

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Constitution Day Celebrated By Some

• Russian President Vladimir PUTIN and former Russian President Boris YELTSIN attended a celebratory reception today in Moscow's Kremlin to mark the eighth anniversary of the Russian Constitution. The trouble is, according to a poll conducted by the Public Opinion Foundation, most Russians have never read the Constitution. *Izvestia* reported the poll's results, which show that 55 percent of Russians do not know major provisions of the Constitution, and 47 percent assume that this is just, "a formal document which has no bearing on the actual life of the country." Only 36 percent of respondents say they know major provisions. However, a random check in Samara and Novosibirsk did not find a single respondent acquainted with the text of the Constitution. Only two were found in Moscow. Despite not reading the Constitution or knowing its provisions, 67 percent of Russians advocate for a revision of the Constitution, and only 8 percent want it left alone. Meanwhile, 38 percent of respondents do not think much of the Constitution and 28 percent actually like it.

Newly elected Federation Council Speaker Sergei MIRONOV has called for a Constitutional amendment to extend the presidential term from four years to seven years. The Constitution, not been amended since 1993, is now on the brink of being amended. Three of its articles are untouchable, and can only be amended through a constitutional assembly, the other articles introducing changes to the existing bodies of power can be amended by a simple majority vote. There is no uniform opinion in Russia as to whether its fundamental law needs to be amended or not, BBC Monitoring reported. Head of the Union of Right Forces Boris

NEMTSOV said, "On the whole, the constitution is a good one. It is another matter that in many respects it still remains a declaration of intent. Our goal is to make it a working document and not a document that presents interest only to historians and lawyers." He added, "We, the Union of Right Forces, are against amending the constitution, particularly its fundamental articles." Head of the Liberal Democratic Party Vladimir ZHIRINOVSKY outlined three necessary amendments to the Constitution. "Firstly, Russia should consist of larger territorial units. Secondly, the presidential term needs to be extended because this country is so huge that the president needs four years just to get to know it, which leaves no time for actually ruling it. And, lastly, there should be a reform of the parliament. The upper chamber needs to be dissolved: it is absolutely superfluous."

NATO Expansion Still Opposed

• Despite warming diplomatic ties between the U.S. and Russia after September 11th and plans to boost security ties, Russian Defense Minister Sergei IVANOV said that Moscow remains opposed to NATO's eastward expansion. Interfax news agency quoted IVANOV as saying, "Russia has opposed plans for the enlargement of NATO and continues to do so now...Even if relations between Russia and NATO expand in terms of the [new] format, this will hardly contribute to settling these contradictions." He said that Moscow wanted improved cooperation on "political security" rather than in the military field.

President Vladimir PUTIN insists expansion will not boost European security, but last month said, "NATO enlargement will cease to be an issue" if the former Cold War foes changed the quality and format of their relationship. Last month, Britain proposed a new Russia/North Atlantic Council, which would discuss terrorism and "soft" security areas such as peacekeeping and weapons nonproliferation. In remarks to Reuters, NATO Secretary-General George ROBERTSON said it was implied that Russia would have the right of veto in this body like any of the 19 Western allies, something it does not enjoy in existing consultations. Russia welcomed the suggested 20-strong format, though NATO officials were quick to deny Moscow would be given any veto over defense matters involving only the Atlantic alliance. PUTIN stressed Friday in Greece that, "Russia is not desperately knocking on NATO's door."

Russia Offers No Peacekeepers

- Russian Defense Minister Sergei IVANOV said Tuesday Russia had no intention of offering peacekeepers for a joint international force in Afghanistan. He said on Russian television, "Russia has no plans, desire or intention whatsoever of sending any kind of military units to Afghanistan." He told reporters peacekeepers were only needed to separate warring sides and this was not the situation in Afghanistan, Reuters reported. His comments appeared to pour cold water on a report in the daily Kommersant saying that Russia's general staff had started working on a plan for a limited number of troops to participate in the peacekeeping force. Kommersant quoted general staff sources, as saying no more than 1,000 troops would take part. A power-sharing deal signed in Bonn last week by Afghan factions also called for a U.N.-mandated peace force for Kabul. The U.N. Security Council plans to authorize the operation in a resolution they hope to adopt Friday. Afghanistan's interim Defense Minister Mohammad FAHIM said Tuesday any international peacekeeping force should be confined to 1,000 troops with a "very limited" role guarding government meetings. Governments have not officially said how many troops they plan to send, but press reports have spoken of up to 5,000, led by 1,000 to 3,000 British soldiers. The Northern Alliance initially opposed any notion of international peacekeepers.

Meanwhile, the Defense Minister pointed out that Russia is playing a key role in providing economic and humanitarian aid to the people of Afghanistan. Officials from Russia's Emergencies Ministry arrived in the Afghan capital Kabul last month and set up a clinic, which adjoins a temporary embassy and also distributes aid. The Emergencies Ministry insists this is not part of the military.

Zhirinovsky Rescinds Anti-American Policy

- Leader of the Liberal Democratic Party Vladimir ZHIRINOVSKY has rescinded the party's anti-American policy. He said on the program Hero of the Day, "I'll tell everybody that LDPR does not have any anti-American and anti-Western moods and slogans...Americans do not want Russians to die, and Russians don't want [Americans to die]." He even said Russia needs to accept that there no longer is a Cold War and that the U.S. is not Russia's enemy. He said, "We have to get used to the idea that the Cold War does not exist any longer...We will have a common army—two million of NATO and 500,000 of our army. This will be enough to put everything in order all over the world. We will have common military exercise and a common military doctrine, there will be no war."

Economy

<p>Ruble = 30.06/\$1.00 (NY rate) Ruble = 30.06/\$1.00 (CB rate) Ruble = 26.88/1 euro (CB rate)</p>
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Gref Seeks PSA Improvements

- Russian Economic Development and Trade Minister German GREF said that in the next year the amount of foreign capital in the Sakhalin-2 hydrocarbon project will reach \$3 billion, Prime-Tass reported. He admitted that the best investment prospects in the sphere are based on, "production-sharing agreements," but that current Russian law on the matter hinders further investment. GREF said that in order to remedy this, his ministry and the Industry and Science Ministry will create a joint working group to develop improved production-sharing legislation, RFE\RL Newline reported.

Privatization Revenues On The Rise

- Russian First Deputy State Property Relations Minister Yuri MEDVEDEV announced that revenues from privatization of state property this year will amount to more than 40 billion rubles (\$1.3 billion),

which is 15 percent higher than the targeted goal, RosBusiness Consulting reported.

Business

Rus. Diamond Cos. Gain More Independence

• Russian President Vladimir PUTIN told Economic Development and Trade Minister German GREF, Finance Minister Alexei KUDRIN, and *Alrosa* head Vyacheslav SHTYROV that the government should give the diamond production company more independence, but will retain general state control over the sector as a whole, ORT reported. PUTIN also said that although Russia is second after South Africa in the production of diamonds, it is only in fifth place in cutting the gems, and that in the next five years he wants Russia to make advancements in the processing of diamonds.

EUROPEAN REPUBLICS

Ukraine To Crackdown On Money Laundering

• Ukrainian President Leonid KUCHMA has signed a decree on combating money laundering, Interfax reported. The decree, which will take effect on January 1st, introduces obligatory control over all financial transactions that are termed as "considerable" or "dubious." The decree will remain in force until an appropriate law is passed, RFE\RL Newswire reported.

Ukraine Denies Arms Sales To Chechens

• Ukrainian Defense Minister Volodymyr SHKIDCHENKO vehemently rejected accusations made by Russian State Duma deputy Viktor ILYUKHIN earlier the same day that Ukraine has been selling arms to Chechen fighters and Afghanistan's Taliban since 1996, STB television reported. Referring to sources in Russia's Defense Ministry and secret services, ILYUKHIN said Ukraine supplied more than 200 tanks, 200 armored personnel carriers, and 30 light aircraft to Afghanistan via dummy companies in 1996. Leonid ROZHEN, the head of Ukraine's Committee for Military-Technical Cooperation Policy and Export Controls, told Interfax that ILYUKHIN's allegations are "absurd." He said the accusations aim to "discredit Ukraine in the international arena, put Ukraine at loggerheads with Russia, and remove our state from the international arms market."

SOUTH CAUCASUS & CENTRAL ASIA

New Investigation Unit To Be Established

• Georgian Interior Minister Koba NARCHEMASHVILI stated that a new unit will be formed within the Interior Ministry, Prime News Agency reported. It will be an investigation department solving crimes committed against foreign nationals living and working in Georgia. NARCHEMASHVILI is hopeful the new department will make life safe for foreign nationals. Georgian President Eduard SHEVARDNADZE raised this issue. According to the statistics of the Interior Ministry, over 150 crimes, including 5 murders and 60 robberies, were committed against the foreign nationals in Georgia since 1998. The most recent was the murder of Gunter BEUCHEL, of the European Commission.

ChevronTexaco To Join BTC Group

• *ChevronTexaco* confirmed Tuesday its intention to join the Baku-Tbilisi-Ceyhan (BTC) pipeline group. Richard MATZKE, deputy chairman of *ChevronTexaco*, after meeting with Azeri President Geidar ALIYEV, said, "We are talking with *Socar (State Oil Company of Azerbaijan)* and with the operator of Baku-Ceyhan, *BP*, on participating in the project. I'm confident that we will soon enter the project, which we consider to be profitable." BTC plans to carry one million barrel per day of Caspian oil from Baku through Tbilisi to Ceyhan, Turkey via a 1,730 kilometers (1,081-mile) pipeline. The pipeline is scheduled to be operational by early 2005, the project costs are estimated at \$2.9 billion. Oil officials said *Socar* was expected to shrink its stake in the group to an eventual 15 percent and new entrants would buy from its existing 45 percent holding. *ChevronTexaco* has 15 percent in the *Caspian Pipeline Consortium (CPC)*. It runs from the huge Tengiz oil field in Kazakhstan to an oil terminal in the Russian port of Novorossiisk. *CPC* was officially opened in November 2001 and plans to ship up to 20 million tons of crude to Western markets in 2002. Some analysts have said *Chevron's* participation in Baku-Ceyhan would ensure volumes from its Tengiz field and help make the pipeline commercially viable. "Baku-Ceyhan and *CPC* are not competitors. *CPC* ships Tengiz crude but this pipeline cannot pump all Kazakh crude [in the future] and oil from other fields can be shipped through Baku-Ceyhan," MATZKE said.

Special Report

Georgia-Abkhaz Conflict Breakthrough Possibly Near?

• U.N. Secretary General's Representative Diter BODEN stated that the document on the status of relations between Tbilisi and Sukhumi has been approved by the Group of Friends of the U.N. Secretary General, Prime News Agency reported. The Group unites France, Germany, Russia, the U.K, and the U.S. According to BODEN, the document will be submitted in the nearest future to Georgian and Abkhaz officials for the resumption of the negotiation process. BODEN refused to comment on the status of Abkhazia as it is stated in the document, but noted that the international community's principle position to maintain Georgia's territorial integrity has been reflected. The document does not need an approval of the U.N. Security Council, BODEN stated. The time has come, he said, to "hold detailed conversations" with the parties involved, "not imposing anything on them." BODEN stated the presence of the 350-troop contingent of the Georgian Army in the Kodori Gorge impedes the resumption of the Georgian-Abkhaz dialogue. The diplomat expressed hope that due to the high authority of the U.N. Organization, its document will not be rejected by Sukhumi.

Abkhazia repeatedly stated it will never discuss any status relations with Tbilisi unless its independence and sovereignty is preserved. Today, Abkhaz leader Vladislav ARDZINBA stated that hopefully in the future Abkhazia will establish associate relations with Russia. He told Prime News Agency that Russia views Sukhumi as "a main guarantor of peace and stability in the region." Moreover, ARDZINBA stated the "Abkhaz economy has always been oriented towards Russia, not Georgia." The closest to the Abkhaz peoples inhabit North Caucasus and Southern Russia. "These factors explain Abkhaz intention to preserve a common political, economic, and cultural space with Russia," he said. The associate relations will allow Abkhazia, "to remain a subject of the international law, to define its foreign and defense policies in partnership with Russia, to jointly protect the border, and to be in a common currency and customs union," ARDZINBA stated.

According to the Financial Times, Moscow has withdrawn its objections to the U.N. document on Georgian-Abkhaz relations. Russia's U.N. delegation had refused to endorse that draft on at least two occasions. In an interview published in Moskovskie Novosti, Georgian President Eduard SHEVARDNADZE described the softening of the Russian position as "a significant step forward," which Georgia "appreciates."

Meanwhile, at the Georgian-Armenian interparliamentary talks in Yerevan, Armenia expressed its official position to stand for the territorial integrity of Georgia. Members of the Armenian parliament and government have been pressing for the re-opening of the Rus-Georgian-Armenian Railroad links, which run through Abkhazia. The improving atmosphere between Georgia and Russia and passage of the U.N. resolution might remove Georgia's objection to re-opening the rail link. According to the Vice-Speaker of the Armenian parliament Tigran TOROSYAN, "Armenia will do everything to achieve a peaceful settlement to the Abkhaz conflict as soon as possible." Georgian parliament Speaker Nino BURDZHANADZE stated she is confident that Armenia can positively contribute to the Abkhaz conflict resolution. She stated that the world community views Armenia and Georgia as, "a common economic and geopolitical space," because "for centuries, Armenia and Georgia helped each other to preserve their religions and cultural identities." These old traditions allow both countries to achieve common goals and to define new innovative ways of conflict resolutions, she said. BURDZHANADZE added that Georgia's cooperation with Turkey and Azerbaijan is not aimed against Armenia's national interests. She accused the Armenian counterparts that

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