

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Chechens Rally To End The War

• Several thousand people gathered in Grozny on Saturday to demand that Russian authorities pursue negotiations to end the fighting. Demonstrators said they wanted Russian officials to withdraw troops and negotiate with Chechen President Aslan MASKHADOV. Russian officials, however, have said the only talks possible are discussions of a surrender, and contend that MASKHADOV has little influence over other rebel commanders. Russian forces trying to stamp out resistance by independence fighters often detain Chechen men in sweeps aimed at searching out rebels. Others have been abducted by masked men whose identity isn't clear, the Associated Press reported. Some later turn up dead, and human rights groups have accused Russian forces of killing them, after the discovery of mass graves in Southern Chechnya. Police belonging to the pro-Moscow civilian administration dispersed the demonstration, by firing several shots into the air. The police detained several young men and seized a video camera from a woman taping the rally.

Russian Spy Mania Continues

• Russian authorities in the southern region of Stavropol have detained two Turkish nationals whom they accused of being spies. Interfax agency reports that Khaki MUTLODOGAN, who alleged to travel from Bulgaria on business, was arrested for having agents in the local Crimean Tartar community. Nesrin USLU, alleged to have completed intelligence training in Turkey, is accused of collecting information about the local economy and recruiting a Federal Security Service (FSB) officer with a payment of \$50,000. This latest case follows not only the tit-for-tat expulsions of 50 diplomats

from each country, but also the arrest of US student John TOBIN, whose drug dealing case will open on April 24th. TOBIN, arrested in Voronezh, was initially accused of being a spy due to alleged intelligence training. The police, however, later said he had done no spying. The Voronezh security service continues to look for another American suspect in the case, who also visited Voronezh. Russians in many regions remain suspicious of foreigners, who are rare outside Moscow.

Rus-Germany To Hold St. Petersburg Summit

• German Chancellor Gerhard SCHROEDER and Russian President Vladimir PUTIN are scheduled to meet later today in St. Petersburg at a wreath laying ceremony. In talks on Tuesday, SCHROEDER is expected to press Russia on its debts, business relations, and the need for a "civil society" in Russia, particularly the freedom of the press. One official said, "The Chancellor will argue that for Mr. PUTIN to achieve his aim of reforming society to make it more suitable for closer cooperation with the European Union, he can't get around strengthening press freedom. We view the latest events with concern especially at NTV," the Financial Times reported. SCHROEDER is also expected to share with PUTIN his impressions from a meeting with US President George W. BUSH in Washington late last month. Alexander RAHR, program director for Russia at Germany's Council for Foreign Relations said, "The German agenda towards Russia is specifically and fairly well defined: stability, predictability and

the opening of markets to the western products and investment. But Russian ambitions go much further. Russia wants Germany as a bridge to Europe, an advocate in international financial organizations, and possibly a counterweight to the US." He added that Russia will press Germany on economics and security, two topics SCHROEDER, "would prefer to avoid."

Economy

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| <p>Ruble = 28.82/\$1.00 (NY rate) Ruble = 28.80/\$1.00 (CB rate) Ruble = 25.99/1 euro (CB rate)</p> |
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Russia Posts Deficit In 1st Quarter

- Russia posted a budget deficit of 0.4 percent of gross domestic product (GDP) in the first quarter of 2001, Deputy Prime Minister and Finance Minister Alexei KUDRIN said on Wednesday. He told a news conference the deficit was 7.3 billion rubles (\$253 million). He said budget revenue amounted to 318.8 billion rubles and spending to 326.1 billion rubles. The primary budget surplus, which excludes foreign debt servicing, was 4.5 percent of GDP.

Business

Thousands Demonstrate In Support Of NTV

- Waving signs saying, "we won't give NTV to PUTIN" and "No TV without NTV," thousands demonstrated in the cities of St. Petersburg and Moscow over the weekend in support of Russia's only independent media group *Media Most*, its embattled television station NTV, and its founder Vladimir GUSINSKY. Protestors, estimated to be about 15,000, are against the Tuesday take-over of NTV's board by *Gazprom*. Many believe the take over was politically motivated and not based on debts. The controversy over NTV has become the biggest battle for free speech in decades. Yevgeny KISELYOV, the station's managing director and most prominent broadcaster said, "Today's demonstration showed the government, the Kremlin and President PUTIN that public opinion still exists in this country. They have to take it into account, otherwise they are not the government, they are just a bunch of liars." NTV journalists have been on strike and refuse to work with *Gazprom's* imposed management, led by Boris JORDAN. Many view *Gazprom's* assumption of ownership as yet another effort by the Kremlin

to silence public criticism of its actions. NTV has been flooded with letters and e-mails of support from all over Russia. Trouble appears to be growing in the journalists' ranks. Top presenter Leonid PARFYONOV wrote a scathing resignation letter to the *Kommersant Daily*, saying he could not stay at the station after what he saw as the unfair exclusion of newscaster Tatyana MITKOVA from a committee to negotiate with *Gazprom*. PARFYONOV accused KISELYOV of using other staff as "cannon fodder" to fight the new management. NTV said later that MITKOVA had also left the channel, but did not elaborate. Today, former Soviet President Mikhail GORBACHEV, who heads an NTV advisory body, met with PUTIN to discuss the NTV crisis. PUTIN said that the NTV crisis should be settled in court and had promised not to seek to turn it into a state-run company, Reuters reported.

Russian tycoon Boris BEREZOVSKY, who was the first to visit GUSINSKY after being released from a Spanish prison, on Friday lent his support to NTV journalists by offering them jobs with his station TV6. BEREZOVSKY owns 75 percent of TV6, while LUKoil owns 15 percent, and the Moscow City government owns 10 percent, the *Financial Times* reported. BEREZOVSKY and GUSINSKY have in the past been rivals, but have been in constant contact after each went into self-imposed exile last year.

Norilsk To Cut Nickel Exports

- Russia's *Norilsk Nickel* plans to cut exports of nickel from 185,000 tons in 2000 to 155,000 tons in 2001, the company said in a statement today. A company spokeswoman could not give a comparative figure for 2000, but *Norilsk* said last year it had exported 118,300 tons of nickel from January to September. "Because of today's macroeconomic outlook and falling stainless steel production *Norilsk Nickel's* management has taken the decision to cut nickel exports to 155,000 tons in 2001," the statement said. *Norilsk* produces 20 percent of the world's nickel. *Norilsk* said in January it expects its sales to drop 24 percent to \$4.1 billion from, \$5.4 billion in 2000.

Finns, Russians Win Norilsk Ore Plant Deal

- *Norilsk Nickel's* new ore enrichment plant will be built by Finnish Metals group *Outokumpu* and Russia's *Mechanobr Engineering*. The plant in the