

DAILY REPORT ON RUSSIA

AND THE FORMER SOVIET REPUBLICS

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RUSSIAN FEDERATION

Politics

Former Peacemaker Killed In Chechnya

- Police in Chechnya have found the body of Risvan LORSANOV, a top official and former peace negotiator Tuesday, the latest in a long list of prominent local figures to die in the conflict, Reuters reported. Interfax news agency said LORSANOV, who brokered talks between Russian authorities and separatists leading to the end of the first Chechen conflict in 1996, had been found by his wrecked car off a highway. The agency quoted local authorities as saying the car carrying LORSANOV and two passengers had apparently driven over an explosive device, probably a land mine, last Friday. His two companions were found dead with him. The exact circumstances surrounding the incident were unclear. Dozens of local administration officials have been killed this year. LORSANOV's death emerged as a delegation from the Council of Europe human rights body, headed by Britain's Lord JUDD, toured the region. JUDD was visiting Tuesday one of the camps just outside Chechnya housing some 170,000 refugees who have fled the latest war launched by Russian forces against separatists in 1999. The Council of Europe has been among Western groups calling for a political solution to the conflict. Criticism of Russia's conduct in the war has subsided in recent months as Moscow backed the U.S.-led anti-terrorism coalition.

Federation Council Speaker Approved

- Russia's Federation Council today elected Sergei MIRONOV as its new speaker, in a nearly unanimous vote. MIRONOV, the head of the local assembly in Russian President Vladimir PUTIN's native St. Petersburg, is known to have close ties with the Kremlin. The long-serving head of the Federation Council, Yegor STROYEV, bowed out

on Tuesday after he was re-elected governor of the Oryol region south of Moscow. PUTIN, who addressed the chamber after the vote, thanked STROYEV for his work. His departure marks an end of an era of transition and power for the Federation Council. Wide-ranging changes enacted since PUTIN came to power in May 2000 no longer allow regional governors to sit in parliament. The last governor must step down by 2002. Since PUTIN's rise to power, he has largely stripped the Federation Council of its political clout. Under former President Boris YELTSIN, the Federation Council had become largely a power base for the governors of Russia's 89 regions. The Council last year voted to approve a reform package, which effectively stripped the body of its authority, with presidential envoys to seven newly created "super-regions" further keeping local leaders in check, Reuters reported.

"Family" To Form Opposition?

- Self-exiled Boris BEREZOVSKY, once a key adviser in Boris YELTSIN's inner circle, has written an open letter published in his Nezavisimaya Gazeta daily calling on "family members" still in power to resign and form a liberal opposition to Russian President Vladimir PUTIN. He advised *Unified Energy Systems* head Anatoly CHUBAIS, presidential chief of staff Alexander VOLOSHIN, Prime Minister Mikhail KASYANOV and other Yeltsin-era officials to resign rather than wait to be pushed out by the team of military and intelligence officers who have received high posts under Putin. BEREZOVSKY said,

"Show some courage, don't wait to be shown the door. Hand in your resignations voluntarily. Doing so is the most effective way you can help the president realize his mistakes and...retain your authority...Do not quit politics. If you really care about Russia... help Russia create a truly powerful liberal opposition." The oil-to-media tycoon, who was favored under YELTSIN, added, "I just thought that those remaining from the previous team, YELTSIN's team, are very important for society. The authority and experience they have can help in creating a liberal opposition." "It is clear that they [the YELTSIN-era officials] cannot defeat the secret services. Their days in power are numbered," BEREZOVSKY said in the telephone interview with The Moscow Times. He pointed out PUTIN's major mistakes have been his policy in Chechnya, the extremely expensive operation to salvage the Kursk submarine, and the implementation of vertical executive power and dictatorship of law. BEREZOVSKY added, in his view, "dictatorship of law" is turning into a "law of dictatorship," RFE\RL Newsline reported.

Alrosa Head Reinstated In Yakutia Race

- The candidacy of *Alrosa* head Vyacheslav SHTYROV was reinstated on November 30th by the Supreme Court of the Russian Federation for the presidential elections in Yakutia (Sakha) Republic scheduled for December 23rd. This decision overturns the Yakutia's Supreme Court decision to cancel SHTYROV's registration. The Central Electoral Commission is holding off on the barring of three other candidates, which the Yakutia Supreme Court had ordered. Central Electoral Commission Chairman Alexander VESHNYAKOV charged that the Yakutia Supreme Court's recent rulings have "discredited" it, RFE\RL Newsline reported. He further noted that the consideration of complaints against incumbent President Mikhail NIKOLAEV have been "artificially delayed," since the maximum time for considering a complaint is 10 days while the delay in Yakutia has lasted for one month. SHTYROV, NIKOLAEV, and Deputy Prosecutor General of Russia Vasily KOLMOGOROV are the top candidates.

Economy

Russia Agrees To Further Oil Export Cuts

- Russia said it raise further cuts in oil exports by 150,000 barrels per day (bpd) or about 5 percent

starting January 1st, after pressure from oil cartel the Organization of Petroleum Exporting Countries (OPEC) to help support world oil prices from falling. Key OPEC nations Saudi Arabia and Kuwait welcomed Russia's cuts. OPEC has pledged to reduce production by 1.5 million bpd on January 1st, if major non-member producers Russia, Mexico, Norway, and Oman sliced a combined 500,000 bpd from their volumes. Norway reiterated it would reduce by between 100,000-200,000 bpd. With Mexico having committed to 100,000 bpd and Oman believed likely to do 40,000 bpd, the four look likely to get close.

Russian Prime Minister Mikhail KASYANOV, after meeting with top Russian oil companies, said he hoped other nations would follow suit. Oil jumped on the news, with benchmark January crude futures up 86 cents at \$20.15 a barrel by early afternoon London trade. The move was announced despite differences among Russian oil companies, which are keen to boost their market share. Number two oil firm *Yukos* has been particularly against any cuts but said it would follow the decision. "*Yukos* has been opposed to and continues to be opposed to the production cuts as we believe the free market and fair competition should be the mechanisms for deciding the price of oil and not state intervention," said a company spokesman. *Yukos* has also expressed concern that other producers will fill the void. Exports from Russia, including from Azerbaijan and Kazakhstan, had been forecast at 3.0-3.1 million bpd for 2001, rising to 3.3 million bpd in 2002.

Ruble = 29.95/\$1.00 (NY rate)

Ruble = 29.95/\$1.00 (CB rate)

Ruble = 26.56/1 euro (CB rate)

Business

Lufthansa To Expand Flights Inside Russia

- *Lufthansa's* Nizhniy Novgorod office reported that since December 1st the airline increased its flights along regional routes in response to rising demand, ITAR-TASS reported. According to the agency, the city of Perm has started receiving flights from the German carrier. The airline already services Kazan, Samara, and Nizhniy Novgorod and passenger traffic on those flights has risen by 48 percent, 21 percent, and 16 percent respectively

this year, RFE\RL Newslite reported.

EUROPEAN REPUBLICS

Ukraine Cuts Refinancing Rate

- Ukraine's Central Bank today announced it would cut its main refinancing rate to an all-time low to reflect a gradual improvement in the economy and make bank loans more affordable for producers. Effective December 10th, the refinancing rate will be cut from 15 percent to 12.5 percent. Central Bank Chairman Volodymyr STELMAKH told Reuters, "We have decided to cut the rate due to the current economic situation in the country —inflation is low and the economy is growing." Ukraine's economy is recovering steadily after a decade of recession. Gross domestic product (GDP), the broadest measure of a country's economic health, is expected to grow between seven and eight percent in 2001 versus a 5.8 percent rise last year. GDP grew 9.1 percent in the first 10 months compared to the same in 2000. The government expects annual inflation to fall to six percent this year, the lowest annual rate since 1991. Last year, consumer prices grew by 25.8 percent. The Central Bank has been cutting the main lending rate over the last year. It made the last cut in September. A spokesman at the Central Bank told Reuters the Bank would also lower obligatory reserve requirements for long-term individual deposits in hryvnias from nine percent to six percent, effective December 10th. Reserve requirements for long-term company deposits in hryvnias will be lowered from 11 percent to eight percent. STELMAKH said the Central Bank would cut the refinancing rate further next year if the government manages to keep a lid on inflation and sustain economic growth.

Estonia Predicts Export Growth

- Estonia's Finance Ministry today predicted the country's exports would rise due to an increase in new export markets, Reuters reported. The ministry said last month it expected a further decline in foreign trade volumes in coming months amid falling consumer confidence and low external demand. "In October the share of our main trade partners Finland and Sweden has declined compared to September, while total exports posted a healthy growth," the ministry said in a statement. "The faster rise of exports to other countries has increased their share, which points to the flexibility

of Estonian producers in finding new markets...that will evidently bring along a rise of exports," it added. The country's statistics office said preliminary October trade deficit shrank year-on-year to 1.68 billion kroons (\$95.39 million), as imports slowed more than exports.

SOUTH CAUCASUS & CENTRAL ASIA

Georgian Speaker Supports The President

- Commenting on the recent aggravating relationship between the Georgian parliament and President Eduard SHEVARDNADZE, parliamentary Speaker Nino BURDZHANADZE stated that the deputies, "have no moral right whatsoever to criticize President SHEVARDNADZE for not renewing the government." According to Prime News Agency, BURDZHANADZE addressed the parliament today and stated that the parliament itself did not use its chance to renew the government. On Tuesday, the parliament almost finished the approval of candidates for ministerial positions offered by the President. Except for the interior, state security and economy, industry and trade ministers, all other heads of the ministries were reappointed. The deputies still have to approve the state minister, state property, and environmental ministers. Newly appointed Interior Minister of Georgia Koba NARCHEMASHVILI today dismissed his two deputies, Zurab UROTADZE and Nugzar SHOSHIASHVILI. According to a source at the ministry, three new candidates will be appointed to the deputies' positions – former deputy prosecutor general Shota ASATIANI, head of the interior ministry investigation department Zurab KHAZHALLIA, and former deputy head of the logistics David TODUA.

Meanwhile, Revival parliamentary faction deputy Sandro BREGADZE called for the resignation of the heads of the Georgian parliamentary committees, Prime News Agency reported. "The work of the committees has been paralyzed," he stated and a change in leadership "would be worthwhile." All 16 committees of the parliament are headed by deputies elected in 1999. BURDZHANADZE, however, stated that to ensure stability in the country, the parliament and the President must hold their posts as long as it is required by the Constitution. "The pre-term elections will not be necessary if the parliament can convince people that it can work effectively," BURDZHANADZE said commenting on

today's protest in front of the parliament organized by the students and the members of the radical oppositional Unity of National Forces movement. The protesters demanded to convene ahead of scheduled parliamentary and presidential elections. BURDZHANADZE stressed that if requested she would meet with the organizers of the rally. According to Georgia's Constitution, the parliament is elected for four years and the president for five years. The latest parliamentary elections were held on October 31, 1999, and the presidential elections – on April 9, 2000.

At today's press conference, BURDZHANADZE also stated that an inter-factional deputy group will be formed within two weeks. The group will evaluate the draft legislation on the establishment of the Cabinet of Ministers offered by President SHEVARDNADZE, parliamentary factions and the committees. According to BURDZHANADZE, the formation of the Cabinet of Ministers, "would be the only right solution" for the country at this point. She is confident, the introduction of the Cabinet will increase the effectiveness of the executive branch in coping with the current Georgia's problems. She also called on the deputies to ensure at least 157 signatures needed for legislation to pass. According to the Speaker, SHEVARDNADZE is aware that his legislation will find controversial responses among the deputies and the President is ready to hold discussions. SHEVARDNADZE offered his draft legislation on the introduction of the Cabinet for the parliament consideration on May 12, 2001.

Chechen Representative To Stay In Georgia

• Representative of the Chechen republic in Georgia Hizri ALDAMOV will not halt his activity in Georgia and he will not shut down his office, despite a demand expressed by some parliamentary deputies and officials in Moscow, Prime News Agency reported. "The office will exist until it represents the interests of the legitimate Chechen President Aslan MASKHADOV and all Chechen people," ALDAMOV told the journalists. The main goal of

his office is to protect the interests of over 6,000 Chechen refugees in Georgia. He called "bluff" the statements which accuse his employees of transiting drugs and arms to Chechnya. ALDAMOV also said the refugees will return to their homes in Chechnya only when the Russian Army leaves. "It will happen soon. Russia and Chechnya will sign a ceasefire agreement and will begin to build good neighborly relations," ALDAMOV stressed. He added that if Russia considers the Chechens its nationals, Russia should be grateful to Georgia for providing shelter to the refugees.

Coalition Planes Permitted To Use Tajik Bases

• U.S. and French planes have been granted access to a Tajik airport for attacks on Afghanistan. Tajik President Emomali RAKHMONOV said combat aircraft would be allowed to use the airfield at Kulyab, approximately 31 miles north of the Afghan border. Last month, Tajikistan offered three air bases to the anti-terrorist coalition, but said those installations only could be used for humanitarian operations. RAKHMONOV's decision to let combat planes attack from Kulyab came a day after a group of Italian airmen and U.S. paratroopers examined the airport military use. RAKHMONOV also told *ORT* he would open the Kulyab airfield to Russian military planes for delivery of "military and humanitarian aid" to the Afghan people and to Russian border guards, who patrol the Tajik-Afghan border. Foreign Ministry spokesman Igor SATTAROV told a news briefing, "In line with the existing agreements, advanced groups of 21 U.S. servicemen and 38 Italians have been deployed in the republic." He said 186 French troops were expected to arrive today.

In addition, Kyrgyzstan has expressed its willingness to accept warplanes from the U.S.-led anti-terrorist coalition at one of its airbases. Presidential adviser Askar AITMATOV told Reuters Kyrgyzstan would allow the coalition to install warplanes on its soil

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