

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Russian Memo To UN On Bin Laden Bases

□ A Russian memo to the UN, obtained by Reuters, reported that Saudi-born militant Osama BIN LADEN had at least 55 bases or offices in Afghanistan earlier this year with over 13,000 men, ranging from Arabs and Pakistanis to Chechens and Philipinos. It noted that in addition to BIN LADEN's own men, approximately 3,500 fundamentalist Pakistanis were in the country as well as soldiers and diplomats from Pakistan. The memo to the UN Security Council, dated March 9, 2001 in response to a 1999 Security Council appeal for information, "on bases and training camps of international terrorists in Afghanistan," and on foreign advisers to the Taliban, said most of BIN LADEN's facilities were in or around the main cities of Kabul, southern Kandahar, eastern Jalalabad and Mazar-i-Sherif in the north. Most were at former Afghan Army bases, on large former state farms and in caves in rugged mountain regions. About 150 men are based in Bagh-i-Bala, the hilltop restaurant that was once Kabul's most fashionable dining spot. Reuters pointed out that it is not clear whether these locations, part of BIN LADEN's al-Qaeda network, were still in use on September 11th when 19 hijackers struck.

Pakistan Warns Not To Arm Northern Alliance

□ The Australian Broadcasting Corporation reported that Pakistan's Foreign Minister Abdul SATTAR has warned other governments against backing the Northern Alliance, which is fighting against the Taliban in Afghanistan. In response to Russia's plans for weaponry assistance to the Northern Alliance, SATTAR warned non-Afghans against getting involved. He said, "we fear that any such decision

on the part of foreign powers to give assistance to one side or the other in Afghanistan is a recipe for great suffering for the people of Afghanistan." Reports are emerging from Tajikistan and northern Afghanistan that the alliance has secured key towns on the approach to Mazar-e-Sharif.

As the military build-up continues, a special meeting of NATO defense ministers will be briefed on America's strategy in Brussels later today. US Deputy Defense Secretary Paul WOLFOWITZ will brief NATO on the US investigation and strategy. NATO planners are still examining what role the alliance could play, but it is seen as a possible point of exchange of information, or intelligence. After the terrorist attacks of September 11th, NATO invoked Article Five, obliging each member state to take such actions as it deems necessary to help the US, but America has yet to request any assistance.

Chechens Prepare For Peace Talks?

□ Chechen President Aslan MASKHADOV on Tuesday welcomed the Kremlin's offer to hold peace negotiations as a, "real change to start talks on the quick cessation of military actions." He has pointed Akhmed ZAKAYEV, the deputy prime minister of the rebel government, as his envoy. It is unclear whether ZAKAYEV has contacted Russian President Vladimir PUTIN's envoy for the talks, Viktor KAZANTSEV, who has so far stayed out of Chechnya. KAZANTSEV said Tuesday that working groups had already been set up for contacts with rebels in Chechnya and

surrounding regions, the Associated Press reported. In addition according to the Russian Interior Ministry, no rebels have surrendered or laid down their arms. KAZANTSEV's deputy Nikolai BRITVIN said Moscow could offer security guards to those rebel warlords who would agree to surrender, Itar-Tass said. Fighting continues as Russian Interior Ministry outposts came under heavy rebel fire 10 times in the last 24 hours. Russian fighter helicopter have continued to air strikes on suspected rebel hideouts. Federal troops claimed that 14 rebels had been killed over the past 24 hours, Itar-Tass said reported. On Monday, PUTIN demanded that all rebels cease their contacts with international terrorists, surrender within 72 hours, and prepare for peace talks. PUTIN, despite Western encouragement, claimed that he would never hold peace talks with Chechen rebels, specifically not with MASKHADOV, and that the rebels should be eliminated.

The US welcomed PUTIN's offer to hold peace talks. A senior State Department official stated, "We believe that [Russian] President PUTIN made a sincere proposal to the Chechen side and hope that Mr. [Aslan] MASKHADOV's quick response indicates his sincere commitment to work towards a lasting peace in the Caucasus as well." The US officials said that this was, "the first positive development in this conflict in many months... At the same time the Chechen side must immediately and unconditionally end its associations with those tied to the international terrorism network."

Car Bomb Kills Two Near Chechnya

□ A car bomb explosion killed two Russian police officers on September 23rd near the Chechen border. The car was parked next to a long-distance telephone office in Khasavyurt, a town in Russia's Dagestan region next to the Chechen border, said Magomed NASRUDDINOV, the town's police chief. The explosion also injured 15 people at the telephone office, the Associated Press reported. The conflict in Chechnya occasionally spills over into neighboring regions in the form of explosions and skirmishes with local police forces. Russia's 1994-96 war in Chechnya ended with a cease-fire agreement at Khasavyurt, which postponed a decision on Chechnya's status. The issue was never decided.

Russia-Italy To Cooperate In Disarmament

□ Russian presidential envoy to the Volga Federal District Sergei KIRIYENKO said his country is ready to cooperate with Italy in the field of disarmament. KIRIYENKO, who also serves as chairman of the Russian State Commission on Chemical Disarmament, presented a new program in Rome for eliminating chemical weapons in Russia. He stressed that Russia is ready to fulfill its obligations in full under the chemical weapons convention. Italy is the third G-7 country where KIRIYENKO presented the major directions of the program approved this June. During his trip, he held talks with Italian ministers and parliamentarians, representatives of the General Staff and the Defense Ministry. KIRIYENKO conferred with general manager of Italy's oil and gas concern ENI Vittorio MINKATO. One of the ENI's subsidiaries will supply electricity to eliminate chemical weapons in the settlement of Shchuchye, the Kurgan region.

Economy

Ruble = 29.43/\$1.00 (NY rate)

Ruble = 29.41/\$1.00 (CB rate)

Ruble = 27.11/1 euro (CB rate)

Business

Russia Power Industry Delays Construction

□ The Russian electric power industry is suffering from, "a rather serious investment crisis," experts from the Rosenergoatom Atomic Energy Concern have said at an international conference in St. Petersburg. Russia has paused the construction of new units of nuclear power plants with the overall capacity of 10-gigawatt units and has delayed the launch of projects for the future building of 20-gigawatt units, Itar-Tass reported. Meanwhile, an annual increase of the electricity production by nuclear power plants at 10 billion kilowatt/hours would have saved up to 3 billion cubic meters of gas, which is 30 percent of the planned annual reduction in the gas supply to the electric power industry, the expert said. The increase of the nuclear power plants' output to 50-gigawatt units by 2020, which is stipulated by the energy strategy, would have saved 112 billion cubic meters of gas a year or 9.4 billion dollars in current world prices.

EUROPEAN REPUBLICS

Investigators Fail To Find Evidence

□ *Kroll Associates*, a New York-based investigation firm hired by a pro-KUCHMA political party, failed after seven months to uncover any evidence that Ukrainian President Leonid KUCHMA was involved in ordering the murder of internet journalist Georgy GONGADZE. Last year opposition politicians released tapes, in which a voice similar to KUCHMA's gave orders to "deal with" the reporter. Thousands of Ukrainians protested in the streets of Kiev for months earlier this year, demanding that KUCHMA resign. The President has consistently denied involvement and said the tapes were doctored. *Kroll's* chief executive officer Michael CHERKASKY said the firm had found no evidence linking KUCHMA to GONGADZE's death. *Kroll Associates* were unable to interview Nikolai MELNYCHENKO, a former Ukrainian presidential bodyguard who made the tapes. The opposition has rejected *Kroll's* findings, saying it was a public relations exercise to lend credibility to KUCHMA's statements of innocence ahead of parliamentary elections early next year, Reuters reported. CHERKASKY, however, pointed out his investigators interviewed dozens of witnesses, including KUCHMA, opposition politicians, GONGADZE's relatives, and friends. They conducted site examinations, scientific and technical analyses of similar tape recordings. "The original tapes were not available to us. The tapes' reliability could not be proved. It raises a question about the reliability of the person who recorded them," CHERKASKY noted.

Powell Urges Baltics To Fight Terrorism

□ US Secretary of State Colin POWELL has urged the Baltic States to develop a plan of action against international terrorism. The press service of the Lithuanian Foreign Ministry reported on Tuesday that this suggestion was expressed in POWELL's letter addressed to Lithuanian Foreign Minister Antanas VALIONIS. POWELL believes that Estonia, Latvia, and Lithuania, guided by the USA-Baltic Charter signed in Washington in 1996, will be able to make their contribution to the international effort to fight terrorism, Itar-Tass reported. The letter also emphasizes that Washington remains loyal to its commitments to help Lithuania prepare for a full

integration into the transatlantic community. A session of the Partnership Council within the Charter framework, which was due to be held in Washington with participation of Baltic's foreign ministers and the US Secretary of State has been postponed due to the September 11th terrorist attacks.

SOUTH CAUCASUS & CENTRAL ASIA

Turkey To Continue With Energy Projects

□ Turkey's Energy Minister Zeki CAKAN said that regional energy pipeline projects will continue to be implemented, even if the US leads international strikes in retaliation for the September 11th terrorist attacks. He said at an international energy conference in Istanbul, "No projects will be disrupted even in case of a war or regional tension. The Baku-Tbilisi-Ceyhan oil pipeline project, the Blue Stream gas project and the Iranian gas project will all continue their progress." The Baku-Tbilisi-Ceyhan \$2.9 billion crude pipeline project aims to export Caspian oil to Western markets. The Baku-Tbilisi-Ceyhan project, carried out by a sponsor grouping led by *BP*, is in the detailed engineering phase, which will be completed next year. Construction work, for the one million barrel-per-day pipeline, is planned to last for 32 months beginning in mid-2002. Russia's gas giant *Gazprom* and Italy's *Eni* leading the Blue Stream plan for it to deliver up to 16 billion cubic meters (bcm) of gas a year at its peak. The cost of the project is \$2.3 billion to lay a gas pipeline under the Black Sea. A large platform belonging to *Saipem*, a unit of *Eni*, is currently laying pipes under the Black Sea from Russia to the Turkish coast. Turkey is also pursuing a \$23 billion, 23-year deal to buy Iran gas. The Iranian project is near to launching and Cakan said Turkey was only waiting for Iran to complete a compression station on Iranian soil for gas deliveries, due to reach 10 bcm a year after 2005, to start, Reuters reported.

Turkey has pledged to cooperate fully with the US against international terrorism. As a member of NATO, Turkey has the second largest military force, behind the US. Turkey's deputy chief of general staff, Yasar BUYUKANIT said the Turkish Army is, "ready for cooperation to an extent that would involve armed forces in the struggle against terrorism."

Commitments to the US Campaign Against Terrorism

- Estonia** - "prepared to provide to the US any assistance within the scope of its capabilities"
- Latvia** - offered to back any US response, defense forces were put on alert, security was tightened around the US and Israeli embassies
- Lithuania** - offered US assistance
- Belarus** - sent his condolences to the US, officials said the attacks prompted by arrogant US policies
- Ukraine** - opened airspace to military cargo planes
- Russia** - opened airspace to US for humanitarian aid, share intelligence information, Russian troops will not be involved in any military operation, but will participate in search and rescue missions, Russia will provide arms to the Northern Alliance fighting the Taliban in Afghanistan
- Georgia** - opened its territory and airspace, offered military bases
- Azerbaijan** - offered assistance in tracking down terrorist organizers
- Armenia** - prepared to cooperate with US in its fight against terrorism, offered to send salvage experts to US for recovery operations
- Kazakhstan** - Nazarbayev offered "all means at its disposal," offered airports, military bases, and airspace, not likely to include Kazakh military troops
- Uzbekistan** - opened airspace, two US cargo planes have landed at Tuzel military airfield, US unloaded intelligence gathering equipment and 200 personnel
- Turkmenistan** - offered airspace and ground access to humanitarian aid not military cargo
- Tajikistan** - a joint Tajik-Russian airport in Dushanbe could be offered, stationing of US servicemen will not be allowed, borders closed to Afghan refugees
- Kyrgyzstan** -opened airspace, suspended visas for Afghanis and Pakistanis
- CIS Collective Security alliance** - agreed to open airspace
- GUAM** - agreed to fight terrorism, condemned the September 11th attacks
- NATO** - invoked Article 5 mutual defense clause

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