

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Chechen Bodies Found In Interior Ministry

• Viktor KAZANTSEV, former commander in the Chechnya war and now head of the administrative zone for southern Russia on Tuesday denied claims by Grozny Mayor Bislan GANTAMIROV that municipal workers found 17 corpses in a basement on the territory of the district Interior Ministry headquarters. GANTAMIROV said the dead were civilians, and accused troops stationed in the district of involvement in the killings. KAZANTSEV initially confirmed that the bodies had been discovered, but gave no details. Later, he ordered officials in Grozny to investigate and stated that no bodies were found. Kommersant Daily reported that the victims were mostly middle-aged men, with gunshot wounds. It is believed that the victims have been dead for about six months. Human rights groups have accused Russian troops of torturing and killing suspected rebels and civilians. Critics say Russian officials have been slow to investigate such accusations.

Caspian Summit Postponed

• The Caspian summit for littoral states has been postponed for a second time. Originally scheduled for March, the summit has been moved back until the fall. "The presidents of Russia and Turkmenistan said they favored the continuation of intensive preparation for a Caspian summit to make sure it takes place in autumn this year," according to a statement. Turkmenistan was to host the summit at the port of Turkmenbashi, with all leaders of Turkmenistan, Russia, Iran, Kazakhstan and Azerbaijan attending. The gathering was intended to reach an internationally acceptable definition of how the Caspian and its vast oil and gas reserves should be divided among the littoral states.

Meanwhile, Russian Caspian Sea envoy Viktor KALYUZHNY and Iranian Deputy Foreign Minister for Euro-American Affairs Ali AHANI are holding talks in Tehran to try to narrow their differences on the legal status of Caspian Sea. Iran has indicated that it will agree to an equal sharing, or 20 percent, of the oil-rich Caspian Sea, a formula opposed by Russia, Kazakhstan and Azerbaijan, which favor a principle of dividing the sea bed according to the amount of coastline each state has. On Thursday, KALYUZHNY arrived in Baku for talks with Azeri officials on the same issue. Before that, the Russian envoy had held similar talks with Turkmen and Kazakh officials respectively.

Rus-Germany Boost Military Cooperation

• On the sidelines of summit talks, Russian Defense Minister Sergei IVANOV and his visiting German counterpart Rudolf SCHARPING met to discuss a wide range of issues, including ways to expand military-technical cooperation and possibilities for joint work in the field of security and defense in the Baltic Sea region, the Itar-Tass reported. Special attention was also paid to the problems in the Kaliningrad region, a Russian enclave enclosed by Poland and Lithuania, in light of the fact that the surrounding Baltic Sea countries are making efforts to join the European Union and NATO. Russia and Germany approved a plan for cooperation in 2001, which includes officer exchanges for training. IVANOV and SCHARPING will meet again this summer to analyze

the process of the cooperation. SCHARPING said that the continuous development of relations between the German and Russian defense ministries "is important for the entire European continent." The German minister said he does not rule out cooperation in the military-technical sphere either, citing the MiG-29 aircraft as an example.

Economy

Ruble = 28.87/\$1.00 (NY rate)

Ruble = 28.85/\$1.00 (CB rate)

Ruble = 25.48/1 euro (CB rate)

Rus-Azerbaijan Economic Commission Meets

- The Russian-Azerbaijan Economic Commission met on Tuesday in Moscow. The sides considered issues that are important for both sides. In particular, they discussed exports of oil products, tariff issues, tax policies, the creation of a free trade zone, etc. Russian and Azerbaijan officials are expected to sign about 6 agreements following these negotiations.

Russia To Balance 2002 Budget

- Russian Finance Minister Alexander KUDRIN told the Fourth Annual Russian Economic Forum in London today that Russia would aim for a balanced budget in 2002, including foreign debt service payments. "The Ministry of Finance is going to make progress early in May for the budget in 2002, this is also going to be a zero deficit budget and we are going to service our foreign debt," KUDRIN said. He added that the government would discuss reforms to Russia's near-monopoly electricity supplier *United Energy System (UES)* at the end of April and reforming natural gas monopoly *Gazprom* in autumn. He said these reforms would affect every Russian citizen. "If we delay this effort for two or three months it will be rather for the good of these reforms, not the reverse."

Business

Legal Issues Lead NTV Battle

- In a letter signed by 129 *NTV* journalists, *NTV*'s staff has asked President Vladimir PUTIN to intervene in the struggle for ownership of the television station. According to the letter, "We think that in such a situation it is your duty, in accordance with the Russian constitution, to intervene and ensure

a legal solution to the conflict...We are appealing to you as the head of the government and as the guarantor of the constitution of the Russian federation, the rights and freedoms of people and citizens." The Kremlin, which is often criticized in *NTV* broadcasts, declined to comment on the letter. Thousands of people have demonstrated against the takeover of *NTV* in the biggest street protests of PUTIN's presidency. A Moscow Arbitration Court has scheduled two hearings, May 10th and May 17th, on a suit filed by *Media Most* to invalidate the takeover of the network by state-controlled natural gas giant *Gazprom* and declare the shareholders' meeting illegal. *NTV* journalists have refused to work for the new management until the takeover is confirmed by a high court. *NTV* is Russia's only nationwide network that is not controlled by the state, and journalists say that the takeover was ordered by the Kremlin to silence criticism of human rights abuses, the war in Chechnya and corruption.

New legislation in the Russian State Duma may be jeopardizing a deal for a consortium of foreign investors led by Ted TURNER to purchase a 49 percent stake in *NTV*. On April 25th, the Duma will consider limiting foreign ownership of the media to 50 percent or 25 percent. Yabloko is calling for alternative restrictions on media ownership by Russian state-controlled companies. This bill along with a continued exodus of staff from *NTV* may force the consortium to re-think their offer. Meanwhile, *Gazprom* has complained about a lack of clarity over the European members of the consortium — a concern *Gazprom*'s own shareholders have over its subsidiaries.

Sberbank Files Shareholder Suit

- A group of minority shareholders in Russian *Sberbank*, protesting a new share issue, filed a lawsuit last week in Moscow Arbitration Court challenging the state savings bank's refusal to hold an EGM. "After reviewing the decision of the supervisory board and determining that grounds for the rejection of the EGM request were groundless... minority shareholders decided to sue *Sberbank* to enforce the EGM," the group said in a statement. Bill BROWDER, managing director of *Hermitage Capital Management*, the fund that is leading the EGM demand, said no hearing date had been set. The shareholders, fighting a share issue that they fear would be sold far below book value, want an