

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Moldovan President Begins Russian Visit

• Moldovan President Vladimir VORONIN, while visiting Moscow, said that Moldova would participate in the integration of the Rus-Belarus Union as an observer. On Monday, VORONIN met with Russian President Vladimir PUTIN, who responded positively to Kishinev's interest in the Union. However, VORONIN also expressed an interest in joining the European Union (EU). He said it would be better to join the EU with Russia and Belarus. Regarding NATO membership, VORONIN maintained, in compliance with the Moldovan Constitution, the state will be neutral. He noted that there is no need for Russian peacekeepers currently in Moldova. He said, "they have fulfilled their tasks, and there is no need for them now... we can avail ourselves without the peacekeeping force." This issue was not addressed in talks with PUTIN. VORONIN will meet Yevgeny PRIMAKOV who chairs the state commission for a political settlement in the Trans-Dniester region. The two leaders expressed interest in expanding bilateral cooperation in the fuel and energy complex, including transit routes of Russian electricity to Southern European countries. VORONIN also met with Prime Minister Mikhail KASYANOV and representatives of Russia's so-called power ministries. Speaking about Moldova's debts for Russian gas, VORONIN pointed out gas accounted for only \$112 million out of the total 700-million debt, while the remaining sum was made up of fines and other penalties. Later today, the Moldovan President will visit Russia's national gas giant *Gazprom*. Moldova exports to Russia total 60 percent. The main purpose of VORONIN's visit is to meet Russia's top leaders and to define prospects of bilateral mutually-beneficial cooperation in the political, trade and economic spheres.

Russia-Iraq Boost Ties

• Iraqi Vice President Taha Yassin RAMADHAN arrived in Moscow on Monday. The official Iraqi News Agency (INA) said RAMADHAN's visit is aimed at high-level discussion of bilateral ties. The Iraqi vice president added Russia, "has been maintaining positive historical stands towards the Arabs," and that Iraq would work to have Moscow play a greater role in Arab world. Russia is Iraq's main supporter at the UN Security Council and it has been a traditional trade partner.

Economy

Russia Approves Railway Reform

• Russia approved a preliminary plan to reorganize the state-owned railways over the next 10 years by splitting them into privately run companies to operate trains and services and a state company to run the rail-track network, Bloomberg News reported. After a final version of the program is submitted next month, the government will begin the first stage of the plan, Economy Minister German GREF said. That stage will involve pushing through parliament laws to separate the Railways Ministry's regulatory functions from the rail businesses it operates, and to improve the transparency of its financial reporting, he said. "Today the Railways Ministry is not run as a business, but is a disconnected structure that doesn't fit any economic logic," GREF said on Thursday after a government meeting. The Railways Ministry's 2000 revenue totaled 264 billion rubles

(\$9.1 billion). President Vladimir PUTIN has said the break-up of Russia's power, natural gas and railways monopolies is a key part of his government's economic program. "The government today demonstrated that it understands there has been a colossal depreciation of one of the country's main assets," Railways Minister Nikolai AKSYONENKO said.

Oil Export Taxes Could Increase If Prices Rise

- The Russian government supported the Finance Ministry's proposal to improve the mechanism of defining oil export taxes, Deputy Finance Minister Sergei SHATALOV told journalists following a Cabinet meeting on Friday. According to him, calculations made by the Finance Ministry proved that there is a possibility to reconsider oil export taxes. They will remain the same if world oil prices stay at \$20 per barrel, but they will be slightly increased if the prices advance. "In any event, oil companies will not lose anything," SHATALOV stressed. For instance, if one barrel of oil costs \$25 on average this year, the tax burden will reduce from 42.6 percent to 40.6 percent of oil earnings. In the event of an oil price drop, the tax burden will go down as well. If oil prices remain \$20, the tax burden will be 37.6 percent. If they fall to \$17, taxes will equal 36 percent. The mechanism of defining oil export taxes will correspond to the principle, "the less prices and profits, the less is the government's participation in the earnings of oil companies," SHATALOV said.

Ruble = 28.85/\$1.00 (NY rate)

Ruble = 28.91/\$1.00 (CB rate)

Ruble = 25.50/1 euro (CB rate)

Business

Media Scandal Spreads To TNT

- NTV journalist, who refused to sign a commitment statement with *Gazprom* management, are facing new troubles at GUSINSKY's TNT. Russian Tax Police have charged the chief accountant at TNT, Yelena METLIKINA, over a tax dispute that had already been settled. GUSINSKY's spokesman Dimitry OSTALSKY said the station's general director was also expected to face charges in the case, even though the \$7,000 tax demand at the center of the squabble had been paid. The charge, tax evasion by conspiracy, carries a sentence of

up to seven years. Investigators said they would charge TNT director Pavel KORCHAGIN with the same crime when he returns from a business trip later this week. *Media Most* said the tax charges were political. "By putting pressure on the leadership of TNT, the authorities are trying to keep the former NTV team off the air for good," *Media Most* said in a statement. Most of NTV's journalists have joined forces with TNT to continue their broadcasts. GUSINSKY and Boris BEREZOVSKY have been holding talks on the creation of a new independent national television channel with the merger of TNT and BEREZOVSKY's TV6 Channel. On Monday, Richard WRIGHT, the head of the European Commission's mission to Russia, said the situation had worsened by recent events surrounding NTV, Interfax said. WRIGHT said European Union (EU) representatives may raise the issue of media freedom at a EU-Russia summit set to open May 17th in Moscow. US State Department spokesman Richard BOUCHER Monday said NTV is, "the only one of Russia's three largest television networks that's been independent of government control. We certainly hope that this weekend's management takeover will not prevent it from continuing to play that role...We're watching this very carefully. We think it would be a great loss to the people of Russia if the changes at NTV reduce their access to a wide range of news and views over the airwaves."

Media Most Outlets Feel The Pressure

- Under pressure on Monday, *Sem Dnei* publishing house, where *Media Most* founder Vladimir GUSINSKY was recently outvoted by state-run gas monopoly *Gazprom* and the publishing president Dmitry BIRYUKOV, issued a statement saying it would stop financing the liberal *Segodnya* daily starting today, and the paper's editor announced he would close it down. *Segodnya* editor-in-chief Mikhail BERGER, who was sacked on Monday, said, "What has happened to *Segodnya* simply accomplishes the process of exterminating opposition media, which started with NTV." *Sem Dnei* had earlier announced plans to shut the loss-making paper from May 1st, but later decided to hand over all its shares to editorial staff, Reuters reported. The decision to close *Segodnya* will be put to an extraordinary shareholders' meeting on April 26th for approval. Meanwhile, editors of another *Sem Dnei* outlet, the weekly magazine *Itoqi* published in partnership with *Newsweek*, fired the entire editorial