

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Terrorists Could Have Smallpox Samples

• Head of the Vektor Biotechnology Center Lev SANDAKHCHIEV told *NTV* on Thursday that there is a possibility that poorly paid staffers at his institution may have sold smallpox virus samples to terrorist groups. He urged that the entire Russian population be vaccinated against the disease, noting that 90 percent of all Russians have lost their immunity to it, *RFE/RL Newsline* reported. But Russian President Vladimir PUTIN said in his *ABC* interview with Barbara WALTERS that, "it is impossible" that terrorists could obtain the smallpox virus or anthrax spores in Russia, according to *Interfax*.

Prosecutors Investigate Civilian Killings

• Military and civilian prosecutors in Chechnya said on Sunday they were reviewing reports that Russian troops had killed civilians during clashes in Argun last week, *Interfax* reported. *Interfax* quoted unnamed officials in the military command headquarters in Chechnya as saying investigators were checking claims by residents that five civilians were killed and 21 others wounded by Russian fire in the clashes. Film footage shot by a local cameraman and seen by *Reuters* in Moscow, showed the bodies of at least six civilians whom residents said were killed in Argun. All the dead were in civilian clothing and bore injuries consistent with mortar fire. On Saturday, 1,500 Argun residents gathered in the local market demanding those responsible for the deaths be named and removed from their posts, *Interfax* said. In total, nine separatists were killed and 15 others wounded in the clash. The head of Russian Interior Ministry forces, General Vyacheslav TIKHOMIROV, said on Saturday one Russian serviceman died and four others were wounded in the operation.

Kadyrov Survives 13th Assassination Attempt

• On Wednesday, Chechnya's pro-Moscow appointed administrator Akhmed KADYROV narrowly escaped an assassination attack. Rebels attacked his motorcade injuring four of his bodyguards. Officials said federal forces have sealed off Argun, the city where the attacks took place, to search for the assailants. This is believed to be the 13th attempt on KADYROV's life, the *Associated Press* reported.

Meanwhile, Russia's Federal Security Service (FSB) claims its forces killed Chechen rebel commander Shamil IRISKHANOV, during a security sweep in the mountains, *ITAR-TASS* reported. IRISKHANOV has been a primary foe of Russian law enforcement agencies since taking a leading role in a 1995 rebel raid on the Russian city of Budyonnovsk. Federal troops killed IRISKHANOV's elder brother, Hizir, earlier this year. Both were close allies of Shamil BASAYEV, one of Chechnya's most prominent rebel commanders.

Vladikavkaz Bomb Kills Six

• A bomb exploded on Saturday in the central market of Vladikavkaz, the capital of North Ossetia. The blast killed at least six people. Forty-three people were injured and immediately put into Vladikavkaz hospitals. *NTV* reported that authorities suspect that the blast may have been carried out by terrorists. Initial reports said the explosion resulted in the aftermath of a gas cylinder explosion. Ruslan TAVASIYEV, the

chief of the province's Search and Rescue Service told *NTV*, "This [explosion] is hardly caused by the cylinder." *ITAR-TASS* quoted the acting head of the local Federal Security Service (FSB), Vladimir KRYLOV, as saying the large number of metal fragments found at the scene suggested a home-made explosive device with the power of one kilogram (2.2 pounds) of TNT. Russia's Prosecutor General Vladimir USTINOV will personally oversee the investigation. It is estimated that 20,000 people were shopping in the area at the time of the blast. North Ossetia's proximity to neighboring Chechnya, which has twice fought an independence war with Moscow over the last seven years, makes the province particularly vulnerable to terrorist attacks.

Economy

<p>Ruble = 29.73/\$1.00 (NY rate) Ruble = 29.72/\$1.00 (CB rate) Ruble = 26.67/1 euro (CB rate)</p>

Business

Rosneft Interested In Chechen Oilfield Tender

- The *Rosneft* oil company submitted an application to participate in an auction for the right to use the 21st oilfield in Chechnya, press secretary of the company Alexander STEPANENKO told *RosBusiness Consulting*. The oil company *Grozneftegaz* is known to be responsible for oil production in Chechnya. It was established in 2000. *Rosneft* is the operator of the oil production, as it holds 51 percent stake in *Grozneftegaz*. The rest of the shares belong to the Chechen administration. According to STEPANENKO, *Grozneftegaz* has a temporary license for Chechen oilfields, valid until the beginning of December. The results of the auction will be drawn by January 10, 2002. Experts say, the volume of oil in the 21st oilfield is estimated at around 56 million tons. More than 3,000 tons of oil are produced in Chechnya daily.

UES Guarantees No Energy Crisis

- The Russian energy utility *Unified Energy Systems (UES)* has guaranteed that there will be no energy crisis in those regions and republics of Russia where large federal energy companies are operating. However, the *UES* department for relations with mass media sources stressed that regular energy supplies will depend on coordinated interactions between these energy companies and

local authorities, in particular, concerning timely payments for energy supplies and tariff policies. The department reported that only 32 regions and republics out of 89 have guaranteed 100 percent payments for energy supplies in autumn and winter 2001-2002. *UES* noted more than 60 percent of heating is providing by local companies.

Sakhalin-1 Could Attract Billions In Investments

- Deputy Prime Minister Viktor KHRISTENKO said on Thursday the implementation of the Sakhalin-1 project will make it possible to attract to the Russian economy some \$10 billion of investments. He said the money could be invested within five years since the beginning of full-scale work on the project, which is scheduled for 2003. According the Economic Development and Trade Ministry estimates, a total amount of investments, including operational costs, may reach \$30 billion. Sakhalin-1 is the first investment project in Russia, which began to be implemented on the basis of the products-division agreement, signed on June 30, 1995. After that, similar agreements were signed on the Sakhalin-2 and Kharyaga Field projects. The products-division agreement on the Sakhalin-1 project provides for the development of three off-shore oil and gas fields —Odoptu, Chaivo, and Arkutun-Dagi. A total of \$460 million have already been invested in the Sakhalin-1 project, but only \$150 million went to Russian contractors, a spokesman for the Industry and Science Ministry told *ITAR-TASS*. That ministry is urging that the share of Russian contractors be raised to 70 percent, as is required by the federal law on the division of products. According to the Auditing Chamber, during seven years that have elapsed since the signing of the first agreement on the division of products, budget revenues from the three projects amounted to \$55 million.

TNK Launches Catalytic Cracking Unit

- *Tyumen Oil Company (TNK)* announced the construction of a \$100 million new catalytic cracking unit at its *Ryazan Oil Refinery* had been completed. Backed by a U.S. Export-Import Bank loan guarantees and using Western technology, this unit will improve the quality of refined products and increase the refinery's throughput and efficiency. Crude conversion will rise from 59 percent to 68 percent, according to a company press release. Additional units will be constructed, enabling an increase in

conversion of crude oil to light petroleum products to 75 percent by the end of 2002 and to 82 percent by the end of 2003. The refinery's current rated throughput is 230,000 barrels per day, which will increase to almost 300,000 by 2003. Guests at the catalytic cracking unit's open included high-ranking American diplomats, Russian government officials and representatives of *ABB Lummus Global*, *Chase Manhattan Bank*, *Commerzbank* and *TNK*. *TNK* chief executive officer Simon KUKES said, "The completion of this project is important not only for *Tyumen Oil*, but for Russia, as well...The execution of such a large-scale refinery modernization in such a short period speaks to the high qualifications of our specialists and contractors and the excellent working relationships among all parties." He also stressed the strategic significance of refineries in

EUROPEAN REPUBLICS

Ukraine's Mail Investigated For Powder

- The Ukrainian Emergency Situations Ministry received 15 reports about suspicious powder in mail and public places on Saturday. Since October 16th, there have been 288 cases involving suspicious powder in Ukraine. Earlier, letters containing powder were addressed to the parliament, the Interior Ministry, the Justice Ministry and other bodies of power, *ITAR-TASS* reported. Tests showed that in all cases, the powder was not dangerous. An inter-agency commission has been set up at the Emergencies Ministry's crisis management center to monitor and prevent such incidents.

Moldova Hopes To Resume Debt Payments

- Moldovan Foreign Minister Nicolai DUDAU said on Wednesday that Moldova plans to resume payments to its foreign debts with a starting payment of \$24 million, *Reuters* reported. Moldova is in danger of defaulting on its crushing \$1-billion debt next year if agreement is not reached with international lenders and creditors. At issue has been the 2002 budget, agricultural and industrial reform, and privatization, but the International Monetary Fund said in August it had reached a memorandum of understanding with the new Moldovan government.

SOUTH CAUCASUS & CENTRAL ASIA

Georgia Elects Burdzhnadarze As Chairman

- After two marred rounds of voting and 18 hours of debate, the Georgian parliament in the early

hours of Saturday elected Nino BURDZHANADZE as Chairman of the parliament. She is the first woman to head parliament in Georgia's history. Previously, BURDZHANADZE served as chair of the parliament's Foreign Relations Committee. She replaces Zurab ZHVANIA, who quit November 1st during political turmoil spurred by a row over press freedoms. BURDZHANADZE's candidacy was put forward by the Traditionalists group. She beat former state minister Vazha LORDKIPANIDZE in a run-off vote. The new speaker has said she wants to rebuild ties with Russia, with which Tbilisi has been at odds during most of Georgian President Eduard SHEVARDNADZE's nine-year rule, *Reuters* reported. The Chairman position is the number two post. Under the current constitution, if the president dies in office or resigns, the chairman automatically takes over. The Chairman position may not remain second in command for long. SHEVARDNADZE is working to restructure the government, cutting the ministries, while forming a cabinet of ministers and a prime minister position.

Shevardnadze On Government Restructuring

- In an interview with the first channel of the Georgian State television on Saturday night, President Eduard SHEVARDNADZE stated that he will introduce a list of new government members for the parliament's approval within a few days, *Prime News Agency* reported. According to SHEVARDNADZE, the new government should be formed as soon as possible. Two-three months later, when the necessary changes to the Constitution are approved by the parliament, the candidacy of the prime minister will be discussed, SHEVARDNADZE said. He added that he will want to see Adjara's leader Aslan ABASHIDZE as a prime minister. SHEVARDNADZE said that certain changes are to be made to the structure of the parliament. Specifically, he said, according to the Constitution, the parliament must become a by-chamber structure and a number of deputies should be slashed from 235 to 80-90. In a traditional address to the nation this morning, SHEVARDNADZE announced his intention to reduce the number of ministries from 18 to 15. SHEVARDNADZE suggested that Ministry of Revenue Collection be abolished and incorporated under the State Minister's office. Many expected that the Finance Ministry would be the more natural location for these departments. SHEVARDNADZE

indicated that he would re-nominate some of the fired ministers. However, it appears that the majority will in fact be re-nominated. These include the ministers of Agriculture, Defense, Finance, Culture, Education, and Transportation. **Intercon** has learned that the President intends to nominate State Property Minister Levan DZENALADZE as State Minister, Valeri KHABURZANIA as State Security Minister, and Koba NARCHEMASHVILI as Interior Minister. President's parliamentary secretary KHABURZANIA stressed that the merging of ministries of Economy, Construction, and State Property Ministry, along with the elimination of the Revenue Collection Ministry will be an important consolidation of the Georgian government.

Russia Seeks Gelaev Extradition

- Russian Commander of the North Caucasian military district Colonel General Gennady TRO-SHEV said that Chechen field commander Ruslan GELAEV is hiding out in Georgia. He said, "Obviously, GELAEV is there. GELAEV went to Georgia after the fighting in Chechnya's Komsomolskoye to recover and gather together his gang. He gathered the gang and tried to come to Russia, but Abkhazian troopers defeated him." The Russian Prosecutor General's office on Saturday filed an official request with Georgia for the extradition of GELAEV. Russian Deputy Prosecutor General Valentin SIMUCHENKOV said, "The Russian side hopes that the Georgian authorities will respond to this request and immediately fulfill it." He added that GELAEV is on the Russian and Interpol's wanted list. GELAEV is believed to have led recent incursions of Chechen rebels into Georgia's separatist province of Abkhazia. SHEVARDNADZE called on Russia, "not to forget about Igor GIORGADZE," who is also wanted by Interpol for the assassination attempt against SHEVARDNADZE in 1995, and who appears on Russian television regularly.

The Russian officials are ready to introduce to their Georgian counterparts, "a list [of gunmen] who left Chechnya and went to Afghanistan through Georgia and Turkey," Prime News Agency quoted

Russian President Vladimir PUTIN as saying to American journalists in the Kremlin. Responding to PUTIN's statement, SHEVARDNADZE said that he will accept any international organization to monitor Georgia's borders with Russia and Turkey. SHEVARDNADZE suggested that the rumors on transfer of the gunmen through Georgia and Turkey to Afghanistan, "are aimed at irritating the U.S." PUTIN also stated, "It is known for sure that many wounded gunmen are treated at Georgian hospitals, including the main military hospital of the Georgian Army in Tbilisi. Is it possible to imagine a free movement of big armed gangs, numbering several hundred men, from one part of Georgia to another [from the Pankisi Valley to the Kodori Gorge] across the entire territory of the country?"

NK Settlement Talks In Moscow

- After holding talks in Yerevan, Philippe DE SUREMAIN, co-chairman of the Organization for Security and Cooperation in Europe's (OSCE) Minsk group said that Azeri President Geidar ALIYEV and Armenian President Robert KOCHARYAN will meet in Moscow at the end of the month. The Presidents will consider new OSCE proposals for the settlement of the Nagorno-Karabakh conflict. The OSCE's Minsk group has been trying to help the two sides work out a negotiated settlement to the protracted dispute. About 35,000 people died and some 800,000 fled their homes in the six years of fighting that ensued. A fragile truce came into force in May 1994, but the conflict has stubbornly defied a lasting settlement, Reuters reported. Vyacheslav TRUBNIKOV of Russia, co-chairman of the Minsk group, said the new element in the proposals lay in the details, adding there was nothing, "dramatically and radically new." He noted that Azerbaijan and Armenia recognize the need for a peaceful settlement. He said, "We are sure that neither the Armenian nor the Azerbaijan side is getting prepared for any military solution to the problem."

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