

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Russia, China Welcome Communist President

• Russian President Vladimir PUTIN and Chinese President JIANG Zemin congratulated the newly elected Moldovan President, Vladimir VORONIN. The Moldovan parliament elected Communist Party leader VORONIN to the post of president on Wednesday with 71 votes in the 101-seat parliament. His nearest competitor Prime Minister Dimitri BRAGHIS of the centrist Braghis Alliance won 15 votes, and another Communist Party member, Valerian CRISTEA, got three. PUTIN invited VORONIN to visit Moscow in April. JIANG said that China and Moldova enjoy a profound friendship and the two countries have nurtured mature state-to-state ties which are based on the principles of mutual respect, equality, mutual benefit and non-interference in each other's internal affairs. JIANG pledged to work together with VORONIN to further the two countries' ties in the new century and he also wished Moldova prosperity under the leadership of VORONIN. The new president, a former baker and police general, promised to pull the former Soviet republic out of its economic crisis. VORONIN's Communist Party favors closer ties to Moscow, partly because 60 percent of Moldova's foreign trade is with Russia. Moldova owes \$600 million in unpaid natural gas bills. VORONIN also plans to hold referendums on making Russian the second language after Moldovan, which is almost identical to Romanian, and on joining a Russian-Belarus Union. Head of Georgia's Traditionalist parliamentary faction Gubaz SANIKIDZE said that it is time for Georgia to leave GUUAM since the Communist Party has won control in Moldova. He said that it does not make sense for Georgia to remain a member of GUUAM. He told Prime News

Agency that "red" Moldova will follow Moscow's rule thus creating problems for GUUAM. He added that for some reason the interests of the GUUAM states sometimes differ so Georgia should prefer bilateral relations with these countries. SANIKIDZE pervious requested a hearing by the Georgian Defense and Security Committee on whether Georgia should pull out of the Commonwealth of Independent States (CIS). The Committee decided not to withdraw from the CIS, pointing out that Russia could use it as a pretext to declare Georgia an enemy, RFE\RL Newsline reported.

Russian Foreign Min. To Meet Powell In Paris

• Russian Foreign Minister Igor IVANOV will meet US Secretary of State Colin POWELL in Paris next week on the sidelines of an international meeting on Yugoslavia. According to the Foreign Ministry, the two men would "continue discussion of key issues on the Russian-American political agenda." Relations between Moscow and Washington have been strained by the Robert HANSSEN espionage scandal and the ensuing counter expulsion of diplomats. Moscow has also been upset by US statements suggesting that Russia has encouraged nuclear proliferation and constitutes a threat to security. IVANOV and POWELL first met in Cairo in February. Further high-level talks were held in Washington last month when Sergei IVANOV, then head of Russia's Security Council, met POWELL and other officials. But Sergei IVANOV, now Defense Minister, was unable to secure an agreement on a when Presidents

Vladimir PUTIN and George W. BUSH would meet. IVANOV and POWELL are to attend a meeting of the six-nation Contact Group on the Balkans in Paris on April 11th and 12th. Other members of the group are Britain, France, Germany, and Italy.

Duma Bans Scrap Exports

- The Russian State Duma, in a vote of 314 votes to 54, has overruled a veto by President Vladimir PUTIN on the suspension of non-ferrous scrap metal exports until 2005, Vedomosti reported. Deputies gathered 14 votes above the number required to overrule the veto, meaning that it will now be illegal to export any non-ferrous scrap from the country. One Duma deputy said something had to be done about large-scale theft of metal for sale as scrap, which prompts people to steal power cables and other industrial equipment containing metals like copper. Russian national utility *Unified Energy System (UES)* figures showed that of the 700,000-800,000 tons of scrap metal exported from Russia each year only around 1,000 tons had been obtained through legal means, Vedomosti said. The daily Isvestia quoted *UES* as saying the illegal trade had cost Russia 1.1 billion rubles (\$38 million) last year. Metal stolen from industrial equipment is normally sold on for a fraction of its value on world markets, Reuters reported. PUTIN had supported his request that the bill be dropped by saying all crimes related to the sale of non-ferrous scrap were committed during its collection, procurement and circulation on the domestic market.

Economy

<p>Ruble = 28.86/\$1.00 (NY rate) Ruble = 28.87/\$1.00 (CB rate) Ruble = 25.91/1 euro (CB rate)</p>

Gref Meets Bush Officials In Washington

- Russian Trade and Economy Minister German GREF held his first meetings with BUSH administration officials on Monday and Tuesday in Washington. Speaking to reporters at a press briefing on the sidelines of an Export-Import Bank conference, GREF said he had reached agreement with Energy Secretary Spencer ABRAHAM to hold annual meetings between energy officials from both countries to discuss sensitive political and energy issues. Apart from his meetings with BUSH officials, which GREF said had been professional and encouraging, he

also met with business leaders. He said he had discussed a number of issues with aircraft maker *Boeing*, including the future signing of an agreement on the production of medium-range aircraft. The Russian minister also held discussions with World Bank President James WOLFENSOHN. GREF said they talked about legal reform and anti-corruption projects. The main parameters of a loan for legal reform should be agreed upon by July, Reuters reported. GREF said he plans to meet US Trade Representative Robert ZOELLICK in Moscow later this year. He had not been able to meet ZOELLICK during this visit.

Russian Inflation Could Exceed Forecast

- Russian Deputy Prime Minister and Finance Minister Alexei KUDRIN on Tuesday said that inflation this year could exceed the government's 14 percent forecast by 1.0 percent to 1.5 percent. "Basic monetary and fiscal policy is under complete control as of today and the rate of inflation should slow [after about seven percent in the first quarter]. The question is whether or not we will exceed 14 percent...A slight correction of one percent, or maybe 1.5 percent, is possible," KUDRIN said. He added that Russia may not need foreign credits in 2001 to 2002, if economic reforms were implemented. "This year we are carrying out such reforms which mean we do not need credits. [And] I think they will not be required next year if we implement those reforms which have been planned," KUDRIN said. The Finance Minister also told reporters that Russia would make its remaining January debt payments to the Paris Club of creditor nations in April, Reuters reported. He did not give any specific dates.

Business

NTV Restarts Programs, Continues Protests

- Protesting journalists at Russia's independent *NTV* television channel said today it would resume broadcasts suspended three days ago, but vowed to continue protests against a takeover bid by a state-dominated firm. Representatives of *NTV's* new management arrived at the *NTV* headquarters to start the takeover procedures, but were not immediately able to enter as staff members blocked their way. *NTV's* public Council, headed by former Soviet leader Mikhail GORBACHEV, has asked President Vladimir PUTIN to be a mediator