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**SILK ROAD STRATEGY ACT OF 1998**

OCTOBER 9 (legislative day, OCTOBER 2), 1998.—Ordered to be printed

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

**REPORT**

together with

**MINORITY VIEWS**

[To accompany S. 1344]

The Committee on Foreign Relations, to which was referred S. 1344 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, reports favorably thereon with an amendment and recommends that the bill do pass.

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**I. 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. Seven 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 properly focus U.S. assistance to better 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 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 thirteen 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 earlier this 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 intend to boycott the Azerbaijani presidential election scheduled for October 11, 1998, 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 in democratic institutions and sound election laws. 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 repeatedly requested that the Congress allow broader U.S. assistance to Azerbaijan, pointing out that critics of corruption and undemocratic tendencies in the gov-

ernment 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 Rus-

sia (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. Under existing human rights statutes however, 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-Israeli 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. Since 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 1992-1997 (as provided in the State Department’s 1998 “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:  
\$363.34 million**

**Population: 3,465,611**

**Per Capita Assistance 1992-1997: \$104.84**

Armenia has a constitutional government in which the President has extensive powers of appointment and decree, and the role of the legislature relative to the executive branch is severely circumscribed. The President appoints the Prime Minister, who is in charge of the Cabinet. President Levon Ter-Petrosian was re-elected in a controversial multi-candidate election in September 1996, which was flawed by numerous irregularities and serious breaches of the election law. A transitional National Assembly in which ruling Armenian National Movement (ANM) members and their allies won about 88 percent of the seats was elected in July 1995; local and international observers characterized these elections as "generally free but not fair." To protest the presidential elections, a number of opposition parties continue to boycott parliamentary sessions. Both the Government and the legislature can propose legislation. The legislature approves new laws and can remove the Prime Minister by a vote of no confidence. Elections for a new National Assembly are scheduled for 1999.

The Constitution provides for an independent judiciary; however, in practice judges are subject to political pressure from the executive branch. The Ministry of Internal Affairs and National Security is responsible for domestic security, intelligence activities, border control, and the national police force. Oversight of the security services improved after the merger of the Interior Ministry with the National Security Ministry, but members of the security forces committed serious human rights abuses.

The transition from a centralized, controlled economy to a market economy continues to move forward. Industrial output remains low, leaving over 50 percent of the population unemployed or underemployed, with a high degree of income inequality. Most small and medium enterprises have been privatized, as has most agricultural land. About one-third of permanent land titles had been issued by the end of the year. Gains in the privatized trade, service, and agriculture sectors generated an approximately 3 percent increase in gross domestic product (GDP) in 1997, to about \$550 per capita. However, inflation rose to about 21.9 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. The Government's manipulation of the 1996 presidential election continued to restrict citizens' ability to change their government. Members of the security forces made arbitrary arrests and detentions without warrants, beat detainees during arrest and interrogation, and did not respect constitutional guarantees regarding privacy and due process. At least two cases of police abuse resulting

in death occurred; adequate institutional mechanisms do not exist to protect individuals from police abuse. Prison conditions remained poor.

The judiciary is subject to political pressure and does not enforce constitutional protections effectively. Opposition groups charged that defendants in three major criminal cases were political prisoners. The Government continued to place some restrictions on freedom of the press and maintains the dominant role in nationwide television and radio broadcasting. A semi-official list of forbidden subjects encourages some media self-censorship. However, the nongovernmental media often criticize the country's leadership and policies. Local independent television and newspapers, along with private radio stations, continued to multiply.

The Government maintains some limits on freedom of association. A previously suspended prominent political party, the Armenian Revolutionary Federation (ARF/Dashnaks), was not reinstated, although the authorities tolerated its activities, restored its offices, and permitted publication of a Dashnak newspaper. The legislature called into question its commitment to constitutional provisions for freedom of religion, by amending the law on freedom of conscience to further strengthen the role of the Armenian Apostolic Church and create new barriers to other denominations. The Government places some restrictions on freedom of movement. Discrimination against women, minorities, and the disabled remained a problem.

Efforts began in October to train current and prospective judges and prosecutors on the draft civil and criminal law codes, scheduled for passage in 1998.

## **AZERBAIJAN**

**U.S. Assistance Provided under the Freedom Support Act:  
\$45.19 million**

**Population: 7,735,918**

**Per Capita Assistance 1992-1997: \$5.84**

Azerbaijan is a republic with a presidential form of government. Heydar Aliyev, who assumed presidential powers after the overthrow of his democratically elected predecessor, was elected President in 1993. Although Azerbaijan took significant steps toward economic reform in 1997, it made little progress in moving toward democracy. President Aliyev and his supporters, many from his home region of Nakhchivan, continue to dominate the Government, the multiparty 125-member Parliament chosen in the November 1995 elections, and the judiciary. The Constitution, adopted in a November 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.

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) occupy 20 percent of Azerbaijan's territory. A cease-fire was concluded in 1994, and the peace process continues. Serious clashes along the Azerbaijan-Armenian border and along the line of contact

with Nagorno-Karabakh in the spring and summer caused scores of casualties. Military operations continued to affect the civilian population. There are 780,000 Azerbaijani refugees and internally displaced persons (IDP's) who cannot return 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. In the part of Azerbaijan that Armenians control, a heavily militarized ruling structure prevents ethnic Azerbaijanis from returning to their homes. 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.

The economy is in transition from central planning to a free market. A highly organized system of corruption and patronage hampers economic development. The country has rich petroleum reserves and significant agricultural potential. Oil and oil products are the largest export, followed by cotton. Other key industries are chemicals, oil field machinery, and air conditioning equipment. However, most industry languishes in a post-Soviet depression. The Government signed five oil production sharing agreements with foreign oil companies in 1997, bringing the total to nine. In agriculture, which employs 35 percent of the labor force, the leading crops are cotton, grapes, tea, and tobacco. The Government continued its policies of fiscal and monetary austerity, inflation continued to fall, and interest rates declined to less than half of 1996 levels. The pace of privatization accelerated with the initiation of auction sales of shares in large state-owned enterprises. Privatization of the cotton gins ended the Government's monopoly on trade in cotton. Privatization of farmland continued, but new small farmers have poor access to credit and markets, and commercial agriculture remains weak.

Per capita gross domestic product is about \$300 per year. According to the World Bank, 60 percent of citizens live in poverty. Much of the labor force is "employed" by state enterprises that operate at very low levels of capacity and pay their workers intermittently if at all. The overall economic situation of the average citizen remains precarious, although in urban areas a growing moneyed class with trade and oil-related interests has emerged. Economic opportunity depends on connections to the Government. Severe disparities of income have emerged that are partly attributed to patronage and corruption.

The Government's human rights record continued to be poor, and the Government continued to commit serious abuses. Police beat persons in custody, and some beatings resulted in deaths. Police also arbitrarily arrested and detained persons, conducted searches and seizures without warrants, and suppressed and refused to allow peaceful public demonstrations. In most instances, the Government took no action to punish abusers. In a variety of separate incidents, the Government arrested at least 19 members of the opposition Azerbaijan Popular Front Party. Prison conditions remained harsh. The entire judiciary is corrupt, inefficient, and subject to executive influence. The Government holds about 120 political prisoners.



The Government tolerated the existence of many opposition political parties, although it continued to refuse to register some of them. The Government restricts citizens' ability to change their government peacefully. The Government restricted freedom of speech, press, assembly, association, religion, and privacy when it deemed it in its interest to do so. Press censorship continued, as did the Government's control over the broadcast media. Discrimination against ethnic minorities and societal discrimination and violence against women are problems. Worker rights suffered a setback when managers in the state-owned oil industry, without a vote of the union membership, formed a progovernment union of oil and gas workers to displace the independent union that had represented the interests of workers in those industries.

Nevertheless, there were some positive signs. Scores of opposition and independent newspapers continued to publish and discuss a wide range of sensitive domestic and foreign policy issues. The Government abolished military censorship and the press began open discussion of the issue of censorship. Opposition political parties carried on a variety of public activities. After 4 years of internal exile, and 2 months of confinement to a village, former president Elchibey returned to Baku in October, 1997, and resumed full political activity. Although critical of certain domestic human rights activists, the Government was open to limited dialogue with domestic and international human rights organizations. The Government arrested two police officials for inflicting injuries on detained persons that resulted in death.

Cease-fire violations by both sides in the Nagorno-Karabakh conflict increased. They resulted in injuries and deaths among combatants 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 people.

## GEORGIA

**U.S. Assistance Provided under the Freedom Support Act:  
\$141.02 million**

**Population: 5,174,642**

**Per Capita Assistance 1992-1997: \$27.25**

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

Internal conflicts in Abkhazia and South Ossetia that erupted in the early 1990's remain unresolved, although cease-fires in both

areas are in force. These conflicts, together with problems created by roughly 250,000 internally displaced persons (IDP's), pose the greatest threat to national stability. In 1993 Abkhaz separatists won control of Abkhazia, and most ethnic Georgians, a large plurality of the population, 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, apart from some spontaneous returns to the Gali region of Abkhazia, where the security situation remains unstable. A Russian peacekeeping force has been in South Ossetia since June 1992. Repatriation to South Ossetia has also been slow. The Government has no effective control over either Abkhazia or South Ossetia. There were no large-scale armed hostilities in South Ossetia or Abkhazia in 1997, but the intensity and frequency of partisan warfare in Abkhazia increased. Abkhaz and Georgian armed criminal bands were also active in Abkhazia.

The Ministry of Interior (MVD) and Procuracy have primary responsibility for law enforcement, and the Ministry of State Security (MGB, formerly KGB) plays a significant role in internal security. In times of internal disorder, the Government may call on the army. Reformist, elected, civilian authorities still maintain inadequate control of the law enforcement and security forces. In particular, representatives of the MVD and Procuracy committed serious human rights abuses.

The economy continued its turnaround, with a growth rate estimated by the International Monetary Fund (IMF) at 10 percent. The economy is primarily agricultural. Foreign aid remains an essential component of the economy. The country began a second stage of economic reforms to complete the transition to a free market economy, but the ongoing energy crisis remains an obstacle to economic progress. The IMF estimated annual per capita gross domestic product at over \$850.

The Government continued efforts to improve its uneven human rights record, but serious problems remain. Police and security forces routinely abuse and beat prisoners and detainees, force confessions, and fabricate or plant evidence. Inhuman prison conditions, along with abuse, led to deaths in custody. Corrupt and incompetent judges seldom displayed independence from the executive branch, leading to trials that were neither fair nor expeditious. Law enforcement agencies illegally interfered with citizens' right to privacy at times and limited freedom of assembly, violently dispersing peaceful rallies. The Government constrains some press freedoms. Discrimination against women is also a problem.

Senior government officials openly 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 implemented, there was no change in the practices of the law enforcement agencies.

Nevertheless, increased citizen awareness of democratic values, and growth of civil society provided some check on the excesses of law enforcement agencies. The Parliament challenged the law en-

forcement agencies by forcing the resignation of the Security Minister and by investigating charges of abuse. Parliament passed a Law on the Courts designed to increase judicial competence and independence as well as a new Criminal Procedures Code that puts into effect constitutional protections. Independent newspapers showed greater maturity and a continued willingness to criticize government policies and actions. 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.

### KAZAKHSTAN

**U.S. Assistance Provided under the Freedom Support Act:  
\$304.14 million**

**Population: 16,898,572**

**Per Capita Assistance 1992-1997: \$18.00**

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. Presidential elections originally scheduled for 1996 did not take place, as President Nazarbayev's term in office was extended to 2000 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. During the Parliament's first full session, deputies drafted 19 bills for consideration. 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.

In October as part of a larger government reorganization, the law enforcement community was restructured. The Committee for National Security (the KNB, successor to the KGB) is responsible for counter-intelligence and law enforcement activities on the national level. A new external intelligence service, Barlau (the Kazakh word for intelligence), was created to supervise overseas operations. Both report directly to the President. The Ministry of Internal Affairs supervises the criminal police who are poorly paid and widely believed to be corrupt. The State Committee for Investigations (GSK), a federal investigative and law enforcement agency established in 1995, was dissolved. Its functions were divided between the Interior Ministry and the KNB. The KNB continued efforts to legitimize its role by focusing on activities to combat 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 increase in 1996. The Government has been successful in stabilizing the local currency (tenge), slowing inflation, and improving structural reforms. The agricultural sector,

traditionally accounting for over one-third of national employment and production, has been slow to privatize. The Government successfully privatized most small- and medium-size firms, and is working to privatize large-scale industrial complexes, particularly in the oil and gas sector. However, living standards for many citizens continue to decline. According to several surveys, up to 35 percent of citizens live 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. 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 harsh prison conditions continued to deteriorate. There were allegations of arbitrary arrest, and prolonged detention is a problem. The judiciary remains under the control of the President and the executive branch, and corruption is deeply rooted. The Government infringed on citizens' rights to privacy.

The Government generally tolerates independent media, although the media practiced self-censorship, and the Government maintained control of most printing presses and facilities. Freedom of assembly was sometimes restricted. Some organizers of unsanctioned demonstrations were arrested and fined or imprisoned. Freedom of association, while generally respected, was sometimes hindered by complicated and controversial registration requirements for organizations and political parties that restrict this right. 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 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.

## KYRGYZSTAN

**U.S. Assistance Provided under the Freedom Support Act:  
\$133.93 million**

**Population: 4,540,185**

**Per Capita Assistance 1992-1997: \$29.50**

The Kyrgyzstan 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 new, two-chamber Parliament was elected for a 5-year term. The Constitution was amended by referendum in February 1996 to strengthen substantially the presidency and define the role of Parliament. However, the referendum was marred by serious irregularities. In 1995 a Constitutional Court was sworn in, and a reform program was implemented to improve the quality of the judiciary in 1996. While Parliament has become increasingly active,

the balance of power resides in the office of the President. The judiciary is dominated by the executive branch.

Law enforcement responsibilities are divided between 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 the MNB deal with corruption and organized crime. These ministries inherited their personnel and infrastructure from their Soviet predecessors. Both appear to be under the full control of the Government and usually conform their actions to the law. Kyrgyz borders are manned by Russian border troops under an agreement with the Russian Federation. The Government has little authority over these troops, who sometimes enforce their own rules rather than Kyrgyz law.

The Kyrgyzstan is a poor, mountainous country with a predominantly agricultural economy. Cotton, wool, and meat are the main agricultural products and exports. Other exports include gold, mercury, antimony, uranium, and hydro-electricity. The Government has carried out progressive market reforms. The moderate growth apparent in most sectors has increased, and economic reform is now accepted by the general public. However, the level of hardship for pensioners, unemployed workers, and government workers with salary arrears continues to be very high. 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 there were problems with citizens' limited ability to change their government, freedom of speech and the press, due process for the accused, religious freedom, and ethnic discrimination. Prison conditions remained poor. As in the past, but with increasing frequency, journalists were tried, arrested, and convicted under criminal rather than civil statutes for libeling government officials or other prominent citizens. However, in a number of cases journalists received reduced sentences on appeal or by pardon. At year's end, a journalist who previously was serving a sentence under criminal libel had been amnestied, but eight other cases were announced by the President's press secretary as pending. In a number of cases, the accused were held for months without bail before their trials.

The Constitution was amended illegally in a 1996 referendum marred by irregularities. In general executive domination of the judiciary made assurances of due process problematic. Local "village elders' courts" levied harsh sentences beyond their mandate, but abuses such as torture and death sentences by stoning apparently have abated. Although sanctioned by the Government, elders' courts are not part of the regular judicial structure, and the Government has made efforts to curtail their activities. The Government does not fully protect freedom of religion. Concerns about ethnic discrimination remain, but in general, the situation of minorities has improved and emigration rates have stabilized at a low level. Violence against women is a problem that authorities often ignore. There are a growing number of street children.

**TAJIKISTAN**

**U.S. Assistance Provided under the Freedom Support Act:  
\$28.64 million**

**Population: 6,013,855**

**Per Capita Assistance 1992-1997: \$4.76**

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, comprised largely of natives of the Kulob region, continued to dominate the State.

Tajikistan took a significant step toward national reconciliation after its 1992 civil war, with the signing of a comprehensive peace accord in June, and the inauguration of a Commission on National Reconciliation in July in Moscow. An amnesty agreement and accord on exchange of prisoners also were signed; the Commission on National Reconciliation met in Moscow in July, before moving to Dushanbe in September. Despite the agreement, the United Nations Mission of Observers to Tajikistan (UNMOT) reported two cease-fire violations in August. Under the peace accords, the opposition is allotted 30 percent of government positions but as of year's end, the Government still had not given the opposition any positions. The judiciary is not independent.

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, has primary responsibility for guarding the border with Afghanistan, and is comprised mostly of Tajiks with some Russians and a limited number of other Central Asians, although the officer corps remains principally Russian. 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. Opposition forces based near Kofarnihon, east of Dushanbe, carried out a variety of attacks during the year. Some members of the security forces and government-aligned militias committed serious human rights abuses. The armed opposition also committed serious human rights abuses, including abductions and murders. There have been credible reports of threatening, extortion and abuse of civilian populations by both government and United Tajik Opposition units.

The economy continued to be extremely depressed, and government revenue remains highly dependent on the government-owned aluminum and government-dominated cotton industries. Economic reform has been halting. Most Soviet-era factories operate at a minimal level, if at all, while privatization has moved ahead only slowly. As much as one-third of the total population is unemployed or significantly underemployed according to government estimates. Inflation increased during 1997, and the exchange rate declined substantially as the Government failed to maintain fiscal and budgetary discipline. Many, but not all, wages and pensions are being paid. However, because most yearly salary percentage in-

creases are still meager and do not keep up with inflation, the sums remain extremely low and not enough to support adequate nutrition without supplemental income. Gross domestic product increased marginally, but remained as low as \$200-\$400 per person, according to official statistics. There were serious shortages of natural gas for heating and industry, largely as a result of continued disputes with Uzbekistan over natural gas purchases. Wheat acreage and the total harvest continued to increase dramatically as privatized farmers responded to their own and market needs for increased production, although state farm harvests continue to be mediocre.

The Government's human rights record improved slightly, due principally to the reduced level of violence and the absence of widespread military conflict; however, serious problems remain.

The Government limits citizens' right to change their government. Some members of the security forces were responsible for killings and beatings, and often abused 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 various leaders, who generally have government positions. These forces committed similar abuses. The government prosecuted few perpetrators for these abuses. Prison conditions remain life threatening, and the Government continued to use arbitrary arrest and detention. 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. There has been public criticism of corrupt or criminal actions by Ministry of Interior employees, several dozen of whom were removed from their positions during the year.

The Government severely restricts freedom of the press, restricts freedom of speech, and dominates the electronic media. No genuine opposition media appeared during the year, and the Government suspended and harassed independent local television stations. The authorities strictly control freedom of assembly and association for political organizations. Freedom of assembly is hindered. Two new political parties were allowed to register, bringing the total to 11; the three opposition parties and a branch of the fourth affiliated with the armed opposition remained suspended. The Government cooperated to a limited extent with the Organization on Security and Cooperation in Europe (OSCE) in Dushanbe, but did not establish a human rights ombudsman as recommended by the OSCE. The Government also did not establish its own ombudsman, despite its statement in 1996 that it would do so. Violence against women is a problem.

Several armed clashes among ostensible government supporters occurred, resulting in civilian deaths, abuse, and property damage. The general weakness of government control and continuing decline in social order led to an increase in crime and violence, including politically-inspired violence.

The armed opposition committed numerous serious abuses. Opposition forces were responsible for killings, kidnappings, abuse, threats, and extortion, including against civilians.

Following the collapse of the Soviet Union and the independence of Tajikistan in 1991, regional, political, and religious tensions led to a brief but violent civil war in 1992-93. A low scale guerrilla war continued until late 1996, led by a coalition of regionally based, democratic and Islamic groups, with a political base and refugee population in northern Afghanistan, against the winners of the civil war, a loose coalition of also regionally based, but more politically traditional, that is Communist, elements. By June a series of accords had been signed ending the civil strife and pointing to elections in 1998.

### **TURKMENISTAN**

**U.S. Assistance Provided under the Freedom Support Act:  
\$18.84 million**

**Population: 4,225,351**

**Per Capita Assistance 1992-1997: \$4.46**

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 and President of Turkmenistan since its independence in October 1990, may legally remain in office until 2002. The Democratic Party, the renamed Communist Party, retained a monopoly on power; the Government registered no parties in 1997 and continued to repress all opposition political activities. Emphasizing stability and gradual reform, official nation-building efforts focused on fostering Turkmen nationalism and glorification of President Niyazov. In practice the President controls the judicial system, and the 50-member unicameral Parliament (Mejlis) has no genuinely independent authority.

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 works 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 desert with cattle and sheep raising, intensive agriculture in irrigated oases, 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 potentially significant 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. Seeking increased outlets for its gas exports (and, thereby, greater economic independence), the Government is considering construction of new gas export pipelines to or through a number of countries, including neighboring 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. Dissident Durdymurad Khodzha-Mukhammed remains in a psychiatric hospital in Geok-Depe, and dissident Ata Aymamedov is still imprisoned for calling for the President's removal from office. Senior government officials failed to respond to inquiries regarding these two cases. 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 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 recently amended law on religion reaffirmed a number of important religious freedoms but also tightens government control of religious groups. The requirement that religious organizations have at least 500 members to be legally registered has prevented some minority religions from legally establishing themselves.

The Institute for Democratization and Human Rights, given a mandate to conduct research in support of the democratization of the Turkmen government and society and to monitor the protection of human rights, completed its first year of operation in October, 1997. During the year, it continued to develop its research and monitoring activities. Early in 1997, it conducted inspections of prisons, and several reforms resulted from these inspections.

## UZBEKISTAN

**U.S. Assistance Provided under the Freedom Support Act: \$82.21 million**

**Population: 23,860,452**

**Per Capita Assistance 1992-1997: \$3.45**

Uzbekistan is an authoritarian state with limited civil rights. The Constitution provides for a presidential system with separation of powers between the executive, legislative, and judicial branches. In practice President Islam Karimov and the centralized executive branch that serves him remain the dominant forces in political life. The Oliy Majlis (Parliament) is dominated by the executive branch, and only parties that support the President are represented. Although the Constitution provides for an independent judicial authority, in practice the judicial branch is heavily influenced by the executive branch in civil and criminal cases.

The police are controlled by the Ministry of Interior (MVD). The police and related MVD forces are responsible for most normal internal police functions. The National Security Service (NSS)—the former KGB—deals with a broad range of national security questions, including corruption, organized crime, and narcotics. The army and border guards are responsible for external defense. They are not routinely used in internal disturbances and rarely are implicated in human rights abuses. The police and the NSS committed numerous, serious human rights abuses.

The Government continued to move toward market reform, especially through improvement in the legislative framework. However, restrictions continue on currency convertibility and other financial steps which have led to suspension of international loans. The economy is based primarily on agriculture and agricultural processing; Uzbekistan is the world's fifth largest producer of cotton, the seventh largest producer of gold and has substantial deposits of copper, strategic minerals, gas, and oil. The Government has proclaimed its commitment to a gradual transition to a free market economy. It has achieved substantial progress in reducing inflation and the budget deficit. However, progress on privatization of the large state-owned enterprises that account for the bulk of gross domestic product remained slow, and a host of formal and informal barriers continued to constrain the nascent private sector.

The Government's human rights record remained poor, and there were serious problems in several areas. Citizens cannot exercise their right to change their government peacefully. Chosen president in a 1991 election that most observers considered neither free nor fair, Karimov had his stay in office extended to 2000 by a 1995 Soviet-style referendum. Parliament subsequently voted to make the extension part of Karimov's first term, thus making him eligible to run again in 2000. Police and NSS forces used torture, harassment, illegal searches, and wiretaps, and arbitrarily detained or arrested opposition activists on false charges. They committed these and other abuses against both dissidents and other citizens, although reported abuses against dissidents decreased sharply. Arbitrary arrest and detention is common; even foreigners are not exempt. Police often beat criminal suspects, and detention can be prolonged. Prison conditions are poor. Although the Government says that it investigates abuses, those responsible for documented abuses rarely are punished. The judiciary does not always ensure due process and takes its direction from the executive branch.

The Government severely limits freedom of speech and the press, and freedom of expression is constrained by an atmosphere of repression that makes it difficult to criticize the Government publicly. Although the Constitution expressly prohibits it, press censorship continues. The Government sharply restricts the importation of foreign print media. The Government limits freedom of assembly and association. The Government continues to ban unsanctioned public meetings and demonstrations. To control the political arena, the Government continues to deny registration to independent political parties and other groups potentially critical of the Government, and prevents unregistered opposition parties and movements from operating freely or publishing their views. The Government continued to decline to approve the registration application of the Human Rights Society of Uzbekistan, which has been seeking to register since 1992, citing technical deficiencies in its paperwork. The Government limits freedom of religion; it has harassed and arrested independent Islamic leaders on questionable grounds, citing the threat of Islamic extremism. It has also arrested and allegedly threatened evangelical leaders, and denied registration to Christian sects it does not accept. Despite a constitutional prohibition, there continues to be significant traditional societal discrimination and domestic violence against women.

The pace of reform slowed during the year. Nevertheless, several potentially positive steps were taken. In April the Oliy Majlis passed legislation establishing an ombudsman's office. However, by year's end, the office had not yet demonstrated whether it could function in accordance with its legislative mandate and play an important role in monitoring human rights abuses. The Oliy Majlis also enacted legislation reforming the penal system and protecting the rights of prisoners. In April new laws providing increased access to information and protection of journalists were passed, and a mass media law passed in December, although the effects on press freedom remained unclear at year's end.

#### 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, re-

gional 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.

## II. COMMITTEE ACTION

The Silk Road Strategy Act of 1998 was introduced by Senator Sam Brownback, Senator Gordon Smith, and seven cosponsors on October 30, 1997. On June 23, 1998, the Committee on Foreign Relations debated and ordered reported an amendment in the nature of a substitute to the bill by a voice vote. Prior to final passage of S. 1344, the following action was taken:

Brownback amendment in the nature of a substitute (including technical amendments and 4 Sarbanes amendments) was unanimously agreed to.

2 Sarbanes amendments defeated by a vote of 8–10 (*Yeas*: Biden, Sarbanes, Dodd, Kerry, Robb, Feingold, Feinstein, and Wellstone; *Nays*: Helms, Lugar, Coverdell, Hagel, Smith, Thomas, Grams, Ashcroft, Frist, and Brownback).

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: *Hearing on the 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, Communications 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 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.

Mr. PAUL GOBLE, Director, Communications Department, Radio Free Europe/Radio Liberty.

Dr. MARTHA BRILL 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 BROWBACK (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 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.

### III. SECTION-BY-SECTION ANALYSIS

#### *Section 1—Short Title*

This Act may be cited as the Silk Road Strategy Act of 1998

*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 U.S. 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 1998 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 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—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 1998.

*Section 7—Conforming Amendments*

Conforming amendment to the Freedom Support Act (PL-102-511).

IV. COST ESTIMATE

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

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, July 13, 1998.*

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. 1344, the Silk Road Strategy Act of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill, who can be reached at 226-2840.

Sincerely,

JUNE E. O'NEILL,  
DIRECTOR.

Enclosure

cc: Hon. Joseph R. Biden, Jr.,  
Ranking Minority Member.

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## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

JULY 13, 1998

S.1344

## SILK ROAD STRATEGY ACT OF 1998

*As ordered reported by the Senate Committee on Foreign Relations on June 23, 1998*

S. 1344 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. 1344 would not affect direct spending or receipts; thus 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, who can be reached at 226-2840. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.

## V. 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.

## VI. 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 PO- LITICAL 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**

\* \* \* \* \*

**TITLE I—GENERAL PROVISIONS**

\* \* \* \* \*

**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 1998 (including the amendments made by [this Act] this Act and the Silk Road Strategy Act of 1998);*

(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 1998 (including the amendments made by **[this Act]** *this Act and the Silk Road Strategy Act of 1998*);  
(5) \*\*\*

\* \* \* \* \*

**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 assistance 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 1998;

(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 1998.

\* \* \* \* \*

VII. MINORITY VIEWS OF SENATORS SARBANES, KERRY,  
ROBB, FEINGOLD, FEINSTEIN, AND WELLSTONE

Through the Freedom Support Act, the United States over the past six years has encouraged the transition to democracy and free markets in the New Independent States of the former Soviet Union (NIS). In providing assistance under the 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 nearly \$300 million in FY 1998. In addition, most of the countries receive assistance through the Partnership for Peace program, the Peace Corps, the Trade and Development Agency, and multicountry enterprise funds.

The "Silk Road Strategy Act" (S. 1344) repudiates the fundamental principles of the Freedom Support Act. It 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 law, and those who are outside it. By providing aid to certain NIS countries without requiring progress toward the goals of the Freedom Support Act, S. 1344 will undermine the long-term goals and abiding principles of U.S. foreign policy.

As reported by the Senate Foreign Relations Committee, S. 1344 would have several unfortunate consequences.

First, it would reward the Government of Azerbaijan with expanded assistance despite that Government's dismal human rights record, its lack of progress toward democracy, and its continuing economic blockade against Armenia and Nagorno-Karabakh. According to the State Department's most recent Country Report on Human Rights Practices for Azerbaijan,

The Government's human rights record continued to be poor, and the Government continued to commit serious abuses. Police beat persons in custody, and some beatings resulted in deaths. Police also arbitrarily arrested and detained persons; conducted searches and seizures without warrants; and suppressed and refused to allow peaceful public demonstrations. In most instances, the Government took no action to punish abusers. In a variety of separate incidents, the Government arrested at least 19 members of the opposition Azerbaijan Popular Front Party. Prison conditions remained harsh. The entire judiciary is corrupt, inefficient, and subject to executive influence.

The current political situation in Azerbaijan makes the timing of this measure particularly inopportune. After the overthrow of Azerbaijan's democratically-elected president in 1993, former Soviet Politburo member Heidar Aliyev assumed power and proceeded to restrict the independence of the legislature and judiciary. There were

severe shortcomings in the conduct of parliamentary elections in 1995, and power became increasingly concentrated in the hands of an authoritarian ruler. With the adoption of a seriously flawed election law, the pattern appears to be repeating itself in the Presidential elections that are planned for October of this year. To expand the Government's eligibility for assistance at this juncture would serve to legitimize and strengthen an undemocratic regime at the very time U.S. pressure is needed to ensure that elections are conducted in a free and fair manner.

In its foreign policy, the Government of Azerbaijan has similarly thwarted U.S. attempts to promote peaceful conflict resolution and regional economic integration. For the past nine years, 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. Most Armenian industries have been forced to close down, crippling the economy and producing widespread unemployment and poverty. The blockade has been particularly devastating because it is also enforced by Turkey, and because of the civil conflict that makes transport through Georgia difficult. Since Armenia is entirely landlocked, this leaves Iran as Armenia's only possible outlet—the very outcome that S. 1344 is purported to discourage.

Under section 907 of the Freedom Support Act, which S. 1344 would abrogate, United States assistance 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. Section 907 does not apply to humanitarian assistance for refugees, displaced persons and needy civilians affected by the conflicts in the Southern Caucasus. It does not apply to aid that is channeled through non-governmental organizations. Nor does it apply to programs that support democracy, nonproliferation and disarmament, border security, or to activities of the Trade and Development Agency and the Foreign Commercial Service. Because of the many exceptions to section 907, Azerbaijan has received a total of \$80 million in U.S. aid since 1994.

We wish to emphasize that eligibility for United States foreign assistance is not an entitlement. The placing of conditions upon foreign aid is both reasonable and appropriate, for policy as well as budgetary reasons, and should not be considered an economic "sanction". In order to lift section 907, all Azerbaijan must do 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 S. 1344, which is to promote trade and economic cooperation between the countries of the region. To nullify the requirements of section 907 in the absence of any progress toward a resolution of the Nagorno-Karabakh issue would thus constitute an undeserved subsidy for the Government of Azerbaijan and remove a major incentive for good-faith negotiation from one side in the conflict.

Second, we are concerned by what we perceive as the bill's excessive focus on oil and gas interests. While the U.S. has a strategic interest in maintaining adequate supplies of energy at reasonable



prices from diverse sources, pipeline politics should not be permitted to overshadow some of the larger issues and concerns of U.S. policy. The United States has a fundamental interest in promoting basic American values and principles, such as respect for human rights, democracy and the rule of law. In their absence, the long-term goals of peace and stability, security and prosperity are often unattainable or meaningless.

These values and principles must serve as a starting point for U.S. policy in the South Caucasus and Central Asia. Yet S. 1344 would take the reverse approach. By increasing the availability of U.S. assistance for countries that have failed to demonstrate a commitment to democratic principles, the bill sends the message that economic interests will dominate U.S. policy decisions. It was precisely this orientation that led Human Rights Watch to assert in its 1998 report, "The international community largely glossed over Azerbaijan's poor human rights record in order to protect oil interests."

Not only does the bill provide assistance to eight governments regardless of their compliance with the Freedom Support Act, but it also provides a waiver of other U.S. laws designed to promote cooperation on human rights, counterterrorism, and nonproliferation of weapons of mass destruction. The new section 499E, which the bill would add to the Foreign Assistance Act of 1961, allows the President to furnish assistance notwithstanding any other provision of law, if he determines that it is important to the national interest, or that it will foster respect for internationally recognized human rights and the rule of law or the development of institutions of democratic governance.

While most current restrictions on assistance contain a national interest waiver, the standard contained in this bill is weaker in several instances. For example, the prohibitions in current law on assistance to governments supporting international terrorism can be waived only for national security interests or humanitarian reasons. 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, may only be waived if the government of such country is taking effective measures to bring the responsible parties to justice. 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.

U.S. willingness to overlook egregious deficiencies in the political and economic systems of countries in the Caspian Sea basin may also have a negative effect on our relations with Russia, China, and other countries for which the transition to democracy and free markets is at issue. As Librarian of Congress James H. Billington noted in a recent article,

Russians recognize that they have not created the best conditions for foreign investment. But they feel humiliated that China is now getting more than 10 times as much American investment as their own struggling democracy. They are further aggravated by the spectacle of former high American officials falling all over one another to pro-

mote oil development in authoritarian Azerbaijan and Kazakstan rather than the even greater energy resources in Russia.

There is ample cause for concern that enactment of S. 1344 will actually result in less funding being available for Russia, which has made greater advances toward the rule of law and economic reform than any of the beneficiaries of this legislation.

Finally, we are concerned that removing U.S. assistance to this region from the context of the Freedom Support Act is based on the misconception that stability will flow from oil wealth. Providing balance of payments support to governments that have not established appropriate oversight mechanisms, and encouraging U.S. investment in countries that have not established a favorable legal climate, is unlikely to produce democratic institutions committed to economic reform and social justice. As the Washington Post argued in a recent editorial about Azerbaijan's lack of democracy, "Oil wealth without governmental accountability is likely to lead to massive corruption and an embittered and impoverished population—not circumstances likely to further America's strategic goals in the region."

For these reasons, we believe this legislation represents an ill-advised attempt to shift U.S. policy away from the more balanced approach reflected in the Freedom Support Act, with potentially serious negative consequences. While constructive changes were made to the bill during mark-up, these modifications were insufficient to change its overall effect, and we regret that a number of proposed corrections which would have rectified the bill's most obvious deficiencies were rejected.