

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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Daily intelligence briefing on the
former Soviet Union

Tuesday, January 2, 2001

Published every business day
since 1993

SPECIAL REPORT

Russia's Dramatic Demographic Trends Threaten the Viability of the State

• The steady decline of Russia's population, unprecedented for an industrialized nation not at war, is likely to haunt Russia for decades to come, head of Russia's State Statistics Committee Vladimir SOKOLIN declared in December. According to him, "the population decline, which started in 1992, will continue for many years, for decades, possibly even a half century." The Russian population has been reducing by approximately 750,000 people per annum. It has dwindled by 3.3 million since the 1991 Soviet collapse to about 145 million as of October 1, 2000. In the first nine months of the year 2000, the country lost 550,600 people, Associated Press reported. The State Statistics Committee forecasts that the population will shrink by 11 million more people in the next 15 years. This would move Russia from the 7th most populated country in the world to the 14th.

The issue was raised at the Russian State Duma session on November 17, 2000. Russian Labor and Social Development Minister Alexander POCHINOK described the demographic situation in the country as grave and said that is it not only harmful to economic progress, but it has also begun to negatively affect national security. According to the latest report from the State Statistics Committee, Russia's overall average life expectancy fell by about three years during the last decade to 66 years in 1999. The rate for men was 60 years, 10-15 years less than in Western countries, while the average life expectancy for women was 72 years, six to eight years less than in the West. Such a demographic decline, in addition to the aging of society in general, may lead to a situation in which the recent problem of unemployment may give way to the problem of a lack of workers to occupy the most important positions of a modern economy, POCHINOK stated. Military branches are increasingly experiencing the impact of negative health developments, such as deteriorating health infrastructure and reduced funding. One in three Russian draftees currently is rejected for various health reasons, as compared to one in 20 in 1985, according to one Russian newspaper report. Suicides are also at an old time high among new military recruits.

While some factors behind the trend, such as the falling birth rate, are similar to those in the Western countries, experts point to economic depression as the key reason for the population decline, the Associated Press reported on December 5th. Dismal economic conditions in the 1990s have led to a dramatic plunge in living standards, a steady disintegration of the state health care system, and a corresponding rise in mortality.

According to the CIA report "The Global Infectious Disease Threat And Its Implications For The United States", which was made public in January, 2000, the steep deterioration in health care and other services in Russia owing to economic decline has led to a sharp rise in diphtheria, dysentery, cholera, and hepatitis B and C. Diphtheria reached epidemic proportions in the Former Soviet Union (FSU) in the first half of the decade, owing to lapses in vaccination. Reported annual case totals grew from 600 cases

in 1989 to more than 40,000 in 1994 in Russia, with another 50,000 to 60,000 in the rest of the FSU. Cholera and dysentery outbreaks are occurring with increasing frequency in Russian cities. Hepatitis B and C, spread primarily by intravenous drug use and blood transfusions, are on the rise, especially in the non-European part of the FSU. Polio also has reappeared owing to interruptions in vaccination, with 140 new cases in Russia in 1995, the report says.

According to the recent Stratfor.com analysis, a new factor that may have more of an impact on the demographic picture in Russia than all other factors put together has emerged-HIV. Unless Russian authorities act decisively, increasing rates of HIV infection will accelerate Russia's demographic crisis. On the world stage, Russia is one of the last states to have HIV arrive on its shores. Its first case was registered only in 1986. United Nations workers in Russia regularly encounter Russian citizens who claim the disease is fictitious.

Earlier in 2000, the Russian government revealed the country had 31,000 HIV-infected individuals. That number has since been revised upwards to 70,000. The World Health Organization (WHO) believes the real number is 10 times higher. Peter PIOT, the executive director of UNAIDS, the United Nations organization that combats HIV, estimates some 300,000 Russians are infected, up from last year's 130,000. Conservative estimates maintain 10 percent of Russian drug users have HIV. When HIV crosses over into the general population as it has everywhere else it will be doing so from a large numerical base, which will increase the number of new cases dramatically, the report goes on. More worrying is the demography of current Russian HIV carriers. Ninety percent of the infected in Russia are under the age of 25 as compared to the global proportion of 50 percent. Mortality among Russia's HIV victims will claim greater proportions of the most productive and most reproductive members of Russian society.

Russia's top AIDS expert was quoted by RIA News Agency as saying November 27th that Russia may have millions of HIV cases by the end of 2003. Vadim POKROVSKIY, a member of Russia's Academy of Medical Science and the director of the Russian center for prevention of AIDS stated that 699 people have died of AIDS so far in Russia, 113 of whom were children. He puts the real number of AIDS cases at 300,000 to 400,000. Some 93 percent of those infected are intravenous drug users. Regions with the largest number of registered cases are Moscow city and oblast, and Irkutsk, Tyumen, and Kaliningrad Oblasts. POKROVSKIY said that some consequences of the spread of the disease were already irreversible. If a passive and indifferent attitude to this epidemic continues, this will lead Russia to face many more serious problems and tragedies. "The main plague will start in five or six years because people are dying on average 10-12 years after contracting the infection and the mass epidemic in Russia started in the 1990s," he added.

"So far, the epidemic in Russia has been driven by drug users," Arkadiusz MAJSZYK, UNAIDS representative in Russia was quoted by Reuters November 16th. According to him, Russia had the world's highest rate of growth for the spread of the killer disease. "In the space of one month this year, 30,000 new HIV cases were uncovered, while last year this figure was three times lower." "With so many cases we can begin to talk about a threat to national security," MAJSZYK stated.

According to Gro Harlem BRUNDTLAND, Director General of the World Health Organization (WHO), "Despite the rapid spread of HIV, Russia's epidemic is still at an early stage". "The country has a window of opportunity during which it can still curb the spread of AIDS through effective interventions. A second wave of HIV infections spread by sexual contact could follow the current drug-driven epidemic and in just three to four years, Russia may well have a generalized epidemic," he said in a World Bank statement November 28, 2000.

The good news is that Russia, Ukraine, and most of their neighbors are starting to face the problem, and are talking to the World Bank about loans to support prevention campaigns, [The Washington Post](#) reported

November 29th. The bad news is that good intentions are muffled by popular resistance to action. For the moment, around nine out of 10 infections strike intravenous drug users, a group that attracts little sympathy from the rest of the population; and people take refuge in the fictional belief that the epidemic won't jump from drug users to the society at large. As a result, there is too little support for spending money on AIDS prevention and public education efforts can be squeamish.

According to the recent Stratfor.com analysis, the Russian government seems helpless or unwilling to combat the spread of HIV. The Kremlin's anti-AIDS program, adopted in 1996, did not receive any funding until 1999. The program received only one-fifth its approved funding for 2000. Nikola GERASIMENKO, chairman of the Duma Committee of Health Care and Sports, says there simply is no money for "serious measures" such as research and medical assistance. Aleksandar GOLIUSOV, the Health Ministry's point man for fighting AIDS, admits the government's efforts need a complete overhaul. The new program should begin in 2002. Vadim POKROVSKY, director of the Russian Federal Scientific Methodology Center for Preventing and Combating AIDS, believes the existing anti-AIDS programs in Russia are "surprisingly weak" because they are poorly funded. He said Russia has spent 44 million rubles (\$1.6 million) on its AIDS program this year, roughly one-thousandth of the sum spent in the United States. According to a November RFE/RL Russian Report, only 20 percent of the 82 million rubles (\$2.9 million) set aside for a federal program to combat AIDS has been disbursed, and most of that money went toward buying and distributing AIDS prevention kits.

Russian President Vladimir PUTIN has been raising the demographic issue in public. According to Commentator Otto LATSIS (The Russia Journal, November 25-December 1, 2000), it appears that PUTIN has been consulting some serious demographers. He knows that the demographic crisis in Russia began in the 1960s, not in the 1990s, and that market reforms are not to blame. He also knows that material well-being and the birth rate are not directly linked to the problem, although they do have a very complicated connection to it. Finally, PUTIN knows that state measures would have only minimal effect on raising the birth rate. During his business trip to Novosibirsk in November, he voiced for the first time a very important issue that Russia's demographic problems must be resolved through immigration, principally from the former Soviet republics.

On November 20th, RFE/RL also reported that PUTIN suggested the immigration from the former Soviet republics as a solution to the country's demographic problem. He said that the government needs to formulate a migration policy, directing immigrants to specific areas of Russia, once priority industries and regions have been determined. This is clearly at odds with the introduction of the visa regime with Georgia. Vladimir VOLOKH, an official at the Ministry for Federation and Nationalities Affairs, told the State Duma in November that Russia currently hosts some 1.2 million illegal immigrants. The Associated Press quoted Irina ZBARSKAYA, head of demographics research at the State Statistics Committee, as saying December 5th that the drop in Russia's population has been partly compensated by an inflow of immigrants, mainly ethnic Russians from other former Soviet republics. She added, however, that the immigration has slowed down.

Russian Labor and Social Development Minister Alexander POCHINOK said on November 17th at the Russian State Duma that the government has worked out a concept of demographic policy for the near future, Interfax reported. He stated these programs should help to change the negative demographic trends.

Russia's Chechen military campaign and much of its diplomatic energy for political and material influence in the near abroad continues to occupy much of the Kremlin's attention. The internal viability of Russia's population and its failure to replace itself challenges its ability to meet its economic requirements. This demographic crisis with its attendant national security implications up until now appears to receive only lip service. Russia's future as a viable economy and member of the advanced industrial world depends upon

its ability to master this dilemma. History teaches us that any nation which fails to engender the trust and hope of its people in the future condemns itself to both declining birth rates and a declining economy. In today's globalized world, this is the formula for a second or a third rate power, one which is out of keeping with Russia's proud traditions.

EUROPEAN REPUBLICS

Lithuanian Foreign Direct Investment

- Lithuania's Statistics Department reported that foreign direct investment into the country grew 4.6 percent in the third quarter from the second quarter, and 17 percent from a year ago. Foreign direct investment totaled 9.228 billion litas (\$2.307 billion), or 2.497 litas per capita on October 1st, up from 8.824 billion litas in the beginning of July. On October 1, 1999, such investments totaled 7.889 billion litas. The largest foreign investor was Denmark, with investments totaling 1.557 billion litas. The US and Sweden were second and third, with 1.364 billion litas and 1.221 billion litas respectively. Manufacturing industry received 28.8 percent of the total, 22.5 percent was invested in trade, and 17.9 percent into communications.

Lith Refinery Receives Tons Of Russian Crude

- Lithuanian oil refinery, *Mazeikiu Nafta*, will receive 1.124 million tons of crude oil from Russia in the first quarter, according to a schedule approved by the Russian Energy Ministry. The refinery will also export an additional 652,000 tons of Russian crude through the Butinge oil terminal in the first quarter. "We believe that we will receive even more than the amount officially approved, as usually additional quotas are extended in the course of the year," a company spokesman Tadas AUGUSTAUSKAS said. This year, the Russian Energy Ministry initially approved just 300,000 tons in the first quarter, but pumped a total of 1.3 million tons after additional

export schedules were approved. In the first nine months of this year, *Mazeikiu Nafta* processed 3.76 million tons of crude, compared with 3.88 million tons over the same period of 1999. *Mazeikiu Nafta* is 33 percent owned by US-based *Williams Cos.*, which acquired the stake last year.

SOUTH CAUCASUS & CENTRAL ASIA

Iran Restores Supplies To Azerbaijan

- On December 23rd, Iran restored electricity supplies to Azerbaijan, after receiving the first installment on a debt for energy. Tehran said that Baku had only paid \$1 million for electricity supplies over three years. In October, Iran cut supplies due to a \$45 million debt for energy.

Turkmen Cuts Gas Deliveries To Russia

- Due to the absence of a legal document governing natural gas exports between Russia and Turkmenistan for 2001, Turkmenistan cut off gas deliveries to Russia on New Year's Eve. According to a government press release, Deputy Prime Minister Ella GURBANMURADOVA announced the cutting of transfers of natural gas to *Itera*. Gas deliveries had begun at the end of December 1999 under an agreement with *Gazprom*, which bought 20.0 billion cubic meters of gas for \$36 per thousand cubic meters, and continued under an agreement with *Itera*, which bought an additional 10.0 billion cubic meters for \$38 per thousand cubic meters. Monday's Turkmen government statement said that Russia and the leadership of *Gazprom* and *Itera* had repeatedly asked Turkmenistan to extend the contracts and continue deliveries under the earlier terms, Reuters reported. Turkmenistan declined to continue deliveries in the absence of a legal document for gas shipments in 2001. *Itera* had planned to buy up to 30 to 40 billion cubic meters, including 10 billion for further export to Europe. Ashgabad was asking for \$40 per 1,000 cubic meters, but the sides failed to agree on a price. *Itera* is responsible for deliveries to Uzbekistan, Kazakhstan and Russia. The Turkmen government is prepared to discuss

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