

# DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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Daily intelligence briefing on the  
former Soviet Union

Wednesday, October 17, 2001

Published every business day  
since 1993

## RUSSIAN FEDERATION

### Politics

#### Azerbaijan Reveals Putin Assassination Plot

• Azeri National Security Minister Namik ABBA-SOV, in an interview published Tuesday in Bakinsky Rabochii, revealed that it prevented the assassination of Russian President Vladimir PUTIN during his visit to Baku on January 9<sup>th</sup> and 10<sup>th</sup>. He said that Azerbaijan's Security Services received information about a plot to kill PUTIN three to four months before his visit. He said, "We received the signal, followed it and about 10 days before the visit knew for sure about the explosives brought and handed over to one of the organizers...Fearing that we may miss the explosives, that they would be handed over to other forces and the attack would be carried out by forces unknown to us, we arrested this man along with the explosives." The man is identified as Kianan ROSTAM, an Iraqi citizen. He has been sentenced to 10 years in prison in a closed-door trial. He was charged with attempting to plant a bomb targeted at a visiting head of state. This is the first time that PUTIN has been identified as the target. ABBASOV did not give details about the man's possible motives or those unspecified forces that were behind the assassination plot. ITAR-TASS, however reported that the convict came to Baku in 1999 with fake documents. It added that ROSTAM was trained in Afghanistan terrorist camps and maintained contacts with Chechen rebels. The Kremlin had no comment on ABBASOV's report and Russia's Federal Security Service (FSB) said it had "no such information." A spokesman for the Russian State Guard Service, which is responsible for PUTIN's security, was not immediately available, the Associated Press reported. Last August, Russian and Ukrainian security services arrested four Chechens and several militants from Middle Eastern states who were allegedly involved in preparing

an assassination attempt against PUTIN during a summit of the leaders of the Commonwealth of independent States (CIS) in Yalta, in the Crimea, United Press International reported.

#### Putin Reshuffles Cabinet Portfolios

• Russian President Vladimir PUTIN announced changes in the structure of his cabinet on Tuesday which could result in one or more top ministers being replaced. Following an evening meeting with Prime Minister Mikhail KASYANOV, who has been the target of dismissal rumors, PUTIN issued a decree retaining five deputy prime ministers, but only outlined three portfolios and changed one of those from its current shape. The posts of the Federation Affairs Minister held by Alexander BLOKHIN and National Immigration Policy Minister were abolished altogether. Industry, Science, and Technology Minister Alexander DONDUKOV was replaced by First Deputy Prime Minister Ilya KLEBANOV. KLEBANOV has also been named among ministers who could be dropped in any Cabinet reshuffle, Reuters reported. The President ordered the creation of a new portfolio for coordination of the work of the regional authorities. No one was named to the position, which appeared to be a step to tighten interaction between the federal center in Moscow and Russia's regions and republics, as reported the Russia Today website. Russian news agencies quoted PUTIN's press secretary Alexei GROMOV as saying that the changes were introduced at the prime minister's suggestion.

Duma Drafts An

**Address To Putin**

- In the wake of the Georgian-Abkhaz conflict, the Russian State Duma is drafting an address to Russian President Vladimir PUTIN calling on him to take all possible measures aimed at the peaceful settlement of the conflict based on the principles and norms of international law. According to Alexei MITROFANOV, one of the leaders of Vladimir ZHIRINOVSKY's Liberal Democratic Party, the Duma deputies should recommend a facilitated regime of obtaining Russian citizenship for the people of Abkhazia. MITROFANOV also stated that the withdrawal of the Russian peacekeepers from the zone of conflict is unacceptable and may lead to bloodshed between the Georgians and the Abkhaz, Prime News Agency reported. According to an **Intercon** source, MITROFANOV has previously pursued a policy of Abkhazia's annexation to Russia and is attempting to pass a resolution critical of Uzbekistan's cooperation in the international coalition.

**Economy**

Ruble = 29.49/\$1.00 (NY rate)

Ruble = 29.56/\$1.00 (CB rate)

Ruble = 26.66/1 euro (CB rate)

**Business****Aeroflot-Boeing In Talks**

- Russian airline *Aeroflot* is in talks with *Boeing* about the possibility of adding more of the U.S. aircraft to its fleet, Interfax news agency reported. "At present we are in touch with *Boeing*, and that includes the possibility of acquiring aircraft," Lev KOSHLYAKOV, an *Aeroflot* deputy general director, was quoted as saying. *Boeing* officials declined to comment on the report. But *Boeing* Vice President Thomas PICKERING, former ambassador to Russia, was part of a high-level trade delegation in Moscow this week with U.S. Commerce Secretary Don EVANS. *Aeroflot* has said it would weather the downturn in the global airline industry following the September 11<sup>th</sup> attacks with far fewer problems than its Western peers. The airline is expecting year-on-year passenger turnover to fall by only about one percent, versus an average of six percent predicted globally. The airline has also stepped up its service on some routes or introduced larger aircraft to meet increased demand as Western airlines cut their

schedules. However, *Aeroflot*, which has boosted ticket prices to cover new security measures and higher insurance costs, is cutting service to Chicago out of its winter schedule due to a drop in traffic to the U.S.

**Kasyanov Inspects Blue Stream Progress**

- Russian Prime Minister Mikhail KASYANOV will make a one-day visit to the Krasnodar region today to check the construction of the Blue Stream gas pipeline, which will be laid at the bottom of the Black Sea from Russia to the Turkish port of Samsun. He will make a helicopter tour over the pipeline, visit the Saypen-700 pipe-laying vessel and learn about the pipe laying techniques, RosBusiness Consulting reported. The Blue Stream project was launched under a Russian-Turkish intergovernmental agreement on the Russian natural gas supply across the Black Sea, which had been signed in December 1997. For the first time ever two gas pipes will be laid at the depth of over 2,000 meters without intermediate compressor stations. The first pipe will be ready in December 2001, and tests will be done in March 2002. While in Krasnodar, the Prime Minister will be accompanied by *Gazprom* Chief Alexei MILLER. *Gazprom* will pump 16 billion cubic meters of gas a year through the pipeline once it reaches full capacity. The pipeline is made up of a 372-kilometer land segment between Izobilnoye, Russia's Stavropol territory, and Dzhubgi, the Krasnodar territory, as well as the 392.5-kilometer sea segment between Dzhubgi and Samsun, Turkey. KASYANOV will also hold talks with officials of the Krasnodar region and those involved in the construction process. The Prime Minister emphasized this is a unique project from the viewpoint of both deep-water technologies for the laying of pipes to a depth of two kilometers and the construction of a compressor station with four times as high pressure as usually is the case, ITAR-TASS reported.

**Rosneft Take Part In Tender For Chechen Oil**

- The *Rosneft* oil company will participate in a tender for the development of Chechen oil fields, a source in the press service of the company reported to RosBusiness Consulting. The Russian Nature Ministry announced the tender for the right of conducting prospecting works on 22 oil fields in Chechnya on Tuesday. A relative resolution was signed by the ministry and the government of Chechnya. The oil fields will be sold without any tax exemptions and

in accordance with the existing tax system.

### SOUTH CAUCASUS & CENTRAL ASIA

#### Russia Claims Shevardnadze's End Is Near

- A source in the Russian secret service told the Agency of Political News (APN) on Tuesday that the Kremlin has devised a plan to quickly remove Georgian President Eduard SHEVARDNADZE from the political arena. According to the source, Russia is now providing technical and highly qualified personnel and military support to Abkhazia. Specifically, Russian troops are being used against Chechen and Georgian gunmen. He noted that Georgian troops in Abkhazia suffer great casualties – in the last week 80 soldiers and officers were killed. He predicted that with winter approaching, Russia might use economic levers against Georgia which might result in a demise of the weak SHEVARDNADZE government. One of the potential candidates for the presidential position in Georgia is the honorable KGB officer, General-Lieutenant Igor GIORGADZE, the source stated. GIORGADZE was the head of Georgia's Security Service from 1993 to 1995. He was fired after the assassination attempt against SHEVARDNADZE on August 29, 1995. Later, GIORGADZE was accused by Georgian officials as masterminding the assassination attempt. Since he left Georgia, GIORGADZE has been living near Moscow at one of the FSB location sites. APN also stated that another Moscow-backed candidate for the presidential post in Georgia is Vakhtang RCHEUSHVILI, Vice Speaker of the Georgian Parliament.

#### *Itera* To Cut Gas Supplies To Georgia

- International gas group *Itera* has warned Georgian gas distributing company Gruzgaz that as of October 20<sup>th</sup> *Itera* will cut gas supplies to Georgia by 50 percent for an accumulated debt, Prime News Agency reported. *Itera*'s gas supply plan for 2001 provides for the delivery of 1.2 billion cubic meters (bcm) of gas to Georgia, of which 682.4 million cubic meters had been delivered by September 30<sup>th</sup>. According to the gas company's statement, "supplies will only be carried out on condition of their [Georgia's] timely and full payment, and strict adherence to the schedule of previous years' gas payment arrears repayment." Chairman of the

Georgian parliamentary committee on economic policies Vano MERABISHVILI stated that *Itera*'s decision might be political by nature. He said that in light of difficult Rus-Georgian relations, Moscow will try to use economic leverage against Tbilisi. If this is true, he said, Georgia might respond by not allowing Russian gas to reach Armenia through the Georgian territory. MERABISHVILI also said that *Itera*'s decision might be used for personal benefit by some senior officials in Georgia who are linked with *Itera* through economic interests. Reuters reported that *Itera* owns 50 percent of Gruzgaz and has recently reached an agreement on the purchase of the remaining 50 percent. Historically, similar Russian demands have been made during periods when the Georgian government has accumulated budget surpluses. This appears to be the case now.

*Itera*'s representative in Tbilisi Temuri GADZHIEV stated that Georgia's debt to the gas company is \$90 million, including \$5.8 million for this year. GADZHIEV stressed that *Itera* issued a similar warning decision towards Armenia, which owes the company \$36.9 million. That's why, he said, there is no political pretext behind this decision. He also noted that earlier, the same message was sent to Ukraine.

Georgian political analyst Ramaz KLIMIASHVILI told Prime News Agency that *Itera*'s threat is purely political. He believes Moscow is trying to change Georgia's foreign policy from pro-Western to pro-Russian. He noted, that in the 21<sup>st</sup> century, countries are captured not by arms, but by the economic means. He also said earlier that *Itera*, "put Ukraine on its knees" and forced then pro-Western President Leonid KUCHMA to change his foreign policy into pro-Russian.

#### Abkhazia To Fight, Georgia Seeks Peace

- Ailing Abkhaz President Vladislav ARDZINBA, in an unusual appearance on Abkhaz television, claimed that his army would push out Georgian and Chechen gunmen from the region. He said, "According to our latest information, we have pushed (the fighters) back. We will push them back further still... We will tear them apart like a dog shreds a rag." Abkhaz forces claim that several hundred Georgian and Chechen rebels have intensified fighting in the past weeks. Russia claims that

Georgia has not done enough to stop these rebels, while Georgia has accused Russia of supporting the Abkhaz separatists. On Tuesday, Georgian President Eduard SHEVARDNADZE discussed with Russian President Vladimir PUTIN the need to calm bilateral relations. They agreed to assign appropriate delegations to speed up work on the preparation of a new Russian-Georgian Treaty. PUTIN and SHEVARDNADZE also agreed to order law enforcement bodies to intensify concrete interaction in the fight against terrorism. SHEVARDNADZE described the talks as, "constructive and benevolent."

Abkhaz Foreign Minister Sergei SHAMBA stated that officials in Sukhumi support the initiative of Georgian President Eduard SHEVARDNADZE to meet with the Russian President Vladimir PUTIN to discuss the joint fight against the terrorism, Prime News Agency reported. "If Vladimir PUTIN and Eduard SHEVARDNADZE decide to discuss the status of Abkhazia, they should know – it has been defined. This is an independent republic, which is ready to hold dialogue with Georgia only about the intergovernmental relations," SHAMBA said. He added that at this point it is not easy to restore the Georgian-Abkhaz negotiations because the Abkhaz trust in Tbilisi has been broken by the recent escalation of the conflict.

Commenting on a statement of Ukraine's Foreign Minister Anatoly ZLENKO who said that Kiev might consider sending its peacekeepers to the zone of the Georgian-Abkhaz conflict if allowed by the UN Security Council, SHAMBA said that Abkhazia, "will not allow Ukraine's peacekeepers because Abkhazia is satisfied with [the service of the] Russian peacekeepers." Kiev has accepted an openly pro-Georgian position, SHAMBA stated. The Georgian parliament has passed a resolution for the withdrawal of Russian peacekeepers under the Commonwealth of Independent States (CIS) mandate from the Georgian-Abkhaz conflict zone. SHEVARDNADZE has said that the final decision is up to him. In a meeting on Tuesday with a delegation from the Organization for Security and Cooperation in Europe (OSCE), the Georgian President said the best alternative to current peacekeeping arrangements would be a new force in which various countries, including

Russia, could participate. In a letter to PUTIN, SHEVARDNADZE wrote, "We call for all potentials, including intellectual potentials of the international community to contribute to the peaceful development of the country." According to an OSCE press release, SHEVARDNADZE promoted the need for a dialogue to resolve the conflict. He said, "This dialogue has a strong prospect. International effort plus a bilateral dialogue between the two parties are the recipe to solve the current conflict in Abkhazia."

### SU-25 Violate Georgian Air Space

- This morning, six SU-25 airplanes violated the Georgian air space from a northern direction, cruised over the Kodori Gorge, and left in the same northern direction, said Georgian deputy Iveri CHELIDZE at a parliamentary meeting today. According to him, earlier this morning, four helicopters approached the Kodori Gorge from the Sukhumi direction, passed the village Chkhalta, went in the direction of Marhursky pass where they dropped bombs. These areas are under Georgian control. CHELIDZE stated that the local population in the Kodori Gorge expressed concern over these incidents. The deputy believes that Georgia's Foreign Ministry should send a note of protest to Moscow for violating Georgia's air space. Georgian President Eduard SHEVARDNADZE stated that he is, "surprised that Russian military [circles] allowed this after his [SHEVARDNADZE's] constructive talks with Russian President Vladimir PUTIN," on Tuesday night. He stressed that, "the violation of Georgia's state border is impermissible in interstate relations."

These actions come after PUTIN commented on Friday that Russia recognizes Georgia's territorial integrity. PUTIN said the, "territorial integrity of Georgia must be guaranteed...this position of Russia is permanent and will never be changed." The Georgian President stated that he ordered Defense Minister David TEVZADZE to immediately go to the Kodori Gorge to investigate the incident. On October 11<sup>th</sup> following missile strikes and bombings in Kodori Gorge, Georgian Deputy Defense Minister Gela BEZHUASHVILI warned that Georgia will shoot down any aircraft and helicopters illegally passing into the airspace of Georgia.

**Turkey Concerned Over Abkhazia**

- Turkey has expressed concern over the escalation of conflict in Abkhazia and stated it will contribute to restoring stability in Georgia, Prime News Agency reported. Turkey's Prime Minister Bulent ECEVIT was quoted by Hurriet daily as saying that Georgia is "very special" to Turkey and that's why Ankara cannot, "leave Georgia alone with its problems." He said that the Georgian-Abkhaz conflict can be resolved. Turkey's Foreign Minister Ismail CEM stated that Turkey is taking all measures to resume the Georgian-Abkhaz dialogue, which began three years ago. He also stated that in the nearest future, the U.S., Turkey, and Georgia are expected to sign an agreement on security cooperation. Deputy Secretary of the Georgia's National Security Council Jemal GAKHOKIDZE believes that Turkey might positively contribute to the settlement of the Georgian-Abkhaz conflict, because Ankara has some leverage in Abkhazia, he told Prime News Agency.

**Rus. Worried Over Turkish Military In Georgia**

- Head of Armenia's parliamentary Commission on National Security and Defense Vagan OGANESYAN stated that the Russian diplomats are concerned over the Turkish military presence in Georgia, Prime News Agency reported. According to the Mediamax news agency, OGANESYAN made this statement after his official trip to Moscow where he met last week with Russia's Deputy Foreign Minister Vyacheslav TRUBNIKOV and Russian Co-Chairman of the Organization for Security and Cooperation in Europe (OSCE) Minsk Group Nikolai GRIBKOV. OGANESYAN expressed concern over anti-Armenian terrorist acts in Abkhazia. Armenian Foreign Minister Vardan OSKANYAN said Armenia and Georgia should cooperate closer in settling "complex problem in Abkhazia." Armenian officials also expressed concern over death of 14 Armenians killed in Naa village in Abkhazia allegedly by the Georgian-Chechen gunmen last week. Armenian officials demand a thorough investigation of the tragedy.

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**BlackSeaFor Leave From Poti**

- Ships of the BlackSeaFor naval group of Russia, Turkey, Bulgaria, Romania, Ukraine, and Georgia arrived in Georgia's Poti port from Novorossiisk on October 15<sup>th</sup>, sources in the Georgian Defense Ministry told ITAR-TASS on Sunday. The first drill of BlackSeaFor started two weeks ago. The ships have been to Istanbul, Varna, Constance, Odessa, and Novorossiisk. Each of the country is represented by one ship. Georgian Defense Minister David TE-VZADZE has come to Poti to meet with the ships' crews. The ships stayed in Poti till October 16<sup>th</sup>, the last day of the first drill of BlackSeaFor, a group formed in April 2001. After the drills, the ships will return to their national ports.

**US To Reward Azerbaijan For Cooperation?**

- The BUSH administration, particularly Secretary of State Colin POWELL, has called on the U.S. Congress to reward the Azeri government for providing intelligence information and the use of airspace and air bases for the U.S. campaign against the al-Qaeda organization and terrorism. The BUSH administration wants to end a ban on financial aid, in place since 1992. The letter, from POWELL, to chairman and ranking Republican on the Senate Foreign Relations Committee, says the U.S. urgently needs to help the Azeri intelligence and law enforcement agencies and work with the Azeri financial authorities to, "track and disrupt assets of the terror network [al-Qaeda]." With U.S. aid, the Azeri government will be better placed to receive U.S. military assistance to counter terrorist organizations inside Azerbaijan. On October 11<sup>th</sup>, Azerbaijan extradited an Egyptian national suspected of links to the U.S. terrorist attacks. Lifting of the ban would come in the form of, "a national security interest waiver." The ban is enshrined in the Freedom Support Act of 1992, which prevents U.S. aid to the Azeri government until the U.S. President determines that the government of Azerbaijan is taking demonstrable steps, "to cease all blockades and other offensive uses of force" against Armenia and Nagorno-Karabakh.

*Daily Report on Russia* is published Monday-Friday (excluding holidays), by Intercon International, USA. Subscription price for Washington, D.C. Metro area: \$950.00 per year. A discount is available for non-profit institutions.