia, Azerbaijan, Georgia and Tajikistan. Both Russia and Iran have sought to exploit, and at times foment, instability in the South Caucasus and Central Asia—a principal cause of undemocratic behavior and abuse. Specifically, Russia has provided covert and overt military assistance to fuel separatist conflicts in Georgia and Azerbaijan, while Iran has sought to impose an anti-Western, anti-Israeli orientation on states in the region, including a direct threat by the Iranian Government upon the life of the President of Azerbaijan in retaliation for warming Azerbaijani-Isreali relations. To this day Russia harbors the mastermind of a 1995 assassination attempt against Georgian President Eduard Shevardnadze. The individual, Lt. General Igor Georgadze, was surreptitiously flown out of a Russian military base in Georgia only days after the assassination attempt.

When the Freedom Support Act was approved by the Congress in 1992, few could have conceived that Russia would be actively seeking to subvert the elected governments of neighboring states within three years. In fact, while providing some benefits to other eligible countries, the Freedom Support Act has been most beneficial to Russia. From 1992, Russia has maintained its position as the leading recipient of aid under the Freedom Support Act, despite perpetrating the single greatest human rights abuse by any recipient of U.S. foreign assistance in the region. The Russian military's brutal 1994–1996 assault on the southern Russian region of Chechnya resulted in the massacre of tens of thousands of innocent men, women, and children, and has plunged the area into ongoing chaos. Nonetheless, these atrocities had absolutely no impact on the Clinton Administration's determination to continue Russia's generous aid levels. No other state in the region has come close to such horrific action, although the human rights records of most are in need of substantial improvement.

It is clear, in fact, that the level of U.S. assistance to countries in the region is most certainly not correlated with the human rights records of the recipients to date. Listed below is a simple comparison of aid levels and human rights records, with a breakdown of total assistance provided to each country in the South Caucasus and Central Asia from 1992–1998 (as provided in the State Department's 1999 "Report on U.S. Government Assistance to and Cooperative Activities with the New Independent States of the former Soviet Union"), and the most recent assessment of each country's human rights record by the United States Department of State:

ARMENIA

U.S. Assistance Provided under the Freedom Support Act: $519.03 million
Population: 3,465,611
Per Capita Assistance 1992–1998: $149.77

Armenia has a Constitution that provides for the separation of powers; however, the directly elected President has extensive powers of appointment and decree that are not balanced by a legitimate legislature or an independent judiciary. The President appoints the Prime Minister, who is in charge of the Cabinet. Robert Kocharian was elected President in a multi-candidate election in March 1998, after former President Levon Ter-Petrossyan was forced to resign in February by his former political allies in the Defense and Internal Affairs and National Security Ministries.

Ter-Petrossyan's reelection in 1996 was flawed by numerous irregularities and serious breaches of the election law. In an interview in December 1998, the former Interior Minister admitted that Ter-Petrossyan avoided a runoff against a strong opponent in the 1996 presidential elections by falsifying the results of the first round. The March elections were an improvement with respect to the ability of a number of candidates to campaign more freely, with access to the media; however, the voting and counting process revealed numerous irregularities, including bloc voting by the military and a turnout inflated at least 10 percent by ballot box stuffing and other fraud.

Although the Parliament is no longer as docile as in previous years, the current parliamentary majority usually votes in support of the executive branch, and does not represent effectively either the views of the population or existing political party composition. Armenian National Movement (ANM) members won 88 percent of the seats in a transitional National Assembly elected in 1995 in elections that local and international observers characterized as "generally free but not fair;" however, most of the ANM members had deserted the party by February. The current Parliament showed increasing independence late in the year, as it tried to distance itself from unpopular government reform measures before the scheduled May 1999 parliamentary elections. The legislature approves new laws, must confirm the Prime Minister's program, and can remove the Prime Minister by a vote of no confidence. Both the Government and the legislature can propose legislation. The Constitution provides for an independent judiciary; however, in practice, judges are subject to pressure from the executive branch and frequently corrupt.

The Ministry of Internal Affairs and National Security is responsible for domestic security, intelligence activities, border control, and the national police force. Members of the security forces committed human rights abuses.

The transition from a centralized, controlled economy to a market economy continues to move forward, despite the collapse of the industrial sector. Industrial output remains low. About 50 percent of the population is unemployed or underemployed, and there is a high degree of income inequality. Most small and medium enterprises have been privatized, as has most agricultural land. About

75 percent of landowners now have secure title to their land. Gross domestic product (GDP) increased about 6 percent during the year, to about $600 per capita. Inflation fell to under 5 percent for the year. Foreign assistance and remittances from Armenians abroad play a major role in sustaining the economy.

The Constitution provides for broad human rights protections, but human rights problems persist in several important areas. Substantial intervention by local power structures in the March presidential election continued to restrict citizens' ability to change their government peacefully. Members of the security forces routinely beat detainees during arrest and interrogation, made arbitrary arrests and detentions without warrants, and did not respect constitutional protections regarding privacy and due process. Prison conditions remained poor. The judiciary is subject to political pressure and does not enforce constitutional protections effectively.

There are some limits on press freedom; journalists practice self-censorship. State television, which refrains from criticizing government policy, remains the major source of news for most of the population, but independent television and newspapers, along with private radio stations, offered substantial competition. The nongovernmental media often criticize the country's leadership and policies. Burdensome registration requirements hinder freedom of association. The law places some restrictions on religious freedom, including a prohibition on proselytizing by religions other than the Armenian Apostolic Church. Registration requirements for religious groups kept Jehovah's Witnesses from being able to operate legally, and seven Jehovah's Witnesses are in jail for refusing military service. The Government places some restrictions on freedom of movement. Discrimination against women, minorities, and the disabled remains a problem.

After his election, President Kocharian appointed an opposition presidential candidate to head two presidential commissions charged with improving human rights and reforming the Constitution to create a more even balance of power among executive, legislative, and judicial branches. One of Kocharian's first actions was to legalize the Armenian Revolutionary Federation (ARF/Dashnaktsutyun) and to pressure successfully the judiciary to secure the release of many persons convicted in politically linked trials. At the new President's urging, the Supreme Court quickly reviewed and set aside the convictions of Dashnak and other figures convicted for political reasons in the "Dro" and "31" trials in 1996 and 1997.

AZERBAIJAN

U.S. Assistance Provided under the Freedom Support Act: $104.82 million
Population: 7,735,918
Per Capita Assistance 1992–1998: $13.55

Azerbaijan is a republic with a presidential form of government. Heydar Aliyev, who assumed presidential powers after the overthrow of his democratically elected predecessor in 1993, was reelected in October in a controversial election marred by numerous, serious irregularities, violations of the election law, and lack of

transparency in the vote counting process at the district and national levels. President Aliyev and his supporters, many from his home region of Nakhchivan, continue to dominate the Government and the multiparty 125-member Parliament chosen in the flawed 1995 elections. The Constitution, adopted in a 1995 referendum, established a system of government based on a division of powers between a strong presidency, a legislature with the power to approve the budget and impeach the President, and a judiciary with limited independence. The judiciary does not function independently of the executive branch and is corrupt and inefficient.

After years of inter-ethnic conflict between Armenians and Azerbaijanis, Armenian forces and forces of the self-styled "Republic of Nagorno-Karabakh" (which is not recognized by any government) continue to occupy 20 percent of Azerbaijan's territory. A cease-fire was concluded in 1994, and the peace process continues. Exchanges of fire occurred frequently along the Azerbaijan-Armenian border and along the line of contact with Nagorno-Karabakh causing casualties, including some civilians. Military operations continued to affect the civilian population. There are 800,000 Azerbaijani refugees and internally displaced persons (IDP's) who cannot return to their homes. In the part of Azerbaijan that Armenians control, a heavily militarized ruling structure prevents ethnic Azerbaijanis from returning to their homes. In the part of Azerbaijan that the Government controls, government efforts to hinder the opposition continue to impede the transition to democracy.

Police, the Ministry of Internal Affairs, and the Ministry of National Security are responsible for internal security. Members of the police committed numerous human rights abuses.

Azerbaijan continued economic reform in 1998 and the economy is in transition from central planning to a free market. Economic growth has been spurred by substantial foreign investment in the hydrocarbon sector, but it is offset by a highly organized system of corruption and patronage. The country has rich petroleum reserves and significant agricultural potential. Oil and oil products are the largest export, followed by cotton and tobacco. Other key industries are chemicals and oil field machinery. The Government signed 5 oil production sharing agreements with foreign oil companies in 1998, bringing the total to 14. Agriculture employs 33 percent of the labor force and contributes 20 percent to the gross domestic product (GDP). The leading crops are wheat, fruit and vegetables, cotton, tobacco, and grapes. Privatization of industry continues through auction sales of small- and medium-sized state-owned enterprises.

Large enterprises remain almost exclusively under government control and operate at a fraction of their capacity. Accumulation of large wage arrears is common. Private retail enterprises, cotton gins, and grain mills are proliferating. About 90 percent of the nation's farmland is now in private hands, but new small farmers have poor access to credit and markets, and commercial agriculture remains weak. Per capita GDP is approximately $500 per year. Much of the labor force is employed by the state sector where wages are low. The overall economic situation of the average citizen remains tenuous, although in urban areas a growing moneyed class with trade and oil-related interests has emerged. According to

the World Bank, 60 percent of the citizens live in poverty. Economic opportunity for the average citizen still depends largely on connections to the Government. Severe disparities of income have emerged that are partly attributed to patronage and corruption.

The Government's poor human rights record improved in a few areas, but government actions toward the end of the year negated some of the positive developments, and serious problems remain. Police beat persons in custody, arbitrarily arrested and detained persons, and conducted searches and seizures without warrants. In most instances, the Government took no action to punish abusers, although perpetrators were prosecuted in a few cases. In a variety of separate incidents, the Government arrested and opened criminal proceedings against approximately 40 members of opposition parties. Prison conditions remained harsh. The judiciary is corrupt, inefficient, and subject to executive influence.

Corruption continued to pervade most government organs, and it is widely believed that most persons in appointed government positions and in state employment generally purchase their positions. The Government holds an estimated 75 political prisoners. The Government infringed on citizens' privacy rights. The Government eased restrictions on freedom of speech and the press. After open discussion in the press, the Government abolished censorship in August. Scores of opposition and independent newspapers continued to publish and discuss a wide range of sensitive domestic and foreign policy issues. However, the Government cracked down on the media later in the year in the postelection period. The Government continued to deny broadcast licenses to several organizations applying to open independent television and radio stations. The Government restricted freedom of assembly, association, religion, and movement when it deemed it in its interest to do so.

Police suppressed or refused to allow many peaceful public demonstrations, while allowing others to occur. Opposition political parties carried on open and vigorous public activities in the months leading up to the election. In August-September, the Government allowed a number of public demonstrations, and closed its criminal investigation of eight prominent figures from opposition parties. After these positive steps, the Government clamped down on freedom of assembly after the election. The Government tolerated the existence of many opposition political parties, although it continued to refuse to register some of them. The Government continues to restrict citizens' ability to change their government peacefully. Although the Government passed an improved election law, the presidential election was marred by many irregularities, and a number of international and independent organizations concluded that it did not meet international standards. The Government was critical of certain domestic human rights activists, although it was open to limited dialog with domestic and international human rights organizations. Societal discrimination and violence against women and discrimination against certain ethnic minorities are problems.

Cease-fire violations by both sides in the Nagorno-Karabakh conflict continued. They resulted in injuries and deaths among combatants and civilians, and the taking of prisoners, including civilians. Insurgent Armenian forces in Nagorno-Karabakh and the occupied territories continued to prevent the return of IDP's to their homes.

This restriction resulted in significant human suffering for hundreds of thousands of persons.

GEORGIA

U.S. Assistance Provided under the Freedom Support Act: $239.64 million
Population: 5,174,642
Per Capita Assistance 1992–1998: $46.31

Georgia declared independence from the Soviet Union in 1991. Multiparty parliamentary elections followed a short-lived military coup in 1992 that ousted the elected government of Zviad Gamsakhurdia. The 1995 Constitution, as adopted by Parliament, provides for an executive branch that reports to the President and a legislature. In 1995 Eduard Shevardnadze was elected President, and a Parliament was selected in elections described by international observers as generally consistent with democratic norms, except in the autonomous region of Ajaria. The President appoints ministers with the consent of the Parliament. The Constitution provides for an independent judiciary; however, it is subject to executive pressure.

Internal conflicts in Abkhazia and South Ossetia that erupted in the early 1990's remain unresolved. Cease-fires are in effect in both areas, although sporadic incidents of violence occur in Abkhazia. These conflicts, together with problems created by roughly 283,000 internally displaced persons (IDP's), pose a significant threat to national stability. In 1993 Abkhaz separatists won control of Abkhazia, and most ethnic Georgians—a large plurality of the population—were expelled or fled the region. In 1994 Russian peacekeeping forces representing the Commonwealth of Independent States (CIS) deployed in the conflict area with the agreement of the Government and the Abkhaz separatists. Despite the presence of peacekeepers, there has been only very limited repatriation of ethnic Georgian IDP's during the year, apart from about 53,000 spontaneous returnees to the Gali region of Abkhazia. However, in May fighting broke out again in Gali, resulting in at least 239 casualties. Abkhaz forces burned an estimated 50 percent of houses in some areas, and 40,000 of the residents of Gali who had fled their homes have not yet returned. A Russian peacekeeping force also has been in South Ossetia since 1992. Repatriation to South Ossetia also has been slow. The Government has no effective control over Abkhazia or much of South Ossetia.

The Ministry of Interior (MOI) and Procuracy have primary responsibility for law enforcement, and the Ministry of State Security (MSS, formerly the KGB) plays a significant role in internal security. In times of internal disorder, the Government may call on the army. On October 19, army forces put down a small scale mutiny led by Colonel Akaki Eliava, a supporter of deceased former President Gamsakhurdia. The mutiny resulted in the deaths of one soldier and two mutineers and generated almost no popular support. Reformist, elected, civilian authorities maintain inadequate control of the law enforcement and security forces. Members of the security forces committed serious human rights abuses, although slightly fewer than in the previous year.

The economy continued to grow during the year but was affected by the Russian financial crisis, which reduced exports to Russia and the value of ruble-denominated remittances from Georgians working in Russia. Agricultural production and hydropower production suffered from the worst drought in 50 years. These factors, coupled with low government revenues, created a fiscal crisis and pressure on the lari, which was allowed to float on December 7. Key exports are manganese, wine, mineral water, and agricultural products.

The Government continued efforts to improve its uneven human rights record, but serious problems remain. Police and security forces continued to torture, beat, and abuse prisoners and detainees, force confessions, and routinely fabricate or plant evidence. Security force abuses, along with inhuman prison conditions, led to several deaths in custody. However, local human rights groups reported that the extent of such abuse declined slightly. Nonetheless, government promises of reform of prison conditions remained unfulfilled. Authorities continued to use arbitrary arrest and detention. Senior government officials acknowledged serious human rights problems, especially those linked to law enforcement agencies, and sought international advice and assistance on needed reforms. However, while structural reforms designed to improve respect for human rights continued to be passed by the reformist Parliament, law enforcement agencies have been slow to adapt their practices to democratic norms.

The Government delayed implementation of the new Criminal Procedures Code, passed in November 1997, until May 1999. Corrupt and incompetent judges seldom displayed independence from the executive branch, leading to trials that were neither fair nor expeditious. However, the Government began serious implementation of the 1997 Law on the Courts with the first judicial examinations, which are designed to identify and remove corrupt and incompetent judges. Law enforcement agencies and other government bodies illegally interfered with citizens' right to privacy. The Government constrains some press freedoms. The Government limits freedom of assembly, and security forces continued to disperse some peaceful rallies violently. Discrimination and violence against women are also problems. However, increased citizen awareness of civil rights and democratic values and the continued evolution of civil society provided an increasingly effective check on the excesses of law enforcement agencies.

The number, variety, and sophistication of independent nongovernmental organizations (NGO's) grew, as did their ability to speak out for, and defend the rights of, individual citizens. Criticism from the press and the NGO community played an important role in reducing the incidence of prisoner abuse. It also led to the ouster of the corrupt Minister of Communications, who had violated privacy laws routinely.

Independent newspapers continued to criticize government policies and actions.

KAZAKHSTAN

U.S. Assistance Provided under the Freedom Support Act: $316.90 million

Population: 16,898,572
Per Capita Assistance 1992–1998: $18.75

The Constitution of Kazakhstan concentrates power in the presidency. President Nursultan Nazarbayev is the dominant political figure. The Constitution, adopted in 1995 in a referendum marred by irregularities, permits the President to legislate by decree and dominate the legislature and judiciary; it cannot be changed or amended without the President's consent. President Nazarbayev was elected to a new 7-year term on January 10, 1999 in an election that fell far short of international standards. Previous presidential elections originally scheduled for 1996 did not take place, as President Nazarbayev's term in office was extended in a separate 1995 referendum, also marred by irregularities. Under the 1995 Constitution, Parliament's powers are more limited than previously. However, members of Parliament have the right to introduce legislation and some bills introduced by Parliament have become laws. The judiciary remained under the control of the President and the executive branch. The lack of an independent judiciary made it difficult to root out corruption, which was pervasive throughout the Government.

The Committee for National Security (the KNB, successor to the KGB) is responsible for national security, law enforcement activities on the national level, and counterintelligence. An external intelligence service, Barlau (the Kazakh word for intelligence) was created in 1997, but during the year, Barlau's functions were reabsorbed into the KNB. The KNB reports directly to the President. The Ministry of Internal Affairs, which is subordinate to the KNB, supervises the criminal police, who are poorly paid and widely believed to be corrupt. The KNB continued efforts to improve its public image by focusing on fighting government corruption, religious extremism, terrorism, and organized crime. Members of the security forces committed human rights abuses.

Kazakhstan is rich in natural resources, chiefly petroleum and minerals. The Government has made significant progress toward a market-based economy since independence. After a 5-year decline, overall production began to rise in 1996, although the rate of growth slowed in 1998. The Government has been successful in stabilizing the local currency (tenge) and reducing inflation to less than 10 percent a year. The average annual wage was approximately $1,500. The agricultural sector has been slow to privatize. The Government has privatized successfully small- and medium-sized firms and most large-scale industrial complexes. However, living standards for the majority of the population continue to decline. According to several surveys, in 1997 approximately 33 percent of citizens lived below the government-defined poverty line of $50 per month.

The Government generally respected the human rights of its citizens in some areas, but serious problems remain in others. Democratic institutions are weak. The Government infringed on citizens' right to change their government, notably in its flawed conduct of preparations for the January 1999 presidential election. The Organization for Security and Cooperation in Europe (OSCE) publicly cited flawed election preparations in declining the Government's re-

quest for election observers. The Government used a new amendment to the presidential decree on elections to prohibit some government opponents from running in the election because they were found guilty of participating in unauthorized public meetings and demonstrations. The Government repeatedly harassed its opponents during the election campaign and appeared to have complicity in at least four assaults on perceived opponents.

The legal structure, including the Constitution adopted in 1995, does not fully safeguard human rights. Members of the security forces often beat or otherwise abused detainees, and prison conditions remained harsh. There were allegations of arbitrary arrest and detention, and prolonged detention is a problem. The judiciary remains under the control of the President and the executive branch, and corruption is deeply rooted. A political prisoner, Labor Movement leader Madel Ismailov, was sentenced to 1 year in prison for insulting the President. The Government infringed on citizens' rights to privacy.

Government tolerance of the independent media markedly deteriorated, as some opposition newspapers and other media outlets were ordered to close, forced to sell to progovernment interests, or brought under pressure by regulatory authorities. The Government reportedly pressured media not to cover the opposition during the presidential campaign. The media practiced self-censorship and the Government maintained control of most printing presses and facilities. Academic freedom is not respected. Freedom of assembly sometimes was restricted. Some organizers of unsanctioned demonstrations were arrested and fined or imprisoned. Freedom of association, while generally respected, sometimes was hindered by complicated and controversial registration requirements that restrict this right for organizations and political parties. Domestic violence against women remained a problem. There was discrimination against women, the disabled, and ethnic minorities. The Government discriminated in favor of ethnic Kazakhs. The Government limited worker rights; it tried to limit the influence of independent trade unions, both directly and through its support for state-sponsored unions, and members of independent trade unions were harassed. The courts removed the legal status of two independent unions in Kentau for holding unauthorized demonstrations to protest unpaid wages.

KYRGYZ REPUBLIC

U.S. Assistance Provided under the Freedom Support Act: $158.24 million
Population: 4,540,185
Per Capita Assistance 1992–1998: $34.85

The Kyrgyz Republic became an independent state in 1991. Although the 1993 Constitution defines the form of government as a democratic republic with substantial civil rights for its citizens, the President, Askar Akayev, dominates the Government. Akayev was reelected in December 1995 in an open, multi-candidate presidential election, which was marred, however, by deregistration of three rival candidates immediately prior to the vote. Also in 1995, a two-chamber Parliament was elected for a 5-year term. The Con-

stitution was amended by referendum in February 1996 to strengthen substantially the Presidency and define the role of Parliament. However, the February referendum was marred by serious irregularities. On October 17, the Government held a constitutional referendum that, among other things, reformed the structure of the Parliament and the national budget process. The referendum passed by over 90 percent, but there were again a number of serious irregularities. Although Parliament has become increasingly active, it still does not check the power of the President effectively. The judiciary is dominated by the executive branch.

Law enforcement responsibilities are divided among the Ministry of Internal Affairs (MVD) for general crime, the Ministry of National Security (MNB) for state-level crime, and the procurator's office for both types of crime. Both the MVD and MNB deal with corruption and organized crime. These ministries inherited their personnel and infrastructure from their Soviet predecessors. Both appear to be under the general control of the Government and generally conform their actions to the law. Kyrgyz Republic's border with China and one of its two international airports are manned by Russian border troops under an agreement with the Russian Federation. Border guards are under the full control of the Government. As of January 1, 1999, responsibility for border control lies with the Government, except for the Sino-Kyrgyz border where Russian guards operate under joint Kyrgyz-Russian agreement. Final withdrawal of Russian border guards is scheduled for 2003. Some members of the police committed human rights abuses. Police patrols are poorly supervised, not always paid promptly, and sometimes commit crimes. Supervision of conditions for pretrial detainees is also poor, and abuses sometimes occur.

The Kyrgyz Republic is a poor, mountainous country with a rough balance of agricultural and industrial production. Cotton, tobacco, and sugar are its primary agricultural exports. The country also exports hydroelectric power, antimony, mercury, and uranium. The Government has carried out progressive market reforms. The moderate growth apparent in most sectors has increased, and the public generally supports economic reform. Gross domestic product for the first half of 1998 increased by 5 percent compared with the same period of 1997; however, the level of hardship for pensioners, unemployed workers, and government workers with salary arrearages continues to be very high. The average annual salary is $152 (4,641 som). Foreign assistance plays a significant role in the country's budget.

The Government generally respected the human rights of its citizens in many areas, but serious problems remained. The Government limited citizens' ability to change their government, and there were serious irregularities in the October constitutional referendum. There were credible reports of police abuse and brutality. Prison conditions are very poor, and there were some cases of arbitrary arrest and detention. Executive domination of the judiciary limited citizens' right to due process, although the judiciary is undergoing reform. Although government supervision of "village elders courts" remains uneven, abuses such as stoning and death sentences have abated. Although sanctioned by the Government, el-

ders' courts are not part of the regular judicial structure, and the Government has made efforts to curtail their activities.

The Government at times infringed on freedom of speech and of the press. Authorities at times pressured journalists who criticized individual members of the Government. Unlike the previous year, the Government did not use libel laws against the press; however, the Government on occasion apparently used tax laws and registration requirements to intimidate the opposition press or to suspend newspapers. The Government at times inhibited freedom of assembly and association. The Government deregistered the Kyrgyz Committee for Human Rights (KHRC) prior to the October referendum. The Government at times infringes on freedom of religion. Violence against women is a problem that authorities often ignore, and trafficking in women also is a growing problem. Child abuse is a problem, and there is a growing number of street children. Discrimination against ethnic minorities persisted.

TAJIKISTAN

U.S. Assistance Provided under the Freedom Support Act: $58.43 million
Population: 6,013,855
Per Capita Assistance 1992–1998: $9.72

Tajikistan remains in the hands of a largely authoritarian government, although it has established some nominally democratic structures. The Government's narrow base of support limits its ability to control the entire territory of the country. The Government of President Emomali Rahmonov, which consists largely of natives of the Kulob region, continued to dominate the State, even though some Kulobis were removed from senior positions in 1998 and opposition members were taken into Government. The judiciary is not independent.

Tajikistan took a significant step toward national reconciliation after its 1992 civil war with the June 1997 signing of a comprehensive peace accord. Under the provisions of the accord, the Commission of National Reconciliation (CNR) began work in July 1997, and has made some progress in establishing peace. By year's end, the Government almost had fulfilled its obligation to name United Tajik Opposition (UTO) candidates to 30 percent of senior government positions. The UTO had registered virtually all of its fighters in anticipation of their demobilization or reintegration into regular military units. The return during the year of virtually all exiled UTO leaders and Tajik refugees from Afghanistan constituted further progress. However, implementation of the peace agreement (originally scheduled to be completed during the year) is still behind schedule, and basic issues such as constitutional amendments, legalization of banned political parties, and the disarming or reintegration of fighters remain to be resolved. Parliamentary elections that were scheduled under the agreement to take place in June are not expected to be held until 1999 at the earliest. In addition the United Nations Mission of Observers to Tajikistan (UNMOT) has reported several cease-fire violations. The killing of four UNMOT personnel in July led to the temporary withdrawal of most UNMOT observers.

Internal security is the responsibility of the Ministries of Interior, Security, and Defense. The Russian Army's 201st Motorized Rifle Division, part of a Commonwealth of Independent States (CIS) peacekeeping force established in 1993, remained in the country. The Russian Border Guard Force (RBF) reports to Moscow and has primary responsibility for guarding the border with Afghanistan. It consists mostly of Tajiks with some Russians and a limited number of other Central Asians, although the officer corps remains principally Russian. The Government depends militarily on a handful of commanders who use their forces almost as private armies. The soldiers of some of these commanders are the source of serious problems, including crime and corruption. Some regions of the country remained effectively outside the Government's control, and government control in other areas existed only by day, or at the sufferance of local opposition commanders. Some members of the security forces and government-aligned militias committed serious human rights abuses.

The economy continued to be extremely depressed, and government revenue remains highly dependent on the government-dominated cotton and government-owned aluminum industries. The economy also suffers from narcotics trafficking, other forms of corruption, and crime in general. Most Soviet-era factories operate at a minimal level, if at all. Small-scale privatization is over 60 percent complete, but medium- to large-scale privatization still is stalled. Government figures show a 3.8 percent increase in gross domestic product during the first 8 months of 1998, but also indicate that as much as one-third of the total population is unemployed or underemployed. The Tajik ruble remained stable until its value fell in August, mainly as a consequence of the economic crisis in Russia. The inflation rate has stabilized at 7 percent, and the Government essentially has followed recommendations by international financial institutions to establish fiscal and budgetary discipline. Many, but not all, wages and pensions are being paid. There were serious shortages of natural gas for heating and industry, largely as a result of continued disputes with Uzbekistan over natural gas purchases. The Government states that per capita gross domestic product is approximately $230 to $300; other estimates are lower.

The Government's human rights record is poor and made only limited improvements in a few areas over last year. The Government limits citizens' right to change their government. Some members of the security forces were responsible for killings and beatings, and frequent abuse of detainees. These forces were also responsible for threats, extortion, looting, and abuse of civilians. Certain battalions of nominally government forces operated quasi-independently under their leaders. The Government prosecuted few of the persons who committed these abuses. Prison conditions remain life threatening, and the Government continued to use arbitrary arrest and detention, and lengthy pretrial detention remains a problem. Basic problems of rule of law persist. There are often long delays before trials, and the judiciary is subject to political and paramilitary pressure. The authorities infringe on citizens' right to privacy.

The Government severely restricts freedom of speech and of the press, and essentially controls the electronic media; however, two new opposition newspapers began publishing during the year. The authorities strictly control freedom of assembly and association for political organizations. One new party was allowed to register in 1998, but the registration of another was held up by bureaucratic delays. Three opposition parties and a branch of a fourth affiliated with the armed opposition remained suspended. There are some restrictions on freedom of movement. The Government cooperated to a limited extent with the Organization for Security and Cooperation in Europe (OSCE) in Dushanbe and in some field offices, but the officer in Pyanj was accused of destabilizing the area and ordered out of the district by local officials for a period of 2 weeks in May. The Government still has not established a human rights ombudsman position, despite a 1996 pledge to do so. Violence against women is a problem, as is discrimination against the disabled.

The general weakness of the Government and its limited ability to maintain law and order were evident in the armed clashes between the Government and opposition forces at various points during the year. The actions led by Mahmud Khudoiberdiev in November indicated dissatisfaction among those who feel blocked from participation in the current inter-Tajik peace process. Other clashes during the year involved UTO elements. All of these clashes resulted in civilian deaths, abuse, and property damage. There are credible reports of excesses by both opposition elements and government forces involved in these clashes. Following the November anti-government action led by Mahmud Khudoiberdiev, there were allegations of heavy-handed treatment of civilians in the Leninabad region by government forces seeking to identify potential insurgents and locate caches of weapons allegedly left behind by Khudoiberdiev's forces. There are credible reports that Ministry of Interior troops killed civilians during and after May and July clashes near Dushanbe.

The armed opposition committed serious abuses, including killings and abductions. There were credible reports that UTO units threatened, extorted, and abused the civilian populations.

TURKMENISTAN

U.S. Assistance Provided under the Freedom Support Act: $51.05 million
Population: 4,225,351
Per Capita Assistance 1992–1998: $12.08

Turkmenistan, a one-party state dominated by its president and his closest advisers, made little progress in moving from a Soviet-era authoritarian style of government to a democratic system. Saparmurad Niyazov, head of the Turkmen Communist Party since 1985 (renamed the Democratic Party in 1992) and President of Turkmenistan since its independence in 1991, legally may remain in office until 2002. The Democratic Party, the renamed Communist Party, retained a monopoly on power; the Government registered no parties during the year and continued to repress all opposition political activities. Emphasizing stability and gradual re-

form, official nation-building efforts focused on fostering Turkmen nationalism and the glorification of President Niyazov. The 50-member unicameral Parliament (Mejlis) has no genuinely independent authority, and in practice the President controls the judicial system.

The Committee on National Security (KNB) has the responsibilities formerly held by the Soviet Committee for State Security (KGB), namely, to ensure that the regime remains in power through tight control of society and discouragement of dissent. The Ministry of Internal Affairs directs the criminal police, which work closely with the KNB on matters of national security. Both operate with relative impunity and have been responsible for abusing the rights of individuals as well as enforcing the Government's policy of repressing political opposition.

Turkmenistan is largely a desert with cattle and sheep raising, intensive agriculture in irrigated areas, and huge oil and gas reserves. Its economy remains dependent on central planning mechanisms and state control, although the Government has taken a number of small steps to make the transition to a market economy. Agriculture, particularly cotton cultivation, accounts for nearly half of total employment. Gas, oil and gas derivatives, and cotton account for almost all of the country's export revenues. The Government is proceeding with negotiations on construction of a new gas export pipeline across the Caspian Sea, through Azerbaijan and Georgia to Turkey, and also is considering lines through Iran and Afghanistan.

The Government continued to commit human rights abuses, and the authorities in particular severely restricted political and civil liberties. Citizens do not have the ability to change their government peacefully. Following a commitment by President Niyazov in May, dissident Gulgeldi Annaniyazov was released on January 9, 1999. Security forces continued to beat and otherwise mistreat suspects and prisoners, and prison conditions remained poor and unsafe. Arbitrary arrest, detention, unfair trials, and interference with citizens' privacy remained problems. The Government completely controls the media, censoring all newspapers and rarely permitting independent criticism of government policy or officials. The Government imposes restrictions on some religious groups. The Government generally gave favored treatment to ethnic Turkmen over minorities and to men over women. Women experience societal discrimination, and domestic violence against women is a problem.

The law on religion, amended most recently in 1996, reaffirmed a number of important religious freedoms but also tightened government control of religious groups. The requirement that religious organizations have at least 500 Turkmen citizens as members to be registered legally has prevented all but Sunni Muslims and Russian Orthodox Christians from legally establishing themselves.

The Institute for Democracy and Human Rights, given a mandate to conduct research in support of the democratization of the government and society and to monitor the protection of human rights, completed its second year of operation in October. In December the Government signed a Memorandum of Understanding with the Organization for Security and Cooperation in Europe

(OSCE) concerning the opening of an OSCE office in Ashgabat in 1999.

CONCLUSION

The states in the South Caucasus and Central Asia are falling behind in economic and democratic reforms and in their respect for human rights. The choice for the United States is either to remain passive, with a parochial and largely ineffective aid program, or to re-engage with these countries to advance an agenda of real economic and democratic gains we support. Failure to engage will likely result in a downward spiral of economic hardship and a deterioration of human rights for populations in the region, followed most likely by the full collapse of state structures and an ensuing loss of sovereignty. Once state structures collapse, the choice for populations in the region will be either anarchy or incorporation with Russia or Iran, circumstances that offer no hope for improved human rights, democratic opportunities or economic prosperity.

Absent a renewed effort by the United States Government, prospects for economic and democratic reforms in the region are bleak. Currently, in many of these countries, major investment in the oil and gas sectors by U.S. companies is the single greatest form of engagement with the United States. This will remain the case, regardless of how undemocratic or corrupt governments in the region become. The Silk Road Strategy Act is necessary to ensure that natural resource development will not be the only form of engagement. While United States economic assistance is not a requirement for economic or democratic reforms to be undertaken in the South Caucasus and Central Asia, targeted U.S. assistance would address areas—such as democratic governance and human rights—that simply are not a priority for foreign investors. For better or for worse, without the flexibilities included in the Silk Road Strategy Act, the dominant and even exclusive source of U.S. engagement in countries such as Azerbaijan will remain oil and gas interests.

If broader engagement is the choice for the United States, as outlined by the Silk Road Strategy Act, time is of the essence. Restive populations, increasing misery, and exploitation by hostile powers must be addressed through a comprehensive regional strategy. U.S. economic assistance and diplomacy must be brought to bear to resolve regional conflicts, to open blocked borders, to build regional economic cooperation, to advance human rights, and to promote the establishment of democratic governments. It is not inconceivable that, in failing to act, the United States would miss an opportunity to secure the independence of states that, in the worst circumstance, could prove to be the building blocks of a hostile, regional empire reproducing the threat and tensions of the Cold War. The Silk Road Strategy Act is an active step toward a much brighter alternative in the region.

COMMITTEE ACTION

The Silk Road Strategy Act of 1999 was introduced by Senator Sam Brownback, Senator Gordon Smith, and eleven cosponsors on March 10, 1999. On March 23, 1999, the Committee on Foreign Re-

lations debated and ordered reported the bill by a voice vote. Prior to committee approval of the Silk Road Strategy Act of 1999, several hearings were held in the Committee on Foreign Relations to assess United States policy in the South Caucasus and Central Asia.

April 24, 1997

Full Committee hearing: *Conventional Armed Forces in Europe (CFE) Treaty, Revisions of the Flank Agreement.*

The Honorable Lynn Davis, Undersecretary of State for Arms Control and International Security Affairs.

The Honorable Walter Slocombe, Undersecretary of Defense for Policy.

General Gary M. Rubus, Deputy Director for International Negotiations, Joint Chiefs of Staff.

Dr. Sherman Garnett, Senior Associate. Carnegie Endowment for International Peace.

Dr. Paul Goble, Director of Communication Department, Radio Free Liberty/Radio Liberty.

May 5, 1997

Subcommittee on European Affairs hearing: *The Foreign Assistance Program to the Former Soviet Union and Central and Eastern Europe.*

The Honorable Richard L. Morningstar, Coordinator, Office of U.S. Assistance to the Newly Independent States.

Mr. James H. Holmes, Coordinator, Office of Eastern European Assistance.

July 21, 1997

Subcommittee on European Affairs and Subcommittee on Near Eastern and South Asian Affairs joint subcommittee hearing: *U.S. Foreign Policy Interests in the South Caucasus and Central Asia.*

The Honorable Stuart E. Eizenstat, Undersecretary of State for Economic Affairs.

The Honorable Caspar Weinberger, Chief Executive Officer, Forbes, Inc.

Lt. Gen. William E. Odom, USA (ret.), Director of National Security Studies, Hudson Institute.

Dr. Paul Goble, Director, Communications Department, Radio Free Europe/Radio Liberty.

Dr. Martha Olcott, Senior Associate, Carnegie Endowment for International Peace.

October 22, 1997

Subcommittee on International Economic Policy, Export and Trade Promotion hearing: *U.S. Economic and Strategic Interests in the Caspian Sea Region: Policies and Implications.*

The Honorable Sam Brownback (R–KS), United States Senate.

The Honorable Stuart E. Eizenstat, Undersecretary of State for Economic, Business and Agricultural Affairs.

The Honorable Lawrence S. Eagleburger, Senior Foreign Policy Advisor, Baker, Donelson, Bearman and Caldwell.

Mr. Charles J. Pitman, Chairman and President, Amoco Eurasia Petroleum Company.

February 24, 1998

Subcommittee on International Economic Policy, Export and Trade Promotion hearing: *Implementation of U.S. Policy on Construction of a Western Caspian Sea Oil Pipeline.*

The Honorable Robert W. Gee, Assistant Secretary of Energy for Policy and International Affairs.

Mr. Jan Kalicki, Counselor to the Department of Commerce.

Mr. Lawrence R. Fisher, Vice President, Production and Pipelines, Fluor-Daniel Incorporated.

The Honorable Charles William Maynes, President, The Eurasia Foundation.

June 16, 1998

Subcommittee on International Economic Policy, Export and Trade Promotion hearing: *Implementation of U.S. Policy on Construction of a Western Caspian Pipeline.*

The Honorable Marc Grossman, Assistant Secretary of State for European and Canadian Affairs.

The Honorable Stephen R. Sestanovich, Special Advisor to the Secretary of State for the New Independent States.

The Honorable Zbigniew Brzezinski, Counselor, Center for Strategic and International Studies.

Dr. Martha Brill Olcott, Senior Associate, Carnegie Endowment for International Peace.

Mr. Van Krikorian, Chairman, Board of Directors, Armenian Assembly.

March 3, 1999

Subcommittee on International Economic Policy, Export and Trade Promotion hearing: *Commercial Viability of a Caspian Sea Main Energy Pipeline.*

The Honorable Richard L. Morningstar, Special Advisor to the President and Secretary of State for Caspian Basin Energy Diplomacy.

Mr. Edward M. Smith, President and CEO, Pipeline Solutions Group International.

Mr. J. Michael Stinson, Senior Vice President, Conoco Inc.

Ms. Maureen Greenwood, Advocacy Director for Europe and the Middle East, Amnesty International.

SECTION-BY-SECTION ANALYSIS

Section 1—Short Title

This Act may be cited as the Silk Road Strategy Act of 1999.

Section 2—Findings

Section 3—Policy of the United States

Section 3 establishes that it shall be the policy of the United States in the South Caucasus and Central Asia to promote and

strengthen independence, sovereignty, democratic government, and respect for human rights; to promote tolerance, pluralism, and understanding and counter racism and anti-Semitism; to assist actively in the resolution of regional conflicts and to facilitate the removal of impediments to cross-border commerce; to promote friendly relations and economic cooperation; to help promote market-oriented principles and practices; to assist in the development of infrastructure necessary for communications, transportation, education, health, and energy and trade on an East-West axis in order to build strong international relations and commerce between those countries and the stable, democratic and market oriented countries of the Euro-Atlantic Community; and, to support United States business interests and investments in the region.

Section 4—United States Efforts to Resolve Regional Conflicts in the South Caucasus and Central Asia

Sense of the Congress that the President should use all diplomatic means practicable, including the engagement of senior United States Government officials, to press for an equitable, fair and permanent resolution to the conflicts in the South Caucasus and Central Asia.

Section 5—Amendment of the Foreign Assistance Act of 1961

The Silk Road Strategy Act of 1999 authorizes the provision of assistance to countries in the South Caucasus and Central Asia to promote reconciliation and recovery from regional conflicts; to foster economic growth and development, including the conditions necessary for regional economic cooperation; to secure borders and implement effective controls necessary to prevent the trafficking of illegal narcotics and the proliferation of technology and materials related to weapons of mass destruction; and to promote institutions of democratic government and to create the conditions for the growth of pluralistic societies, including religious tolerance and respect for internationally recognized human rights.

The Silk Road Strategy Act restricts assistance to countries in the South Caucasus and Central Asia on the exact same eligibility requirements that are otherwise currently applied to those countries under Foreign Assistance Act of 1961. Specifically, except as provided in the waiver contained in this section (also identical to that contained in the Foreign Assistance Act of 1961), assistance may not be provided under this chapter for the government of a country of the South Caucasus or Central Asia if the President determines and certifies to the appropriate congressional committees that the government of such country:

(1) is engaged in a consistent pattern of gross violations of internationally recognized human rights;

(2) has, on or after the date of enactment of this chapter, knowingly transferred to another country—

(A) missiles or missile technology inconsistent with the guidelines and parameters of the Missile Technology Control Regime; or

(B) any material, equipment, or technology that would contribute significantly to the ability of such country to manufacture any weapon of mass destruction(including

nuclear, chemical and biological weapons) if the President determines that the material, equipment, or technology was to be used by such country in the manufacture of such weapons;

(3) has repeatedly provided support for acts of international terrorism; or

(4) is prohibited from receiving such assistance by chapter 10 of the Arms Export Control Act or section 306(a)(1) and 307 of the Chemical Biological Weapons Control and Warfare Elimination Act of 1991.

Section 6—Restriction on Assistance for the Government of Azerbaijan

This section amends Section 907 of the Freedom Support Act to provide the President with the authority to waive restrictions on assistance to the Government of Azerbaijan if it is in the national interest of the United States of America.

Section 7—Annual Report

The annual reporting requirements under section 104 of the Freedom Support Act are revised to include specific analysis on progress toward implementing the policies of the Silk Road Strategy Act of 1999.

Section 8—Conforming Amendments

Conforming amendment to the Freedom Support Act (Public Law 102–511).

Section 9—Definitions

Precise definitions of terms used in the Silk Road Strategy Act of 1999.

COST ESTIMATE

In accordance with rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, the Committee provides the following estimate of the cost of this legislation prepared by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 6, 1999.

Hon. JESSE HELMS,
Chairman, Committee on Foreign Relations,
U.S. Senate,
Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has prepared the enclosed cost estimate for S. 579, the Silk Road Strategy Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill.

Sincerely,

BARRY B. ANDERSON
*(*for *Dan L. Crippen, Director.)*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 579—Silk Road Strategy Act of 1999

S. 579 would state U.S. policy on various economic and political matters related to countries of the South Caucasus and Central Asia. Although the bill would authorize several broad categories of assistance to the region, it would not authorize specific amounts, and the authorizations would overlap with more general authorizations in current law.

Because the bill would not substantially expand the Administration's authority to provide assistance, either geographically or programmatically, CBO estimates that spending targeted at the region would continue at the current rate—approximately $460 million in economic assistance, security assistance, food aid, and export financing. That spending would be subject to appropriation. S. 579 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act, and would not affect the budgets of state, local, or tribal governments.

The estimate was prepared by Joseph C. Whitehill. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

EVALUATION OF REGULATORY IMPACT

In accordance with rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the Committee has concluded that there is no regulatory impact from this legislation.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Foreign Assistance Act of 1961

* * * * * * *

CHAPTER 11—SUPPORT FOR THE ECONOMIC AND DEMOCRATIC DEVELOPMENT OF THE INDEPENDENT STATES OF THE FORMER SOVIET UNION

* * * * * * *

CHAPTER 12—SUPPORT FOR THE ECONOMIC AND POLITICAL INDEPENDENCE OF THE COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA

SEC. 499. UNITED STATES ASSISTANCE TO PROMOTE RECONCILIATION AND RECOVERY FROM REGIONAL CONFLICTS.

(a) PURPOSE OF ASSISTANCE.—The purposes of assistance under this section include—

(1) the creation of the basis for reconciliation between belligerents;

(2) the promotion of economic development in areas of the countries of the South Caucasus and Central Asia impacted by civil conflict and war; and

(3) the encouragement of broad regional cooperation among countries of the South Caucasus and Central Asia that have been destabilized by internal conflicts.

(b) AUTHORIZATION FOR ASSISTANCE.—

(1) IN GENERAL.—To carry out the purposes of subsection (a), the President is authorized to provide humanitarian assistance and economic reconstruction assistance for the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

(2) DEFINITION OF HUMANITARIAN ASSISTANCE.—In this subsection, the term "humanitarian assistance" means assistance to meet humanitarian needs, including needs for food, medicine, medical supplies and equipment, and clothing.

(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include—

(1) providing for the humanitarian needs of victims of the conflicts;

(2) facilitating the return of refugees and internally displaced persons to their homes; and

(3) assisting in the reconstruction of residential and economic infrastructure destroyed by war.

(d) POLICY.—It is the sense of Congress that the United States should, where appropriate, support the establishment of neutral, multinational peacekeeping forces to implement peace agreements reached between belligerents in the countries of the South Caucasus and Central Asia.

SEC. 499A. ECONOMIC ASSISTANCE.

(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section is to foster economic growth and development, including the conditions necessary for regional economic cooperation, in the South Caucasus and Central Asia.

(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide assistance for the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

(c) ACTIVITIES SUPPORTED.—In addition to the activities described in section 498, activities supported by assistance under subsection (b) should support the development of the structures and means necessary for the growth of private sector economies based upon market principles.

(d) POLICY.—It is the sense of Congress that the United States should—

(1) assist the countries of the South Caucasus and Central Asia to develop policies, laws, and regulations that would facilitate the ability of those countries to join the World Trade Organization to enjoy all the benefits of membership; and

(2) consider the establishment of zero-to-zero tariffs between the United States and the countries of the South Caucasus and Central Asia.

SEC. 499B. DEVELOPMENT OF INFRASTRUCTURE.

(a) PURPOSE OF PROGRAMS.—The purposes of programs under this section include—

(1) to develop the physical infrastructure necessary for regional cooperation among the countries of the South Caucasus and Central Asia; and

(2) to encourage closer economic relations and to facilitate the removal of impediments to cross-border commerce among those countries and the United States and other developed nations.

(b) AUTHORIZATION FOR PROGRAMS.—To carry out the purposes of subsection (a), the following types of programs for the countries of the South Caucasus and Central Asia may be used to support the activities described in subsection (c):

(1) Activities by the Export-Import Bank to complete the review process for eligibility for financing under the Export-Import Bank Act of 1945.

(2) The provision of insurance, reinsurance, financing, or other assistance by the Overseas Private Investment Corporation.

(3) Assistance under section 661 of this Act (relating to the Trade and Development Agency).

(c) ACTIVITIES SUPPORTED.—Activities that may be supported by programs under subsection (b) include promoting actively the participation of United States companies and investors in the planning, financing, and construction of infrastructure for communications, transportation, including air transportation, and energy and trade including highways, railroads, port facilities, shipping, banking, insurance, telecommunications networks, and gas and oil pipelines.

(d) POLICY.—It is the sense of Congress that the United States representatives at the International Bank for Reconstruction and Development, the International Finance Corporation, and the European Bank for Reconstruction and Development should encourage lending to the countries of the South Caucasus and Central Asia to assist the development of the physical infrastructure necessary for regional economic cooperation.

SEC. 499C. BORDER CONTROL ASSISTANCE.

(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section includes the assistance of the countries of the South Caucasus and Central Asia to secure their borders and implement effective controls necessary to prevent the trafficking of illegal narcotics and the proliferation of technology and materials related to weapons of mass destruction (as defined in section 2332a(c)(2) of title 18, United States Code), and to contain and inhibit transnational organized criminal activities.

(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide assistance to the countries of the South Caucasus and Central Asia to support the activities described in subsection (c).

(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include assisting those countries of the South Caucasus and Central Asia in developing capabilities to maintain national border guards, coast guard, and customs controls.

(d) POLICY.—It is the sense of Congress that the United States should encourage and assist the development of regional military cooperation among the countries of the South Caucasus and Central Asia through programs such as the Central Asian Battalion and the Partnership for Peace of the North Atlantic Treaty Organization.

SEC. 499D. STRENGTHENING DEMOCRACY, TOLERANCE, AND THE DEVELOPMENT OF CIVIL SOCIETY.

(a) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section is to promote institutions of democratic government and to create the conditions for the growth of pluralistic societies, including religious tolerance and respect for internationally recognized human rights.

(b) AUTHORIZATION FOR ASSISTANCE.—To carry out the purpose of subsection (a), the President is authorized to provide the following types of assistance to the countries of the South Caucasus and Central Asia:

(1) Assistance for democracy building.

(2) Assistance for the development of nongovernmental organizations.

(3) Assistance for development of independent media.

(4) Assistance for the development of the rule of law.

(5) International exchanges and advanced professional training programs in skill areas central to the development of civil society.

(6) Assistance to promote increased adherence to civil and political rights under section 116(e) of this Act.

(c) ACTIVITIES SUPPORTED.—Activities that may be supported by assistance under subsection (b) include activities that are designed to advance progress toward the development of democracy.

(d) POLICY.—It is the sense of Congress that the Voice of America and RFE/RL, Incorporated, should maintain high quality broadcasting for the maximum duration possible in the native languages of the countries of the South Caucasus and Central Asia.

SEC. 499E. INELIGIBILITY FOR ASSISTANCE.

(a) IN GENERAL.—Except as provided in subsection (b), assistance may not be provided under this chapter for the government of a country of the South Caucasus or Central Asia if the President determines and certifies to the appropriate congressional committees that the government of such country—

(1) is engaged in a consistent pattern of gross violations of internationally recognized human rights;

(2) has, on or after the date of enactment of this chapter, knowingly transferred to another country—

(A) missiles or missile technology inconsistent with the guidelines and parameters of the Missile Technology Control Regime (as defined in section 11B(c) of the Export Administration Act of 1979 950 U.S.C. App. 2410b(c); or

(B) any material, equipment, or technology that would contribute significantly to the ability of such country to manufacture any weapon of mass destruction (including nuclear, chemical, and biological weapons) if the President determines that the material, equipment, or technology was

to be used by such country in the manufacture of such weapons;

(3) has repeatedly provided support for acts of international terrorism; or

(4) is prohibited from receiving such assistance by chapter 10 of the Arms Export Control Act or section 306(a)(1) and 307 of the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (22 U.S.C. 5604(a)(1), 5605).

(b) EXCEPTIONS TO INELIGIBILITY.—

(1) EXCEPTIONS.—Assistance prohibited by subsection (a) or any similar provision of law, other than assistance prohibited by the provisions referred to in paragraphs (2) and (4) of subsection (a), may be furnished under any of the following circumstances:

(A) The President determines that furnishing such assistance is important to the national interest of the United States.

(B) The President determines that furnishing such assistance will foster respect for internationally recognized human rights and the rule of law or the development of institutions of democratic governance.

(C) The assistance is furnished for the alleviation of suffering resulting from a natural or man-made disaster.

(D) The assistance is provided under the secondary school exchange program administered by the United States Information Agency.

(2) REPORT TO CONGRESS.—The President shall immediately report to Congress any determination under paragraph (1) (A) or (B) or any decision to provide assistance under paragraph (1)(C).

SEC. 499F. ADMINISTRATIVE AUTHORITIES.

(a) ASSISTANCE THROUGH GOVERNMENTS AND NONGOVERNMENTAL ORGANIZATIONS.—Assistance under this chapter may be provided to governments or through nongovernmental organizations.

(b) USE OF ECONOMIC SUPPORT FUNDS.—Except as otherwise provided, any funds that have been allocated under chapter 4 of part II for assistance for the independent states of the former Soviet Union may be used in accordance with the provisions of this chapter.

(c) TERMS AND CONDITIONS.—Assistance under this chapter shall be provided on such terms and conditions as the President may determine.

(d) RELATIONSHIP TO OTHER LAWS.—

(1) SUPERSEDING EXISTING LAW.—The authorities contained in this chapter and in chapter 11 to provide assistance for the countries of the South Caucasus and Central Asia shall supersede the FREEDOM Support Act (22 U.S.C. 5801 et seq.).

(2) AVAILABLE AUTHORITIES.—The authority in this chapter to provide assistance for the countries of the South Caucasus and Central Asia is in addition to the authority to provide such assistance under the FREEDOM Support Act (22 U.S.C. 5801 et seq.) or any other Act, and the authorities applicable to the

provision of assistance under chapter 11 may be used to provide assistance under this chapter.

SEC. 499G. DEFINITIONS.

In this chapter:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term "appropriate congressional committees" means the Committee on Foreign Relations of the Senate and the Committee on International Relations of the House of Representatives.

(2) COUNTRIES OF THE SOUTH CAUCASUS AND CENTRAL ASIA.—The term "countries of the South Caucasus and Central Asia" means Armenia, Azerbaijan, Georgia, Kazakstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992

FREEDOM Support Act

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TITLE I—GENERAL PROVISIONS

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SEC. 102. PROGRAM COORDINATION, IMPLEMENTATION, AND OVERSIGHT.

(a) COORDINATION.—The President shall designate, within the Department of State, a coordinator who shall be responsible for—

(1) * * *

(2) ensuring program and policy coordination among agencies of the United States Government in carrying out the policies set forth in [this Act] *this Act and the Silk Road Strategy Act of 1999* (including the amendments made by [this Act] *this Act and the Silk Road Strategy Act of 1999*);

(3) * * *

(4) ensuring that United States assistance programs for the independent states are consistent with [this Act] *this Act and the Silk Road Strategy Act of 1999* (including the amendments made by [this Act] *this Act and the Silk Road Strategy Act of 1999*);

(5) * * *

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SEC. 104. ANNUAL REPORT.

* * * * * * *

(3) an assessment of the effectiveness of United States assistance in achieving its purposes; [and]

(4) an evaluation of the manner in which the "notwithstanding" authority provided in section 498B(j)(1) of the Foreign Assistance Act of 1961, and the "notwithstanding" authority provided in any other provision of law with respect to as-

sistance for the independent states, has been used and why the use of that authority was necessary**[**.**]***; and*

(5) with respect to the countries of the South Caucasus and Central Asia—

(A) identifying the progress of United States foreign policy to accomplish the policy identified in section 3 of the Silk Road Strategy Act of 1999;

(B) evaluating the degree to which the assistance authorized by chapter 12 of part I of the Foreign Assistance Act of 1961 has been able to accomplish the purposes identified in those sections; and

(C) recommending any additional initiatives that should be undertaken by the United States to implement the policy and purposes contained in the Silk Road Strategy Act of 1999.

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TITLE IX—OTHER PROVISIONS

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SEC. 907. RESTRICTION ON ASSISTANCE TO AZERBAIJAN.

(a) RESTRICTIONS.—United States assistance under this or any other Act (other than assistance under title V of this Act) may not be provided to the Government of Azerbaijan until the President determines, and so reports to the Congress, that the Government of Azerbaijan is taking demonstrable steps to cease all blockades and other offensive uses of force against Armenia and Nagorno-Karabakh.

(b) WAIVER.—The restriction on assistance in subsection (a) shall not apply if the President determines, and so certifies to Congress, that the application of the restriction would not be in the national interests of the United States.

MINORITY VIEWS OF SENATORS SARBANES, KERRY, FEINGOLD, WELLSTONE, BOXER AND TORRICELLI

While we strongly support efforts to promote peace, democracy and prosperity in the South Caucasus and Central Asia, it is our view that the legislation as written will not further these objectives. Rather, by waiving important human rights and humanitarian conditions on bilateral assistance, S. 579 contradicts fundamental U.S. values and principles, thereby sending an unfortunate message to the countries of the region and the entire world.

We appreciate the efforts of the sponsors of this legislation to respond to some of the concerns raised last year, but the changes fall short of what is needed to produce a policy that will advance U.S. national interests and encourage respect for international law. As reported, the bill would have several damaging consequences.

First, the bill would grant the President authority to waive Section 907 of the Freedom Support Act without requiring the Government of Azerbaijan to take any steps to lift its economic blockade against Armenia and Nagorno-Karabakh. Such a waiver runs directly counter to the intent of the law, which is to create pressure for ending the blockade. We believe that Section 907 made sense when it was enacted and that it continues to make sense today. To waive it in the absence of any progress toward a lifting of the blockade would reward the Government of Azerbaijan for its intransigence and remove a major incentive for good-faith negotiation from one side in the conflict.

For nearly a decade, the government of Azerbaijan has prevented the transport of food, fuel, medicine, and other vital commodities to Armenia and Nagorno-Karabakh, causing immense human suffering. During winters, much of the Armenian population has had to live without heat, electricity or water. Schools and hospitals have been unable to function, and most Armenian industries have been forced to close down, crippling the economy and producing widespread unemployment and poverty.

Under current law, all Azerbaijan must do in order for Section 907 to be lifted is to "take demonstrable steps to cease all blockades against Armenia and Nagorno-Karabakh." This is an entirely reasonable expectation, especially given the basic purpose of this bill, which is to promote trade and economic cooperation between the countries of the region.

Supporters of this legislation have called Section 907 an economic "sanction" and argued that such sanctions are unfair or ineffective. Yet it should be understood that United States foreign assistance is not an entitlement. The placing of conditions upon government-to-government aid is both reasonable and appropriate, for policy as well as budgetary reasons. Such conditions on government aid are not sanctions; they are a means for ensuring that foreign assistance serves American values and interests. While there may be disagreements over what the conditions should be, aid should not be provided without regard to the recipient's policies and actions.

Even with the existing Section 907, Azerbaijan receives tens of millions of dollars each year in U.S. aid. In FY 1999, Azerbaijan is slated to receive $24 million in economic assistance, bringing the

total of U.S. aid to Azerbaijan to over $100 million since it began in 1994. Annual appropriations bills have exempted from coverage under Section 907 all assistance through the Trade and Development Agency (TDA), the Export-Import Bank, the Overseas Private Investment Corporation (OPIC), the Foreign and Commercial Service, and non-governmental organizations, as well as programs for humanitarian relief, democracy promotion, and nonproliferation and disarmament. Moreover, trade with Azerbaijan is unaffected by Section 907. The U.S. has normal trading relations with Azerbaijan.

Our second objection to S. 579 is that it will undermine U.S. efforts to promote respect for human rights and the development of open and accountable government institutions. According to the State Department's Country Reports on Human Rights Practices for 1998, Turkmenistan is "a one-party state dominated by its president and his closest advisers" which "made little progress in moving from a Soviet-era authoritarian style of government to a democratic system." Human Rights Watch called the year 1998 "disastrous for human rights in Uzbekistan," noting that "in a sweeping effort to eliminate religion as a potential source of political opposition, the government of [President] Islam Karimov employed mass arbitrary arrests, torture of men in custody, religious discrimination, and harassment of independent human rights activists and journalists." And the *New York Times* condemned Kazakhstan's "empty election" last November, calling its leader "a thinly disguised dictator who stages elections he has no chance of losing."

By increasing the availability of U.S. assistance for countries that fail to demonstrate a commitment to democratic principles and routinely violate the basic rights of their citizens, the legislation rewards poor performance and eliminates incentives for improvement. It unfortunately suggests that economic prosperity can be achieved outside the context of political freedom and the rule of law. In our view, human rights, democracy and free markets are goals that need to be achieved in relationship to one another.

We are particularly concerned by language in the bill that could have the effect of exempting recipient countries from U.S. laws designed to promote cooperation on human rights, counterterrorism, and nonproliferation of weapons of mass destruction. For instance, the new section 499E, which the bill would add to the Foreign Assistance Act of 1961, would weaken the standards for waiving laws such as the ban on assistance to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights. We believe the countries of the Caspian Sea basin should be held to the same standards of conduct in the areas of human rights, proliferation of weapons of mass destruction, and terrorism as every other country that receives foreign assistance.

Finally, S. 579 repudiates the framework established by the Freedom Support Act, through which the United States has encouraged the transition to democracy and free markets in the New Independent States of the former Soviet Union. In providing assistance under that Act, the President must take into account the extent to which each government is committed to, and making

progress toward, such goals as the establishment of a democratic political system and a market-based economy, respect for internationally recognized human rights, adherence to international law and obligations, cooperation in seeking peaceful resolution of ethnic and regional conflicts, implementation of responsible security and non-proliferation policies, and protection of the international environment. All the countries of the South Caucasus and Central Asia currently receive U.S. aid under this program, amounting to $342 million in FY 1999. The "Silk Road Strategy Act of 1999" exempts eight of the thirteen former Soviet republics from the requirements of the Freedom Support Act while authorizing new forms of aid for them, thus creating two classes of states: those who must comply with the Freedom Support Act, and those who are outside it. We believe this unequal treatment, based not on the progress made in each country but rather on its geographic location, could have a negative effect on our relations with Russia and the other New Independent States.

For all of these reasons, we are unable to support this legislation. In our judgment, S. 579 represents an unwise shift from the current, more balanced approach to the problems of the region.

