

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Russian Military Radar: Flying Blind

- Russian Lieutenant-General Alexander SHRAMCHENKO told Interfax news agency that the military radar has a gap over two-thirds of Russia. He added that the military is unable to track flights carrying top leadership for up to 90 minutes over some parts of the country. He specified, "In fact, we do not control the air space from the Ural Mountains to the Kuril Islands [in Russia's far east]... There is only a thin line of radar field along the border with Kazakhstan, Mongolia and China." It is highly unusual for Russia's senior officers to speak publicly about serious deficiencies in the military, and could be a calculated bid for more funds for the hard-pressed service. Since the start of fitful military reforms in the 1990s, the radio-technical forces have lost 60 percent of their personnel, SHRAMCHENKO said. The lack of personnel increased the distance between units and impaired their ability to detect low-level targets. Independent analyst Alexander GOLTS pointed out that the lack of radar could have serious implications for the civilian aviation industry as well. He said, "All our satellites, civilian as well as military, are controlled by Russia's space troops. Every satellite, or most of them, are multipurpose. They are used for civilian needs as well as military." In the Soviet era, Moscow had more than 100 satellites in orbit for early warning, intelligence and communications. Now, only four communications satellites are thought to operate and more than 80 percent of the country's "spies in the sky" are past their original operational design date, Reuters reported.

Rus-U.S. Seeks New Strategic Arms Agrmt

- Russian President Vladimir PUTIN met with U.S. Secretary of State Colin POWELL in the Kremlin

today. Due to a warming relationship between the two nations in the aftermath of September 11th, both sides are closer to an agreement on nuclear warhead cuts. Appearing with Foreign Minister Igor IVANOV, POWELL told a Kremlin news conference, "Both of our presidents have charged us...to find ways to formalize this agreement at lower levels of strategic offensive numbers and to try to get the work concluded in time for when they meet in Moscow." Planned nuclear arms reductions have been running in tandem with U.S. efforts to agree a way in which it can bow out of the 1972 Anti-Ballistic Missile Treaty (ABM) that inhibits Pentagon plans to build a missile defense shield against "rogue" states. IVANOV and POWELL made clear they still differed over the future of the ABM accord. The two countries announced Wednesday that they had slashed their nuclear arsenals to below the level of 6,000 warheads set by the START-1 treaty signed in 1991. PUTIN himself earlier set the tone for an amicable encounter with POWELL by thanking the U.S. for helping Russian aid missions into Afghanistan during fighting with the Taliban, Reuters reported. POWELL said U.S.-Russian cooperation over delivering humanitarian aid to Afghanistan symbolized open and transparent cooperation between the two countries. U.S. President George W. BUSH has been invited to visit Moscow next year.

Economy

Russia To Be WTO Member By 2003

- World Trade Organization (WTO) Director-General Mike MOORE on Monday said he

believed that Russia will be able to join the trade body by mid-2003. He warned, however that taking short cuts could prove to be longer in the long run. MOORE told reporters as he greeted Moscow's chief WTO negotiator, Maxim MEDVEDKOV, in Geneva for entry talks, "In my view, Russia will be sitting at the table as a full member by the next ministerial conference." Russia still must complete all admission formalities before its entry. Moscow, which once scorned the WTO's predecessor as an "instrument of imperialist exploitation," applied for membership in 1993, two years after the Soviet Union's collapse. Russia's negotiations with WTO members had been making little progress, partly because Moscow objected to checking proposed domestic legislation with the trade body before putting it to parliament. U.S. Commerce Secretary Don EVANS and European Union Trade Commissioner Pascal LAMY have visited Moscow over the past two months to pledge full support for early Russian entry to the WTO. President Vladimir PUTIN says joining the trade body is a top priority for his administration. But diplomats say there are still major problems to be overcome, including high Russian export duties, its dual-pricing system, and how to bring the still largely state-supported farming sector into line with WTO rules. Russian diplomats told MOORE Monday that the agriculture ministry was being involved in WTO talks to show how serious Moscow was about pressing ahead and ensure that officials at all levels knew what membership would involve, Reuters reported.

Ruble = 30.10/\$1.00 (NY rate)
 Ruble = 30.10/\$1.00 (CB rate)
 Ruble = 26.82/1 euro (CB rate)

Business

TV6 Prepares Appeal To Court Decision

- The Directors of Russian television station TV6 are preparing an appeal to a Moscow Court verdict, which ordered the station to close citing statutory irregularities. TV6 says it is the latest victim of a campaign by President Vladimir PUTIN to silence alternatives to official propaganda, after the state-backed natural gas monopoly *Gazprom* took over the independent NTV network. The station's top news presenter and general director, Yevgeny KISELYOV, said, "There is a political background to it of which everyone is aware." TV6, owned by self-

exiled businessman Boris BEREZOVSKY became a refuge for many NTV veterans, including KISELYOV, who left after *Gazprom's* takeover last April. The court ordered TV6 to shut down after ruling it had failed to meet statutory financial requirements over a three-year period, a charge dismissed by the company. "Forget about an economic dispute. The essence is plain for all to see," said board member Igor SHABDURASULOV. A pension fund linked to Russia's biggest oil producer *LUKoil*, which is a minority shareholder in TV6 launched the legal challenge. The channel says the fund is doing the Kremlin's bidding but the Kremlin has denied involvement. U.S. Secretary of State Colin POWELL, interviewed by TV6 in Moscow Sunday, promised to raise the issue of media freedoms with PUTIN at a meeting today, but declined to comment on the row over the channel.

Jordan Responds To NY Times

- In a letter to the editor of *The New York Times*, NTV Chief Executive Officer Boris JORDAN stressed that no matter the outcome of the legal case against TV6, there will not be a, "virtual government control over national television," in Russia. He was responding to a November 30th article in the newspaper. He noted that *Gazprom* is "committed" to selling its media assets. This includes *Gazprom Media's* 65 percent stake in NTV. He pointed out that the company will begin its sale process on January 15, 2002. JORDAN further stated that NTV's, "network provides Russia's most thorough and hard-hitting news coverage."

EUROPEAN REPUBLICS

Latvia Detains Russian In Synagogue Blast

- Latvian police today detained an unnamed Russian, described as a former member of the OMON Soviet paramilitary force and a St. Petersburg resident, in connection with the 1998 bombing of a Riga synagogue. The 1998 bombing was at the height of a row between Latvia and Russia. It caused no deaths or injuries but was condemned by the U.S., Jewish groups, and Latvian leaders. Didzis SMITINS, deputy head of the Latvian security police, told Reuters, "We found out that this person is in Latvia and we detained him. He is a former OMON fighter." SMITINS said the suspect, who has not been charged, was born in 1971 and used to live in Latvia. The OMON, a special unit of the Soviet

interior ministry, was used against independence movements that sprang up in Latvia and the other Baltic states in the late 1980s and early 1990s.

WB Gives \$50M To Reduce Ukraine's Poverty

- The World Bank has approved a \$50.21 million loan aimed at reducing poverty in Ukraine's rural areas, the Associated Press reported. The loan is to sponsor from 750 to 900 small projects in Ukraine's poorest regions over six years to support health, education, and other facilities. These projects will be created and controlled by local communities, and will be selected in a competition. The communities are to sponsor 10 percent of the projects' cost with the rest funded by the Bank. The biggest possible grant may not exceed \$150,000. The World Bank urged the Ukrainian government and lawmakers to approve the loan project as soon as possible, RFE/RL Newsline reported.

Germany Supports Ukraine Joining Europe

- German Chancellor Gerhard SCHROEDER said in Kiev that Germany will support Ukraine's efforts to become an associate member of the European Union (EU). "Now it's the task for Ukraine's government to take corresponding measures and reach an agreement with the European Commission, and Germany will support it," the Associated Press quoted SCHROEDER as saying. "Ukraine's entry to the EU will not happen during my presidency or the next. I have only one desire: that we make an effort to become an associate member during my term," Ukrainian President Leonid KUCHMA said. Both sides signed an agreement on restructuring Ukraine's \$296 million debt to Germany, which is part of a deal reached by Kiev earlier this year with the Paris Club of creditor countries.

SOUTH CAUCASUS & CENTRAL ASIA

Rumsfeld To Make S. Caucasus Tour

- U.S. Defense Secretary Donald RUMSFELD is expected to visit the south Caucasus states of Armenia, Georgia and Azerbaijan this weekend. Armenian Defense Ministry spokesman Seyran SHAHSUVARYAN said RUMSFELD was expected in the capital Yerevan on December 15th. Georgian Defense Ministry spokeswoman Nino STURUA said RUMSFELD would visit neighboring Georgia on the same day "to discuss issues of stability." RUMSFELD will meet with Georgian President

Eduard SHEVARDNADZE, Parliamentary Speaker Nino BURDZHANADZE, Foreign Minister Irakli MENAGARISHVILI, and Defense Minister David TEVZADZE. The U.S. Defense Secretary will also visit Azerbaijan, where he will discuss the strengthening and development of military cooperation between the U.S. and Azerbaijan and issues related to the war on terrorism. All three Caucasus states offered the use of their airspace to the U.S. for military action in Afghanistan. RUMSFELD is also expected to visit Uzbekistan, which Sunday opened a bridge for aid deliveries across its southern river border with Afghanistan. The Pentagon has not announced the trip. RUMSFELD is due to attend a NATO defense ministers' meeting in Brussels on December 18th and 19th.

UES-Azerbaijan Energy Agrmt

- Russia's *Unified Energy Systems (UES)* has signed an energy export agreement with the government of Azerbaijan, Prime News Agency reported. According to UES board Deputy Chairman Andrei RAPPOPORT, UES will annually provide up to 3 billion kilowatt per hour (kw/h) of energy supplies to Azerbaijan, which is 1 billion kw/h more than the current volume of energy exports.

Iranian Gas Begins Flowing To Turkey

- Turkish Energy Minister Zeki CAKAN today confirmed that Iranian gas deliveries have started under a 23-year deal signed five years ago. He said, "Turkey will receive 165 million cubic meters gas from Iran by the end of this year, as part of three billion cubic meters planned for this year." Under the \$23 billion deal between Iran and Turkey, initial deliveries were planned for September. However, deliveries were delayed after Turkey rejected a makeshift metering station set up by Iran in July, saying it did not meet the standards set by the accord. Gas deliveries started after approval of the station by an international auditor, CAKAN said. Gas will be pumped to Turkey's capital Ankara from Iran's Tabriz through a pipeline, which stretches 270 kilometers (170 miles) over Iranian soil and 1,050 kilometers in Turkey. Under the accord, Turkey will receive four billion cubic meters of gas next year, rising gradually to 10 billion cubic meters in 2007, Reuters reported. Turkey already buys about 15 billion cubic meters of gas from Russia, Algeria, and Nigeria and is expected to consume 14.6 billion cubic meters this year. Natural gas consumption is

expected to rise to 40 billion cubic meters in 2005, and 58 billion cubic meters in 2010, according to energy ministry estimates. Turkey also plans to receive more gas from Russia from a second line, named Blue Stream, next year and from Azerbaijan starting from 2005.

Iran-Turkmenistan Discuss The Caspian

- Iran's envoy for Caspian issues, Mehdi SAFARI, met for in Ashgabat Thursday with Turkmen President, Saparmurat NIYAZOV, ITAR-TASS reported. SAFARI said they discussed bilateral relations, economic cooperation, including exports of Turkmen gas to Iran, and the problem of arriving at a definition of the Caspian's legal status that is acceptable to all five littoral states. SAFARI noted that the positions of Iran and Turkmenistan on that latter issue coincide. An official visit by Iranian President Mohammad KHATAMI to Ashgabat is scheduled for March 2002, RFE\RL Newslite reported.

Kazakhstan Reinstates Previous Defense Min.

- Kazakh President Nursultan NAZARBAYEV sacked his defense minister on Saturday, replacing him with a general who quit the post over the secret sale of warplanes to North Korea. A presidential official told Reuters that Defense Minister Sat TOKPAKBAYEV had been replaced by Mukhtar ALTYNBAYEV who stepped down from the job two years ago after an outcry following the sale of MiG-21 fighter planes to Pyongyang. The sale, which was later blamed on a local businessman, embarrassed Kazakhstan and triggered protests from the U.S. and South Korea. After his resignation, ALTYNBAYEV commanded Kazakhstan's air force. ALTYNBAYEV was reinstated in his post just hours before U.S. Secretary of State Colin POWELL arrived in Kazakhstan for talks with NAZARBAYEV on the U.S.-led war on terrorism. The presidential official offered no explanation as to why TOKPAKBAYEV had been dismissed.

Salikh Freed, Pending Extradition Hearing

- Uzbek opposition leader Mukhamed SALIKH

was released from a Czech jail today per the decisions of a Czech court, as he waits an extradition hearing. Uzbekistan had been seeking his arrest on an Interpol warrant. SALIKH was arrested in Prague on November 28th, where he was invited by U.S.-funded Radio Free Europe/Radio Liberty for a personal interview. "The court has allowed him to be free while his case is pending. They were convinced he was not going to flee [the country]," his lawyer Miroslava KOHOUTOVA told Reuters. Norway, where SALIKH has lived since leaving Central Asia in 1993, has already given him asylum status and refused to extradite him. Last week Oslo asked the Czechs in a diplomatic note to return SALIKH to Norway, a move the foreign ministry said was likely to be accepted. Human rights groups say SALIKH could face death if sent back to Uzbekistan. The banned opposition Erk (Freedom) party has been accused of fostering a "terrorist" campaign aimed at creating a fundamentalist Islamic republic. SALIKH was sentenced last year to 15-1/2 years in jail on charges of involvement in a series of bombings in 1999 which left 16 people dead in Tashkent. Uzbek President Islam KARIMOV accused SALIKH of attempting to assassinate him; a charge SALIKH denies.

Kyrgyz Returns Bolshevik Revolution Day

- Kyrgyzstan's parliament, going against the flow of other ex-Soviet states, voted Monday to reinstate the annual anniversary of Russia's 1917 Bolshevik revolution as a public holiday. A majority of the 60 deputies voted for the bill, saying their mountainous state had to be grateful to the Bolsheviks for ending the "genocide of the Kyrgyz nation" unleashed by tsarist Russia after a popular uprising in 1916, Reuters reported. Kyrgyzstan dropped the November 7th Communist-era celebration in 1991 after gaining independence from Moscow. The Bolshevik revolution, which led to the birth of the Soviet Union, is still revered by communists as a "turning point in the history of mankind."

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