

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Chechen Attacks Growing

□ Chechen rebels launched a series of assaults throughout the republic last week, killing at least 21 federal soldiers and wounding 45 others, the Associated Press reported today. Rebel attacks have grown increasingly frequent in the past few days, even as Russia has claimed that peace is returning after 17 months of war and the military has begun a limited pullout from Chechnya. Rebels fired grenade-launchers at a Russian military convoy in the capital Grozny on Thursday, wounding 11 servicemen. An administration official said that Russian checkpoints came under fire 30 times on Thursday. Seven servicemen were killed and more than 20 were wounded. In Novogrozny rebels ambushed a Russian paratroopers' convoy, killing four servicemen and injuring several more. A convoy of Russian interior troops also came under fire near the southern village of Serzhen-Yurt. Four servicemen were killed and more than 10 were wounded, the official said. The driver of a Russian military jeep was also killed. A Russian armored personnel carrier blew up on a mine near the southeastern village of Nozhai-Yurt, killing two servicemen. Another mine blew up an armored personnel carrier in the village of Shchelkovskaya, in Chechnya's northern plains that were overrun by federal troops early in the conflict. Three servicemen were killed and four were wounded in the blast, the official said.

Meanwhile, Russian Prosecutor General Vladimir USTINOV arrived in Chechnya to check on the investigation of human rights violations and the work of prosecutors and law enforcement agencies. Last year, 192 terrorist acts were committed in the North Caucasus but only 15 have been solved, the Prosecutor General's Office said on Monday.

This year, the number of terrorist acts has already exceeded 20, Itar-Tass reported. But "only in five cases the executors were found". According to the poll, conducted by the Public Opinion Foundation, 56 percent of the respondents believe it is necessary for the federal government to gain the trust of the people of Chechnya in order to normalize the situation there. Only 29 percent believe that the situation can be normalized by keeping the people of Chechnya in a state of fear. The poll with 1,500 respondents across Russia concludes that the "carrot" will eventually be more effective than the "stick" in resolving the problem of Chechnya, RFE\RL reported today.

Earlier this month, Federal Minister for Chechnya Vladimir YELAGIN stated that the Russian government will allocate only 4.5 billion rubles out of 14.4 billion rubles needed for the restoration of Chechnya. He said the rest of the money will be raised by the *Unified Energy System of Russia (UES)*, *Gazprom* and the Railways Ministry. Another source of financing will be off-budget funds, he added. "These will include primarily earnings from the sale of oil extracted in Chechnya," YELAGIN said. Nikolai BOBKOV, deputy head of the chief department for fighting economic crimes under the Russian Interior Ministry, has been charged with protecting the funds set aside for restoring Chechnya's fuel and energy complex. BOBKOV said that 480 crimes had been registered in the fuel and energy complex of Grozny in 2000. He noted that 1,458 mini-oil refineries were

destroyed in Chechnya in 2000, and another 892 were dismantled. Cases of illegal tapping of oil pipelines have become more numerous of late in the Northern Caucasus and Russia. According to a federal program of economic and social restoration in the republic in 2001, the total cost of restoring Chechnya's energy sector is two billion rubles. Last year, electrical power supplies were resumed to 204 settlements in 12 rural districts and four suburbs of Grozny. Gas supplies were restored to 97 out of 277 settlements.

Russia Rejects G-7 Concern

□ Russia has dismissed Group of Seven (G-7) major nations' concern over its preparations to review laws to diminish the power of an independent nuclear regulatory body, Kyodo News reported today. Russia has sent documents on its stand to the Nuclear Safety Working Group of nuclear experts of the G-7 nations, which will study the documents and decide what to do. In the documents, Russia claims that the law amendment is to confirm its principle of putting priority on safety in the use of nuclear energy. Russia is planning to transfer the power to issue licenses for nuclear installations from the Federal Nuclear and Radiation Safety Authority to the Atomic Energy Ministry. In December, the G-7 nuclear safety group sent the Russian government a letter expressing concern over the plan, saying it violates a 1996 international treaty that seeks to separate government functions in nuclear power policy. The Nuclear Safety Convention, adopted in the aftermath of the 1986 Chernobyl nuclear disaster, commits member nations to separating government machinery responsible for promoting nuclear energy from the regulatory body in charge of nuclear safety. Russia is a member of the Nuclear Safety Convention along with 52 other nations.

Economy

Ruble = 28.68/\$1.00 (NY rate)

Ruble = 28.63/\$1.00 (CB rate)

Ruble = 25.72/1 euro (CB rate)

Russian Industrial Slowest Rate Since 1998

□ Russia's industrial output rose in February at the slowest annual pace since the 1998 financial crisis, with production declining for building materials, wood products and nonferrous metals, the state statistics committee said. February output rose at

0.8 percent from a year ago, after rising 5.3 percent in January from the same month a year ago and 2.5 percent in December on an annual basis. According to the Bloomberg News, Russia's industrial output will slow to 4 percent this year from 9 percent in 2000. The government said in a report that Russia's main challenge is to introduce reforms to keep the economy growing after it expanded for the past two years. Industrial output grew by 11.9 percent in the first quarter of 2000, compared with the same period the year before. Growth over the past two years was fuelled by high prices for the crude oil, natural gas and metals that make up half Russia's exports combined with the effects of the 1998 devaluation, which helped domestic producers by making imports more expensive.

Business

Svyazinvest Reports 2000 Net Income

□ *Svyazinvest*, Russia's state-owned company that runs regional phone operators, reported 2000 net income rose more than 100-fold to 9.3 billion rubles (\$324 million), according to General Director Valery YASHIN. Revenue for 2000 was 72.4 billion rubles. *Svyazinvest* expects profit this year to rise by 33.3 percent to 12.4 billion rubles, with revenue to reach 87 billion rubles, YASHIN said. The company's 1999 net income had fallen 29.4 percent to 61.1 million rubles from 86.52 million rubles in 1998 as the company's subsidiaries collected less from phone charges. The Russian government owns 75 percent minus one share in *Svyazinvest*. The company controls 86 regional telecommunications companies and owns 51 percent of *Rostelecom*, Russia's long-distance telephone monopoly.

UES To Report On Bonuses

□ Russia's Federal Securities Commission plans to ask *Unified Energy Systems (UES)*, the nation's power monopoly, to report on all bonuses it pays. The Commission is asking about bonuses paid to a group of persons listed in *UES*' fourth-quarter report to the commission. *UES* failed to state the bonus paid each person in the report. Russia's Coordination Center for Investors' Rights, an independent investor group, has said the criteria on which *UES* managers are awarded bonuses should be made public.

EUROPEAN REPUBLICS

Kuchma Fires Interior Minister

□ Ukrainian President Leonid KUCHMA fired Interior Minister Yuriy KRAVCHENKO, after opposition politicians and thousands of street protesters called for his dismissal, Bloomberg News reported today. In February, KUCHMA fired Leonid DERKACH, head of the State Security Service. The opposition, who also want KUCHMA to resign, demanded DERKACH and KRAVCHENKO be fired on allegations they were part of an alleged government plot to eliminate independent journalist Georgiy GONGADZE, whose headless body was found near Kiev last November. KRAVCHENKO, who headed the state police, held the office since July, 1995. His dismissal is not officially confirmed, nor denied, the media said. Yury KARMAZIN, head of the parliamentary committee on fighting organized crimes and corruption, said, however, that KRAVCHENKO has been ousted. KUCHMA reportedly replaced KRAVCHENKO with his deputy, Yuriy SMIRNOV, head of Kiev's police department. Thousands of Ukrainians are participating in anti-KUCHMA marches and demonstrations, saying the president was behind GONGADZE's murder. The Ukraine Without KUCHMA movement is backed by socialists, members of ultra-right parties and the Batkivshchyna party, led by fired deputy prime minister Yulia TIMOSHENKO, who is in a custody on accusations of illegally transferring from Ukraine about \$1.1 billion.

1.5 Million Euro To Close Nuclear Plant

□ Britain pledged to donate 1.5 million euro (\$1.35 million) for the closure of the first unit of Lithuania's Ignalina nuclear plant, Reuters reported today. As Foreign Office Minister Brian WILSON stated at a press conference, "I was pleased to bring a letter which offers 1.5 million euro as a bilateral donation from the UK to Lithuania for the Ignalina decommissioning fund." "I think there's an understanding there that [deciding to close both units of Ignalina] is an issue of considerable interest to European Union (EU) member states in relation to Lithuania's accession to the EU," WILSON added. Lithuania has already decided to shut down the first of Ignalina's two reactors in 2005 and Western donors pledged contributions of 208 million euros (\$195 million) last year to

help close the first unit. Lithuania plans to make a decision on the second reactor in 2004 although the European Commission urged EU aspirant Lithuania to decide on the fate of the nuclear plant next year if it hopes to keep to its plans for fast-track EU entry. Lithuania has said it wants to complete EU negotiations by the end of 2002 and enter the wealthy 15-member bloc by 2004. The EU regards Ignalina as unsafe because it was built to the same design as Ukraine's disastrous Chernobyl plant, the scene of the world's worst civilian nuclear accident in 1986. It was built in the 1980s on Moscow's orders and makes Lithuania one of the most nuclear dependent countries in the world.

Latvia Trade Deficit Decline

□ Latvia's trade deficit fell to 49.7 million lats (\$79.18 million) in January from 87.7 million kroons in December, but was 22 percent higher than in January, 2000, the statistics office said today. Exports in January were 95.6 million lats, up 20.1 percent from last year. The largest export item, timber, accounted for 36.9 percent of sales abroad and showed a 5.3 percent increase in January, 2000. Sales of vehicles showed the biggest gains in percentage terms as they almost quadrupled, although they account for only 3 percent of total exports. Exports of metal rose 44.2 percent year-on-year, followed by textiles rising an annual 22.7 percent. The European Union (EU) remained Latvia's top export partner, accounting for 65.2 percent of total January sales abroad. Latvia's exports to the Commonwealth of Independent States (CIS) amounted to 9.4 percent of the total, Reuters reported.

SOUTH CAUCASUS & CENTRAL ASIA

Georgian Priest Targets Jehovah's Witnesses

□ Renegade Georgian Orthodox ex-Priest Vasili MIKALAVISHVILI and several dozens of his followers broke into the Margalita publishing house on Friday and set fire to 500 copies of a volume printed for the local community of Jehovah's Witnesses. As reported by *Rustavi 2 TV*, police stood by and watched, making no attempt to intervene. An advisor to that community said that the following day police observed the incident but declined

to intervene. According to RFE\RL, the fire brigade was called only when almost all of the books had already been destroyed. That same evening, in a live television broadcast MIKALAVISHVILI renewed his threats of violence against Baptists, Jehovah's Witnesses and other religious minorities.

This comes on the heels of a published Supreme Court addition to its February 22, 2001 ruling about Jehovah's Witnesses. The Court stated: "The Supreme Court condemns such acts and other expressions of religious extremism and intolerance. The Supreme Court appeals to law enforcement structures to take appropriate measures against those who believe themselves to be above the law and because of their religious motives, make their own "justice". Such acts are not only illegal, but they also create a serious danger for the public and the State." Georgia's Foreign Minister Irakli MENEGARISHVILI is in Washington this week for a working visit with Secretary of State Colin POWELL.

CIS To Fight International Terrorism

□ The Commonwealth of Independent States (CIS) Interparliamentary Assembly (IPA) is drafting recommendations to lay a common legal foundation to combat international terrorism within the CIS. They will be discussed in April, at a meeting of the Assembly in St. Petersburg. According to the member of the Upper House of the Kyrgyz Parliament Valery DIL, the Assembly's meeting in St. Petersburg will be devoted to security problems and methods of fighting international terrorism. The laying of a single legal foundation for this purpose within the CIS, "is extremely necessary in the prevailing conditions" and will allow the CIS countries to actively stem "the spreading of ideas of religious extremism and separatism in Central Asia", DIL stated. The main purpose of the IPA delegation's visit to Kyrgyzstan, which began on Sunday, is to see the situation on the spot and to draw up recommendations for the IPA on a common legal foundation to continue the joint struggle against international terrorism, Itar-Tass reported. The IPA delegation will leave

Kyrgyzstan on Tuesday.

Kyrgyz Sings Amnesty Bill

□ Kyrgyz President Askar AKAYEV has signed the Amnesty Bill into law, Itar-Tass reported today. The bill was passed by the republic's parliament in December, 2000. According to the presidential decree, 5,000 out of the country's 20,000 convicts are subject to pre-term release. The republic's Ministry of the Interior announces that the amnesty will apply to veterans of the Great Patriotic War (WWII), participants in "combat operations on the territory of the former Soviet Union and independent Kyrgyzstan", the eliminators of the aftermath of the Chernobyl nuclear power station disaster, disabled persons, expectant mothers, widows, and TB patients. About 500 of them will be released.

Iran-Tajikistan Sister City Agreement

□ Hamedan, a city in western Iran, and Tajik city of Kulab will become sister cities soon, the Xinhua News Agency reported. A thirteen-member economic and cultural delegation from Hamedan is paying a four-day visit to Tajikistan for signing the agreement on the sister-city relationship. According to Ali JABERIAN, governor of Hamedan Province, the visit comes in response to last November's visit of Tajik President Emomali RAKHMONOV to Hamedan. Meanwhile, agreements on cooperation in various fields, including the formation of a joint committee by chambers of commerce of Hamedan and Dushanbe will be signed, he said. Cooperation in tourism, establishment of permanent trade fairs in Hamedan and Dushanbe, exchange of students and arrangement of sports contests will be among other provisions of the agreement, he added.

Karimov Plans Trip To Kremlin

□ Uzbek President Islam KARIMOV, will pay an official visit to Russia at the beginning of May. The source said the Uzbek leader, along with holding the main talks with Russian President Vladimir PUTIN, is also to meet with other Russian leaders and members of the business community on May 3rd to 5th. The sides are expected to sign a package

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