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PRESIDENCY

Resignation rumors intensify

With international financial investigations increasingly focused on the Yel'tsin Kremlin, insecurity over the possibility of more terrorist bombings, and a broadening of the conflict in the North Caucasus, Russians seem to be waiting for a major reaction from the president. The most anticipated response is Yel'tsin's early resignation.

Aleksandr Shokhin, former Yel'tsin government minister and once head of Our Home's Duma faction, has floated one of the most intriguing resignation scenarios. According to Shokhin, Yel'tsin may resign next month in order to force the leading presidential hopefuls into choosing between running for the Duma or standing in the early presidential elections, which may force their entire bloc out of contention for the Duma. (SEGODNYA, 20 Sep 99; via nexis) If the candidates opt for the presidential race, the result in the Duma would, according to Shokhin, be a fractured and weak, ultimately "manageable" legislature. If the candidates stay in the parliamentary race, the potential presidential candidates would be few, making selection of a hand-picked successor a much easier task.

One development that may represent an argument against Yel'tsin's resignation involves the degree of Kremlin involvement in or approval of the selection of Sergei Shoigu, Minister for Emergency Situations, to head up the new regional bloc, "Edinstvo." Shoigu met with the president and received the "Hero of Russia" award just two days prior to accepting the leadership spot on "Edinstvo's" list. (RTR "VESTI" PROGRAM, 1300 GMT, 20 Sep 99; WPS Agency, via nexis)
Whether or not Yel'tsin approves, the prime minister was clearly not pleased: After meeting with Putin, Shoigu announced that he will take vacation time off from the ministry in October in order to concentrate on the upcoming elections. Shoigu did stress, however, that he was not asked to resign. (INTERFAX, 27 Sep 99; via nexis)

As to the successor watch: In addition to Prime Minister Vladimir Putin, Aleksandr Lebed's name has recently resurfaced as a possible presidentially sanctioned candidate. Lebed has recaptured public attention in the wake of the fighting with the Basaev-led rebels in Dagestan.

**GOVERNMENT**

**Putin links bombings, political strife source**

While no suspects have, at this time, been charged in connection with the bombings this month in Russia, the general assumption of law enforcement officials and politicians is that they are connected with the Chechen-Islamist insurgency in Dagestan. There is also a strong belief that the insurgents have international financing, hence Prime Minister Putin has declared Russia's struggle now to be with international terrorism.

In a closed session of the Federation Council on 17 September, Putin apparently also laid significant blame on Chechnya and decried the peace accord signed in 1996 (and brokered by Lebed) as a "mistake." Putin has recently broadened the military response to the insurgency by launching bombing raids in Chechnya, at the airport and outside the capital of Dzhokhar-gala (formerly Grozny).

After five days of bombings, Chechen President Aslan Maskhadov claims that over 300 civilians have been killed. (BBC World Service, 0910 EDT, 27 Sep 99; via WBUR) Russia's NTV claims, however, that the air forces have killed 2,000 Chechen rebels. (Agence-France Presse, 0511 PDT; via C-afp@clari.net)
Defense Minister Igor Sergeev has confirmed contingency planning for a ground invasion, possibly to create a "safety zone" around Chechnya.

Putin has justified the bombings by stressing the need to hit out at international terrorism wherever it is found. He has also blamed international terrorism for the rumors circulating about the president's resignation, claiming "I am sure that these are rumours deliberately started by those who are attacking Russia in order to destabilise the internal political situation." (Agence-France Presse, 0250 PDT, 24 Sep 99; via C-afp@clari.net)

Russian Federation: Foreign Relations
By Chandler Rosenberger and Sarah Miller

Scandal threatens US administration's Russia policy
Revelations that loans from the International Monetary Fund (IMF) and technical assistance from the US government may have been abused by Boris Yel'tsin's economic "reformers" inspired the House Committee on Banking and Finance to question the efficacy of the administration's Russia policy.

While high-ranking administration officials insisted that the United States faced a choice between remaining engaged in Russian reform and withdrawing into isolation, administration critics insisted that the US must change its strategy of engagement to avoid further corrupting Russian domestic politics.

At the heart of money-laundering allegations is the charge that in August 1998 the Russian Central Bank bypassed the ordinary currency markets in order to sell 18 Russian banks more than $4 billion dollars lent by the IMF. If true, the allegation would demonstrate how close ties between the Russian government and its friends in the private sector had allowed Russian oligarchs to convert their assets to hard currency before the crash of the Russian ruble. The oligarchs
would have gained for their own assets the kind of financial underpinning that had been meant to benefit the Russian currency itself. (INTERFAX, 0952 GMT, 20 Sep 99; FBIS-SOV-1999-0920, via World News Connection)

In his congressional testimony, US Secretary of the Treasury Lawrence Summers defended international aid to Russia as an important means by which to keep Russian economic reforms on track. The IMF and the US government, Summers said, had frequently used the threat of withholding aid to encourage the Russians to attempt to keep inflation under control and enforce tax collection. The administration, he added, had sought to bolster Russian political stability by encouraging economic stability.

"Economic instability in Russia," Summers said, "raises important concerns for our national security, given Russia's pivotal and continuing role with respect to nuclear security, the battle against terrorism, the stability of Eurasia, and conflict resolution in global hotspots like the Balkans." (TESTIMONY OF LAWRENCE H. SUMMERS before the House Banking Committee, 21 Sep 99; via Johnson's Russia List)

The administration's critics, however, questioned whether the White House had bought the stability that it had sought. Former CIA Director James Woolsey argued that the Clinton administration had squandered much of the good will ordinary Russians felt towards the United States by identifying itself so closely with Russian politicians rightly perceived as deeply corrupt.

"We have, through the IMF and otherwise, pushed for increased tax collections and tight budgets," Woolsey said. "Each of these approaches at one time or another might have been defensible. But if one looks back from them and looks at the overall pattern, it is easy to see how ordinary Russians, who saw us in highly idealized terms just a few years ago, have turned sour on the United
Made in America

The financial architecture of Russia's banking scandal was designed by a team of US advisors based at Harvard University's Institute for International Development, according to a prominent American academic.

In a series of articles in the American press, University of Pittsburgh Professor Janine Wedel has illustrated the close ties among the "dream team" of Russian economists around Anatoly Chubais, the US administration and Harvard University. Citing "foreign policy considerations," the administration reportedly bypassed ordinary bidding procedures in order to guarantee that the Institute for International Development handled the vast majority of US technical assistance on Russian privatization.

The controversial "loans-for-shares" scheme, which allowed seven Russian banks to receive state property at highly discounted rates, was reported to have been designed by Chubais associate Vladimir O. Potanin with the help of a Harvard economist, Andrei Schleifer. Despite bans on foreign entities participating in the original privatization process, the Harvard Management Company, the university's endowment fund, reportedly was allowed to join Potanin's Uneximbank on two of its sweetest privatization deals. (LOS ANGELES TIMES, 21 Sep 99; via Johnson's Russia List) Since 1997 the Department of Justice has been investigating allegations that Schleifer personally profited from his work as an advisor on Russian privatization.

There are at least two ties between the Russian scandal and the US administration. While serving as deputy secretary of the Treasury, Lawrence Summers presided over the administration's strategy for offering technical assistance to the Russian reformers. Summers, Wedel notes, worked with
Schleifer at Harvard, co-authored a number of academic articles with him and directed the US government to hire Schleifer's institute as the primary architect of US technical advice.

US investigators are also examining the role of Grigory Luchansky in the alleged money-laundering scheme run through the Bank of New York. Luchansky, purportedly a major figure in the Russian mafia, was photographed with the US president at a fund-raiser for the Democratic Party in 1993. (RUSSIA REFORM MONITOR, 14 Sep 99)

In congressional testimony that went largely uncovered in the American press, former chief Russian analyst of the CIA Fritz Ermarth alleged that American banks, particularly those heavily invested in Russian bonds, had consciously overlooked evidence of corruption in foreign aid and money-laundering. The banks, Ermarth proposed, had contributed heavily to political campaigns in the hope of maintaining US political support for continued aid. (TESTIMONY OF FRITZ W. ERMARTH before the House Committee on Banking and Finance, 21 Sep 99; via Johnson's Russia List)

**This is cooperation?**

If the Clinton administration had hoped that economic support would encourage Russia to follow the US lead in international relations, Moscow's behavior on several fronts calls into question the efficacy of the administration's policies.

Moscow, for example, has put up renewed resistance to United States legislation imposing sanctions on firms exporting nuclear and missile technology to Iran. The Russian foreign ministry argued that the bill would "have the most negative impact on US-Russian cooperation in the fields on non-proliferation and exports control." (ITAR-TASS, 1402 GMT, 16 Sep 99; FBIS-NES-1999-0916, via World News Connection)
At the United Nations Security Council, Russia has formed a joint front with China and France to persuade the UN to overturn sanctions against Iraq. Iraqi opposition to the return of UN weapons inspectors has prevented the Security Council from lifting minor restrictions on its oil sales. Although the restrictions have always allowed proceeds from the sale of oil to be used for purchase of medicine and food, the Russian government continued to argue in the Security Council meetings that the United States and Great Britain were punishing the Iraqi people unfairly. The Russian government, press reports stated, had threatened to veto any proposal put before the Security Council without its support. (THE GUARDIAN, 14 Sep 99)

**Multipolarism: from rhetoric to policy**

Russia's high-level representation at the 1999 Asian Pacific Economic (APEC) Forum meeting held in Auckland, New Zealand on 12-13 September reflects Moscow's increasing emphasis on its Asian policy. On the margins of the forum, Prime Minister Vladimir Putin met with his counterparts from China, Japan and South Korea, a demonstration of Russia's progress in improving political and economic relations across Asia.

Thus far, Russia's Asian policy has been primarily economics-driven. With China, arms and technology have been the key to their "strategic cooperative partnership." But as that relationship has solidified, Russia and China have begun to bring more substance to their multipolar-based partnership beyond arms sales. In early September, the Russian and PRC Border Cooperation Protocol was signed and has actually been implemented. Russian and Chinese guards have cooperated in securing a "peaceful" border and in fighting crime. The protocol calls for even further, formal cooperation between the countries such as policing their 2,000-km border. In contrast to the Sino-Soviet border skirmishes of only 25 years ago, this progress in cooperation is even more significant. Also in early September, Putin signed an ordinance that will increase
oil shipments to China. (ITAR-TASS, 0748 GMT, 9 Sep 99; FBIS-SOV-1999-0909, via World News Connection)

Even with Japan -- with whom Russia's dealings have been particularly strained -- Russia has successfully improved relations. In accordance with the Moscow Declaration signed in November 1998, a visa-free regime on the Kurile Islands is being implemented so that former Japanese residents of the Russian-occupied islands can visit their families. The first visits occurred earlier this month. (INTERFAX, 0935 GMT, 12 Sep 99; FBIS-SOV-1999-0912, via World News Connection) Russia has also just received another $50 million tranche of a $1.5 billion Japanese loan. Furthermore, the Sakhalin-2 joint oil and gas project has already begun producing oil, prompting the prime ministers to contemplate upgrading Russo-Japanese relations to that of "strategic economic partners" soon.

It seems that as long as the political and economic benefits remain, Russia's Asian policy will continue to flourish. Still, as with all diplomatic initiatives, there are bumps in the road. In a recent interview the new Japanese ambassador to Moscow, Minoru Tamba, said that relations with Russia were inferior to Japan's relations with the US or China. However, in the same interview Tamba was much more optimistic about the value of "time" in Russo-Japanese relations, saying "whether the [peace] treaty is realized in 1999 or 2001 is a minor issue." (NHK, 1217 GMT, 16 Sep 99; FBIS-EAS-1999-0916, via World News Connection) This contrasts Japanese Prime Minister Obuchi's official rhetoric in which he still insists on a peace treaty with Russia by 2000.

Despite these bumps, Russia is slowly building mutually beneficial, substantive relations with Asian nations, indicating that multipolarism may have substance beyond the rhetoric.
MEDIA

Media verify bureaucratic chaos

In an interview with Argumenty i fakty, Lev Koshlyakov, the director-general of the "Vesti" television company, noted that no single leader of the government or the president's office existed. "There is no single authority nowadays. There are conflicts between the branches of authority. We are trying to avoid becoming a hostage in this conflict. But the problem is that each department thinks that state television should first and foremost show its leader or its successes."

(ARGUMENTY I FAKTY, 0000 GMT, 8 Sep 99; FBIS-SOV-1999-0908, via World News Connection)

Many foreign observers of Russian politics tend to overlook the fact that the administrative apparatus of the Russian state is fractured, possibly demoralized, and internally contentious, as Koshlyakov points out. Yeltsin's recent signing (13 September 1999) of the bill enabling the construction of a "media ministry," technically known as the Russian Federation Ministry of the Press, Television and Radio Broadcasting and Mass Communications, can be seen as an attempt to re-unify those agents responsible for monitoring the nation's mass media. It would seem that the last thing the federation needs now is yet another ministry, but if the laws can be enforced and the more egregious examples of bias for one or another political figure be taken out, perhaps a new ministry is not such a bad idea. A potential problem, however, is that a unified ministry empowered to monitor all aspects of a free press could potentially be used as an instrument to tamper with or control the same publications.
In the interview, Koshlyakov also claimed to be above political squabbles, and declared his and his program's neutrality. He did have to admit, once prompted by the interviewer, that Vesti was the only program to run the now famous video of former Prosecutor General Yuri Skuratov in a hotel room cavorting with prostitutes. Koshlyakov conceded that airing the video was "wrong," though he explained that the studio's intention was to question the morality of a man entrusted with upholding the nation's laws.

The fact is that the entire video affair, as is slowly being made known, had less to do with the prosecutor general's morals than it did with an attempt to stop his criminal probe into the relationship between Yel'tsin, his family, and the Swiss construction firm Mabetex. The scandal concerns reported kickbacks made by Mabetex to the Yel'tsin family in the form of open-ended credit cards in exchange for construction contracts for the recent renovation of the Kremlin.

When asked by a reporter for the Italian newspaper La Repubblica if it was indeed he in the film, Skuratov replied angrily, "You surprise me. There is no more talk of that here. You are the first foreign journalist who has asked me. I am sick of answering." Whether the retort is that of an innocent man wrongly accused, or of a guilty man caught in the act, remains to be decided, though the figure in the video did possess a strong resemblance to the former prosecutor.

(PA REPUBBLICA, Internet version, 15 Sep 99; FBIS-SOV-1999-0915, via World News Connection)

POLITICAL PARTIES

Poll puts Fatherland-All Russia on top

A poll conducted at the beginning of September netted the following results:

- 23 percent for Fatherland-All Russia election bloc, headed by former Prime Minister Yevgeni Primakov, Moscow Mayor Yuri Luzhkov and St. Petersburg Governor Vladimir Yakovlev.

- 12 percent for YABLOKO, whose federal election list includes former Prime Minister Sergei Stepashin as No. 2 after Grigori Yavlinsky.

- 5 percent for Vladimir Zhirinovsky's Liberal Democratic Party of Russia.

The rest of the pack -- the People's Republican Party of Krasnoyarsk Governor Aleksandr Lebed, the Union of Right Forces of former Prime Minister Sergei Kirienko, Our Home is Russia of ex-Premier Viktor Chernomyrdin -- fell below the five percent barrier required to enter the Duma.

Interestingly, the same poll conducted exclusively among Muscovites gave only three national parties the coveted five-percent support.

- 26 percent for Fatherland-All Russia.

- 16 percent for YABLOKO.

- 8 percent for the CPRF. (NTV, 1700 GMT, 12 Sep 99; via nexis)

Again, it must be stressed that support for particular parties will most directly affect only half of the delegates chosen to sit in the Duma based on proportional representation from national party lists. The second half of the Duma is seated by single-member districts. As with the last Duma election, parties which were unable to overcome the five-percent hurdle might find representation through the election of a member from a single-member district. But the relationship between support for a particular party and the selection of a delegate to represent that voter's district is not clear. As in Germany, Russians are given two ballots: one to
voice support for a particular party and one to elect a delegate from that district. If the German experience, or indeed the experience in the last Duma election, is any guide, voters have a tendency to "balance" their votes by choosing different parties at the national level and at the district level.

Russian Federation: Armed Forces

Military exercises: Some things may never change
Russian Pacific Fleet aircraft recently conducted training flights and missile firings in the Northern Pacific. One flight of Bear aircraft approached the Alaskan coastline, triggering the US to scramble F-15 jet fighters for identification. The fighters approached the Bears to within 90 miles before the Russian aircraft turned and continued their flight through international airspace. The last similar occurrence was over six years ago. (REUTERS, 18 Sep 99; via Washington Post On-line)

News of Russian Bear aircraft conducting training flights in international airspace is not militarily significant; however, it is interesting to note the exercise's objectives: "to combat an enemy carrier battle group and to repulse an attack from its air-launched and sea-launched cruise missiles." (NEZAVISIMAYA GAZETA, 15 Sep 99; via BBC) One might as well put "US" in front of "carrier battle group." Russia also staged a much larger exercise in June, dubbed "West 99." The exercise's scenario included attacks from 450 aircraft and 120 cruise missiles on Russia's western and northern frontiers. (ITAR-TASS, 1842 GMT, 23 Jun 99; FBIS-SOV-1999-0623, via World News Connection) Although neither scenario named the US as the enemy, the US is the only country realistically capable of large-scale aircraft and cruise missile attacks. Despite ethnic conflict in bordering states, internal terrorist attacks, unpaid personnel, and lack of parts and fuel to operate equipment, Russia continues to spend its meager funds on
highly visible exercises whose scenarios have little relevance combating more likely threats. Communism's collapse and the discontinued anti-Soviet US political rhetoric have not changed the mindset of Russia's military leadership. Russia's military still views the US as its primary opponent.

**Russian attack submarine launched**
Russia launched a new Shchuka-B attack submarine on 17 September at the Severodvinsk shipyard. (INTERFAX, 1242 GMT, 17 Sep 99; BBC Summary of Broadcasts, via nexis) The submarine's more familiar NATO codename is Akula II, and it is an improved version of the Akula-class submarines which were launched from 1984 to 1990. The Akula is an extremely quiet nuclear-powered attack submarine capable of carrying torpedoes and cruise missiles. Its low sound levels surprised Western intelligence agencies when it first put to sea since they believed the Soviet Union was 8-10 years from achieving this level quietness. (GUIDE TO THE SOVIET NAVY, 1991; Naval Institute Press) No Akula IIs have entered service, though. Russia launched two Akula IIs from 1992 to 1994, however their completion is listed as "suspended," so it is doubtful they will enter service within the next two years. (WARSHIPS1, 17 Jun 99) The 17 September Akula II launching indicates Russia still has the industrial base and expertise to produce advanced submarines, albeit at a feeble pace compared to Cold War levels.

**The Nikitin saga: Will it ever end?**
Aleksandr Nikitin, the retired naval officer turned environmentalist, is in line for trial after being charged 2 July an unprecedented eighth time for espionage. (THE OTTAWA CITIZEN, 10 Sep 99; via nexis) The Federal Security Service (FSB) arrested Nikitin in February 1996 after the Bellona Foundation, a Norwegian environmental group, published a scathing report detailing Russia's mishandling of nuclear waste. Nikitin's research was a primary source for the report. (See The NIS Observed, 7 Oct 98)
Nikitin denies his espionage charges, saying the information he provided the Norwegian environmental group was available from numerous open sources. His defense team fought previous charges because they were based on secret decrees enacted years after his arrest. In February, the Russian Federation Supreme Court and General Prosecutor's Office specifically directed the FSB against using secret and retroactive normative acts. Despite the order Nikitin faces charges based on secret decrees once again; in addition, the FSB has added a retroactive federal law to the list. (THE BELLONA FOUNDATION, 2 Jul 99) There is hope for Nikitin. The court has assigned Judge Sergei Golets, the same judge who dismissed the "unclear" charges last October and ordered a "reinvestigation." According to Boris Pustintsev, chairman of the human rights group Citizens' Watch, Judge Golets was the first justice in Russia's post-Soviet history to dismiss charges brought by the FSB. Nikitin's case will probably not be heard until next year. (THE OTTAWA CITIZEN, 10 Sep 99; via nexis)

The trial may demonstrate the strength or weakness of Russia's judicial system. In November 1997 the FSB arrested Grigori Pasko, a Russian officer, for passing state secrets to the Japanese media. The state secrets were a report and video of Russian ships dumping radioactive and chemical waste into the Pacific Ocean. Fortunately the court determined the FSB forged two alleged "incriminating documents." This blatant abuse of evidence led to Pasko's release. (DEUTSCHE PRESS-AGENTUR, 0604 CET, 20 Jul 99; via nexis) However, following his release, Pasko was not issued a passport and still faced administrative harassment which prevented travel to the United States. Pasko's trial indicates Russia's judicial system is at least heading towards legitimacy; however, for political reasons the FSB refuses to accept Nikitin's January 1997 release from prison and the agency's repeated failure to obtain a conviction. It will be noteworthy if Russia's courts survive the powerful FSB's four-year war of attrition.

Chemical weapons remain undestroyed
Russia's ability to honor commitments and destroy 40,000 tons of declared chemical munitions are "under threat of collapse," stated Zinovy Pak, general director of the Russian Munitions Agency. (IZVESTIA, 16 Sep 99; BBC Summary of World Broadcasts, via nexis) Russia officially cites lack of funding. For example, in 1996 the Ministry of Defense received only 13 percent of the required funding for scrapping chemical munitions, 2.2 percent in 1997, and 2.1 percent in 1998. (ITAR-TASS, 0748 GMT, 30 Nov 98; FBIS-SOV-98-334, via World News Connection) The West, including the US, has pledged to supply destruction equipment and funding. Russia's real priorities are suspect. Although Russia sends money to advanced weapons research and development, in June 1997 the Russian Duma requested an additional $5 billion in foreign assistance for chemical weapons destruction. (See The NIS Observed, 12 Jul 97) Any assistance sent to Russia is diluted with levies, taxes, and customs duties. In addition there is some doubt Russia has declared all of her chemical munitions. Unless there is a change in priorities, Russia will make little progress destroying its stock of chemical weapons in the near future. Meanwhile the large stock of weapons in a lawless country is a juicy target for theft.

No, no... we won't go...

Tatarstan, on 15 September, suspended the republic's military draft for the Russian armed forces until Tatar conscripts are removed from "hot spots" and returned to permanently assigned bases. The State Council passed this resolution following a report that six conscripts drafted in Tatarstan had been killed in recent fighting in Dagestan. Two of these conscripts had been drafted less than 40 days before being sent to Dagestan. The decision to suspend the draft as stated in the resolution "is a result of numerous instances when untrained servicemen from Tatarstan were sent to hot spots and that led to unwarranted losses." This action violates Moscow's agreement to send only trained volunteers to combat areas, according to the Tatarstan parliament. (INTERFAX, 15 Sep 99; FBIS-SOV-1999-0915, via World News Connection, and BBC, 16 Sep 99; via nexis)
This action by Tatarstan highlights an increasingly grim story for Russia's military draft system and the plight of conscripts drafted into the Russian armed forces. Currently the Russian Federation holds two drafts a year -- spring and fall -- in which young men between the ages of 18 and 27, who are not already members of the reserve, are conscripted into compulsory service for a period of one to two years. For the 1999 Spring draft, the target number was 168,776 conscripts. (ITAR-TASS, 30 Mar 99; FBIS-SOV-1999-0330, via World News Connection) This number represents only about 14 percent of the total young men registered for the draft. (ITAR-TASS, 7 Apr 99; FBIS-SOV-1999-0406, via World News Connection) Despite this low percentage, Russia is having a difficult time meeting the quotas. An ever-increasing number of eligible men are evading compulsory military service for a variety of reasons. Most often cited are low standards of living, military assignments, and the fear of vicious hazing by more senior NCOs and officers.

With the general condition of Russia's military forces deteriorating, the life for conscripts who are at the bottom of the ladder is bleak, even in elite units. There are reports of officers hiring out their conscripts as laborers or making them beg on the streets. (ASSOCIATED PRESS, 3 Jul 99; via nexis) New conscripts are receiving minimal combat training, and are at the end of the line when it comes to food, clothes, and basic necessities. With the drawdown of military personnel, new conscripts can no longer expect to receive assignments to requested military units. Instead they are being sent, in many cases, to units many farther away from home and family and placed in hazardous positions much earlier than would be normal. They see much of the NCOs and officers, whose purpose is to train, mentor, and serve as role models, more and more frequently as frustrated, desperate, and demoralized leaders... and many of the military leaders are taking out their frustrations on the conscripts.
According to Russia's chief military procurator, Dedovshchina (hazing of conscripts) is the second most "popular" military crime after desertion. It is believed that hundreds of soldiers desert each year, while scores commit suicide or are killed because of bullying and hazing. Although the statistics indicate that these beatings and fights are becoming rarer, 987 of such cases (192 deaths) so far in 1999 confirm hazing is alive and well. (VREMNYA MN, 6 Aug 99; FBIS-SOV-1999-0822, via World News Connection) In 1997, the defense ministry reported, 2,000 soldiers died as a consequence of hazing. The Committee of Soldiers' Mothers, who monitors these numbers closely, believes the number was closer to 3,900. (ISCIP Editorial Digest, 22 Jan 98) In June 1999, 45 Russian conscripts deserted their unit in the Maritime territory claiming hazing and brutal treatment on the part of junior officers. (ITAR-TASS, 9 Jun 99; FBIS-SOV-1999-0608, via World News Connection) In August, a conscript shot two fellow soldiers at an army base and then turned the assault rifle on himself. Two sailors in Russia's Northern Fleet used an ax to kill a guard and then stole assault rifles. They used these assault rifles to shoot fatally an officer and another sailor and wound two other sailors before they were surrounded by a special commando unit. The commandos killed one attacker and the second committed suicide. (ASSOCIATED PRESS, 6 Aug 99; via nexis) These numbers and the stories of serious conditions faced by military conscripts are not isolated; their plight is often reported in the Russian media.

... And if we go... we must be sick or crazy

Also reported are increasing accusations leveled at military draft boards, stating they are deliberately enlisting lower quality conscripts. Russian Defense Minister Sergeev stated in 1997 that, ten years previously, less than 10 percent of conscripts lacked secondary education. Now the figure is closer to 50 percent. Additionally, 10 percent were drug addicts, while 20 percent had a criminal record. (ISCIP Editorial Digest, 4 Dec 97) It is generally believed that military draft boards are admitting conscripts with "obvious signs of psychiatric disturbances" (INTERFAX NEWS AGENCY, 1 Jul 99; via nexis) and with other
obvious health problems, all for the sake of meeting their quotas. Why are they doing this? Most reporting leads to two reasons. First, an increasing number of eligible young men are avoiding the draft by either applying for available deferments and exemptions or simply going into hiding. Second, defense ministry officials and others argue that the overall physical condition of the general population and, therefore, of draftees, has deteriorated. For whatever reason, commanders of military units to which these questionable conscripts are being sent are going so far as to file lawsuits against the draft boards, claiming the boards are enlisting young men who should be refused for obvious health reasons. As of August 1999, 100 lawsuits had been filed through the military prosecutor's offices against local military enlistment agencies. (NOVIYE IZVESTIA, 19 Aug 99; via nexis)

Newly Independent States: CIS

By Sarah Miller

Pulling together to fight terrorism
In the wake of international terrorist attacks in Kyrgyzstan and Russia, several CIS defense ministers met in Moscow on 15 September to discuss military and technological support to Kyrgyzstan. The emergency session was called by the Kyrgyz president and attended by the defense members from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Uzbekistan. Two GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova) members, Georgia and Azerbaijan, sent representatives. In addition to military and technical assistance, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan agreed to hold joint military exercises in Uzbekistan in late October.

Although press reports indicated that the extraordinary meeting was limited to CIS Collective Security Treaty (CST) members -- sometimes referred to as the "Russian-6" -- GUUAM members Uzbekistan, Azerbaijan and Georgia also
attended. By doing so, they underscored their recognition of the problem's pervasiveness. In the post-meeting report, the ministers noted this universal threat, saying that international terrorist actions "create a threat to the security of Central Asia as a whole." (INTERFAX, 16 Sep 99; via nexis) Putin expanded the prognosis to the entire CIS, saying that the militants' aim is destruction of the CIS, subversion of their security and the ultimate establishment of "pseudo-theocratic but essentially military dictatorial regimes in countries that have traditionally been close to us." (INTERFAX, 15 Sep 99; via nexis) Although it is unlikely that the GUUAM members will be drawn back into the CST by the terrorist threat, their reaction and rhetoric indicate that on a case-by-case, ad hoc basis, they are willing at least to consult and coordinate with the Russian-6 to combat disruptive forces.

However, old rivalries and suspicions continually surface. Only a day before the emergency session in Moscow, Chief of the Russian Defense Ministry Department for International Cooperation Leonid Ivashov suggested that Azerbaijan and Georgia allowed "militants as well as their arms and financial supplies" to pass unimpeded through their territory. (INTERFAX, 0931 GMT, 14 Sep 99; FBIS-SOV-1999-0914, via World News Connection) Although Georgia and Azerbaijan have repeatedly condemned terrorist activities in nearby Dagestan and have publicly announced their willingness to cooperate in antiterrorist measures, statements like Ivashov's could undermine the cooperation necessary to confine and disrupt terrorist organizations within the CIS.

Newly Independent States: Western Region

By Tammy Lynch

UKRAINE

Newly independent state seeks others for fun, friendship, and mutual benefit
Are you a country in need of a friend? Might we suggest Ukraine? The country is more than willing to create a friendship package to fit any specifications, and although it asks much in return, it often accepts less. Applications are now being processed. Countries with similar outlook are preferred, but if all friendship vacancies are not filled and all needs not met, those with differing viewpoints will be accepted.

Ukraine certainly has been everyone's friend lately. From offering its own Kosovo peace plan and peacekeepers, to mediating in Abkhazia and Transdniestra, to fostering its partnership with NATO, shepherding the growth of GUUAM, and taking a larger leadership role in the CIS, Ukraine has been reaching out to just about every country and regional organization in its vicinity. Although it has had somewhat limited success with major Western countries, this strategy has allowed Ukraine to build a solid base in its own region. It has also allowed it to maintain its relationship with Russia, for better or for worse.

Ukraine's local success was on display during September's Yalta-99 Summit, where the country acted as host, big brother, captain and buddy to 21 other countries of the Black Sea and Baltic regions. The theme of the summit, "Toward an Integrated Europe of the 21st Century without Dividing Lines," underscored Ukraine's efforts to survive in the murky middle ground between Eastern and Western interests. The summit dealt mostly with evolving plans for transport corridors linking Central Asia and the Caucasus to Europe. However, the meeting also allowed for the beginning of a dialogue on the issue that could be one of the most difficult in the coming months: visas. President Leonid Kuchma continually stressed the need to avoid a "paper curtain" as more countries implement European Union visa specifications. (INTERFAX, 1653 GMT, 10 Sep 99; FBIS-SOV-1999-0910, via World News Connection)

Even as it looked westward at the summit, however, the country once again reached out to its old partner, Russia. On the same day that Kuchma welcomed
summit-goers, the government announced that Russia would provide $60-$70 million in "credits" to help fund construction of two nuclear reactors in Ukraine. (INTELNEWS, 0900 GMT, 9 Sep 99; FBIS-SOV-1999-0910, via World News Connection) The "credits," which may be in the form of parts or nuclear fuel, will fill the vacuum created when G-7 countries did not live up to their commitment to help Ukraine build two reactors to replace Chernobyl.

BELARUS

Aleksandr IV?

Did you hear the one about the dictator who feels so threatened that his opponents are driven from their country, kidnapped, or liquidated? How about the dictator who tries to use a tragedy in a neighboring country to scare his people into giving up their last vestiges of freedom? Or, finally, the dictator who is urged by the international community to become a kinder, gentler person, but who faces no real international sanctions or condemnation? No? Well, meet Alyaksandr Lukashenka, Tsar of Byelorussia.

Using Soviet-style subtlety, Lukashenka has managed to deal with most of those opposing him. Last week, his most powerful and well-known opponent still alive inside Belarus mysteriously disappeared. On 16 September, Viktor Gonchar never returned from visiting a banya. His wife, Zinaida, told journalists that Gonchar called her on his cell phone as he was beginning his trip home, but never arrived. According to the Moscow Times, Mrs. Gonchar and a friend searched for her husband in the area around the banya, where they "found blood stains on the ground and other signs of a struggle." (MOSCOW TIMES, 23 Sep 99; via nexis)

Gonchar was deputy speaker of the disbanded 1996 parliament and the head of the Central Election Commission. As such, he was instrumental in organizing the "alternative" presidential elections held on 16 May, at the internationally recognized end of Lukashenka's term. Gonchar was the highest ranking member
of the disbanded parliament still living out of prison in Belarus. Most other dissidents have been arrested, have disappeared or have fled the country.

The former head of the Belarusian Central Bank, Tamara Vinnikova, disappeared on 8 April, while former interior minister and opposition activist Yuri Zakharenko disappeared on 7 May. In addition, former Prime Minister Mikhail Chigir has been in prison since March, Popular Front leader Zyanon Paznyak has fled to live in the United States, Uladzimir Antonaw, head of the youth branch of the Belarusian People's Front, has fled to Poland and requested asylum, and Semyon Sharetsky, speaker of the disbanded parliament, has fled to Lithuania. (For information about other activists under arrest, see the NIS Observed, 4 Aug 99.)

Earlier this year, there were 40 members of the disbanded parliament meeting regularly in opposition to Lukashenka inside Belarus. On 20 September, only 10 former parliamentarians gathered to protest on behalf of Gonchar. (REUTERS, 21 Sep 99; via Russia Today)

Gonchar's disappearance was, unfortunately, neither shocking nor surprising. As reported in past issues of NIS Observed, Gonchar has been arrested several times in the last six months, enduring beatings in prison that reportedly caused at least one heart attack. He had attempted to stage a hunger strike in order to focus attention on the plight of Lukashenka's opponents, but the strike was ended by forced injections. After being brought home following those injections, Gonchar attempted to explain what had happened to him in prison. On 11 March, with the aid of his wife, he spoke through a closed door with water running behind him to a reporter from Russia's NTV:

[Gonchar] Moreover, there were many things. They were suspending me from a bar in handcuffs.
[Zinaida Gonchar, captioned as his wife, standing in front of the bathroom door] Suspending him.
[Gonchar] Zina, I will tell them everything. I just need -

[Zinaida Gonchar] He feels bad. . . . You heard everything, didn't you? They were suspending him from a bar in handcuffs. Masked special police people rushed in and injected him with glucose by force. After that they suspended him from some bar on the bus. I am very grateful to you. Excuse me, I must do something now, maybe call an ambulance. (NTV, 1600 GMT, 11 Mar 99; FBIS-SOV-1999-0311, via World News Connection)

Little action was taken over Gonchar's plight, however, by most Western organizations.

Unfortunately, even Gonchar's disappearance has not garnered the outrage that many Belarusian activists say it should. Following Gonchar's disappearance on 16 September, it took several days for the story to slowly wend its way through the main Western media organizations covering Belarus (with the notable exception of RFE/RL). It was not until 22 September that the US Department of State responded to the disappearance with a press statement, noting that the US "is greatly concerned about this pattern of disappearances of opponents to Lukashenka's continued rule in Belarus." In its conclusion, the statement boldly said, "We call upon the Government of Belarus to do everything in its power to locate Mr. Gonchar...." (STATEMENT BY US DEPARTMENT OF STATE DEPUTY SPOKESMAN JAMES B. FOLEY, 22 Sep 99; via nexis) That should do it. Lukashenka is shaking now.

Sharetsky responded by criticizing the international community for not acting more strongly against Lukashenka. He suggested that a good first step might be to un-invite Lukashenka to the upcoming November OSCE summit in Istanbul. Sharetsky said he "would be grateful" if he himself were invited "as acting president, in keeping with the constitution," instead of Lukashenka. (INTERFAX, 21 Sep 99; via nexis)
That will indeed be an interesting test. The OSCE has so far taken no action in regard to Gonchar’s disappearance. The organization is mediating "negotiations" between representatives of the opposition and Lukashenka, but, until now, has seen no need to adjust the timetable for the talks.

Meanwhile, using the terrorist attacks in Moscow as justification, Lukashenka has announced tighter security in Belarus. "The so-called liberators and protectors of the people are prepared to use this to destabilize the situation," he said. Order must be brought, he explained. "We must determine where the various kinds of opposition and other riffraff are likely to meet," he said, and use "the toughest, most decisive and uncompromising measures." (NTV, 1200 GMT, 16 Sep 99; FBIS-SOV-1999-0916, via World News Connection)

**MOLDOVA**

**Really? D'ya think?**

The head of the OSCE mission in Moldova has clarified the situation in Transdniestr for anyone who may be confused: Russia has not pulled out its troops and weapons. Although the country had agreed to do so, William Hill explained at a recent news conference, this commitment has not been met. That clears things up.

But, have no fear, there is good news to report. Russia has submitted a schedule for withdrawal, and until that timetable is reached, Russian troops are helping to enforce previous agreements between Tiraspol and Chisinau. (INTERFAX, 17 Sep 99; via nexis)

This breaking news comes at a time when Moldovan President Petru Lucinschi has expressed concern over what he called the "diminishing" number of weapons in Transdniestr storage depots, and as rumors surface that Russia will begin tapping into the depots for use in Dagestan. It also comes as the rhetoric from
Tiraspol gets both more strident and more conciliatory. On 14 September, Viktor Sineve, first deputy prime minister of the self-proclaimed republic, portrayed the region as having been betrayed by Russia and Ukraine. "Tiraspol must count only on itself and strengthen its own statehood," he said. (INTERFAX, 14 Sep 99; via nexis) Around the same time, however, Dniestr parliament speaker Grigore Maracuta said Tiraspol was willing to reunite with Moldova, "to live in the same home," if, of course, Moldova meets a number of conditions. (INTERFAX, 1256 GMT, 15 Sep 99; BBC Summary of World Broadcasts, via nexis) While these statements may be contradictory, at least the situation with Russian troops and armaments is clear now.

Newly Independent States: Transcaucasiaus
By Miriam Lanskoy

CHECHNYA
To redress some hasty judgments
In its reporting on Islamic terrorism and Russia's bombing of Chechnya, some sectors of the American press seem to have adopted a great deal of the official propaganda coming out of Moscow as their own analysis.

Take for instance the now axiomatic statement that Russia is punishing terrorists for the bombings they inflicted on Moscow in recent weeks. There has not been a shred of evidence tying Shamil Basaev or Khattab -- even less so Maskhadov -- to the explosions that killed over 300 people. In fact, there are some very sound reasons to doubt the truth of the repeated accusations.

First, the attacks in Moscow have nothing in common with Basaev and Khattab's usual method of operations. Basaev first gained notoriety after carrying out an audacious raid: He took a hospital captive in the Russian city of Budennovsk. The action was calculated to attract mass attention and force the Chernomyrdin
government to call a cease-fire and return to the negotiating table. Basaev's detachment, while inflicting great cruelty on captured Russian servicemen, avoided taking civilian lives. The vast majority of those killed in that 1995 hostage-taking incident were shot by the Russian troops who tried to storm the hospital -- not by the Chechens. Similarly, Khattab has frequently launched small-scale attacks on Russian military bases and MVD posts in Dagestan -- but while he has bombed military installations, and even barracks, he has never been known to target civilians. Second, Basaev and Khattab derive their prestige and notoriety from such incursions -- their reputation for military skill and audacity requires that they take responsibility for the raids they inflict on the opponent. Yet they have denied responsibility for the bombings.

Finally, what do the field commanders gain from terrorizing the Russian population? As Garry Kasparov commented in The Wall Street Journal on 30 September, the opposition of the Russian public brought the Chechen war to an end in 1996. The revulsion of the liberal portions of the population and the indifference of the majority deprived the war effort of the moral stamina necessary to carry on a protracted campaign. The bombings in Moscow which were attributed to the Chechens so quickly and with no evidence at all have fundamentally altered the public attitude. At this point even liberal politicians like Yavlinsky speak out against the Chechen menace. Now thousands of people of "Caucasian nationality" are forced to flee Moscow -- where they are subject to beatings from police and other forms of official harassment. For the first time, the public opinion polls favor bombing Chechnya. Surely the field commanders have gained nothing from the bombings.

Speculation in the Russian media include that the FSB set the bombs at the Kremlin's behest to create a chaotic situation and use it to postpone the elections. Another version suggests that "The Family" may have planned the attacks to force Yel'tsin's hand against his opposition. Although also based on conjecture, these explanations at least focus on the question who benefited from
the explosions -- clearly the Security Services and the present administration. As the very astute Mr. Kasparov comments, the government does not need to call a state of emergency or impose martial law: "The constitutional rights of Russian citizens have never posed a serious obstacle to excessive police activities." The frightened public is only too willing to tolerate random searches and the imposition of new rules for residency registration in the capital. This situation benefits any future government since it can tighten the screws on its own population while turning a democratic Islamic-terrorist-fighting face to the West.

Nothing like Kosovo
The idea that the current Russian campaign against Dagestan and Chechnya was somehow modeled on or influenced by NATO's Kosovo operation is another one of those official Kremlin pretexts that the Western media have taken to chanting at every opportunity. For instance, Michael Gordon employs the phrase "As with NATO" as a refrain throughout his extremely superficial New York Times article which appeared on 28 September. Yes, in some very basic ways the bombing of Serbia and of Chechnya are alike -- in both cases bombs were used to take out important elements of the infrastructure, in both cases commanders briefed the press about their activities. The similarities end there.

Rightly or wrongly, NATO went into Kosovo to address an unfolding humanitarian crisis characterized by massive refugee displacement in Kosovo. The Russian military and MVD are causing the humanitarian crisis by bombing villages and cities. Ruslan Aushev, the president of neighboring Ingushetia which has already accommodated over 50,000 refugees, says that his republic cannot take in more persons because his government will soon run out of food. (RIA NEWS AGENCY, 1446 GMT, 27 Sep 99; BBC Summary of World Broadcasts, via nexis) Human rights activists in Moscow complain bitterly about the plight of the dark-skinned people deported forcibly from the capital. By 28 September, nearly 600 hundred persons had been deported from Moscow, while another 20,000 were not permitted to register. (KOMSOMOL'SKAYA PRAVDA, 28 Sep 99; RUSSICA,
via nexis) What is happening in Chechnya? As a consequence of the bombings of communication channels like television stations and cellular phone facilities, no one knows the exact situation. Yet given the history of the previous conflict, many worry about the magnitude of civilian suffering. The war can only be won by "carrying out genocide," noted human rights campaigner Sergei Kovalev warned the press. (Jamestown Foundation MONITOR, 29 Sep 99)

Through its bombing campaign NATO sought to remove Milosevic's forces from Kosovo and has since made the public admission that it would prefer if he was removed from power. Russia has repeatedly recognized Maskhadov as the legitimate leader of Chechnya. He represents moderate and reasonable positions within the Chechen political spectrum. He is well respected in Moscow and ever since his election has been seen as a worthy negotiating partner. Surely Moscow is not trying to replace Maskhadov? The idea that Moscow can destroy terrorist cells by bombing Dzhokhar-gala is too ludicrous to bother refuting.

The real precedent to the current conflict is the 1994-96 war. Of course Western commentators have little to say about that comparison because they barely noticed the war the first time around. Yet important elements of the war's inception are virtually identical: Russian military and security services provoked the Chechen leaders through small-scale covert engagements. (This has been happening all summer: See earlier issues of the NIS Observed.) Unable to rout the Chechen forces quickly, they had to undertake a massive ground campaign that led to over 100,000 civilian deaths over a period of two years. The war destroyed the Chechen economy and infrastructure, mangled the fates of countless persons on both sides, created a devastated and desperate nation living on the margins of legality and brought no political resolution to the conflict.

In sum, NATO does not need to teach Russia how to carpet bomb a city -- that is a practice the Russians perfected in assaults on Dzhokhar in December of 1994.
**Newly Independent States: Central Asia**

**By Monika Shepherd**

**KAZAKHSTAN**

**Former Kazakh premier arrested, then released by Russian police**

Aqezhan Qazhegeldyn, Kazakhstan's former prime minister and leader of the People's Republican Party (a prominent opposition party), was arrested by Russian law enforcement officials in Moscow earlier this month. Mr. Qazhegeldyn, rather surprisingly, was en route to his home country, where he planned to visit two cities in western Kazakhstan. The former premier's decision to travel to Kazakhstan was apparently made in response to a Washington Times article written by Bolat Nurghaliev, the Kazakh ambassador to the US, in which the ambassador claimed that the Kazakh government would take no legal action against Mr. Qazhegeldyn should he decide to return for a visit. (RFE/RL NEWSLINE, 13 Sep 99) However, Kazakhstan's prosecutor general, Yuri Khitrin, had already issued a warrant for Mr. Qazhegeldyn's arrest through Interpol, on the grounds that the former premier is withholding documents relating to the corruption charges brought against him by the Kazakh justice ministry and has ignored 10 summons to return to Kazakhstan for questioning in connection with those charges. (Jamestown Foundation MONITOR, 16 Sep 99) Instead of
transporting him to jail, however, Russian MVD officials were obliged to take Mr. Qazhegeldyn to a hospital, due to the fact that shortly after his arrest he suffered a possible heart attack. (RFE/RL NEWSLINE, 13 Sep 99)

Following the news of Mr. Qazhegeldyn's arrest, members of his party, the Communist Party and other opposition groups began staging demonstrations in Almaty and Astana to protest his detention. US Department of State officials, as well as a number of Congressmen, reportedly also interceded on the former prime minister's behalf, requesting that he be released. (Jamestown Foundation MONITOR, 16 Sep 99) Mr. Qazhegeldyn went so far as to appeal to President Yel'tsin himself, stating that if he were extradited to Kazakhstan, his life would be in danger. (INTERFAX, 1640 GMT, 12 Sep 99; FBIS-SOV-1999-0912, via World News Connection)

On 15 September, the Kazakh prosecutor general canceled the warrant for Mr. Qazhegeldyn's arrest, ostensibly on “humanitarian grounds” due to the ex-premier’s poor health, whereupon he was released by Russian authorities. (RFE/RL NEWSLINE, 16 Sep 99) Although Mr. Qazhegeldyn's own stature and personal connections to Russian President Boris Yel'tsin undoubtedly played a role in securing his freedom, there can be no question that the intercession of several highly placed US officials on his behalf was also extremely influential. The furor that the former prime minister's arrest provoked on the part of the US government provides a stark contrast to the indifference which the State Department has displayed over the hundreds of arrests and human rights violations against other opposition activists in Central Asia. The widespread political repressions carried out by both the Uzbek and Turkmen governments have evoked little or no comment from influential figures in the US political arena.

It remains to be seen whether Mr. Qazhegeldyn's allies in the US Congress and administration will continue to speak out on his behalf as he is forced to contend with the newest accusations which the Kazakh government has put forward
against him. The day of his release, Kazakhstan's National Security Committee issued a statement implicating him in the illegal sale of 40 MiG-21 fighter aircraft to North Korea. According to this statement, the scheme to sell the fighters was formulated as early as December 1996, while Mr. Qazhegeldyn still held the post of prime minister. The fact that the sales transaction was not concluded until well after Mr. Qazhegeldyn had resigned from his post does not seem to absolve him of any guilt in the eyes of the Kazakh authorities at this point. (INTERFAX, 0938 GMT, 15 Sep 99; FBIS-SOV-1999-0915, via World News Connection)

KYRGYZSTAN

Kyrgyz government still struggling to subdue insurgents

On 27 September, Kyrgyz Prime Minister Amangeldy Muraliev announced that his country's troops had cut off all access to the insurgents' bases in southern Kyrgyzstan and that the situation was beginning to stabilize. (RFE/RL NEWSLINE, 27 Sep 99) Less than 24 hours later, a number of rebels launched another attack on Kyrgyz government troops. Although the rebel group retreated when government forces retaliated (RFE/RL NEWSLINE, 29 Sep 99), the militants' actions are a clear indication that despite the prime minister's optimism, Kyrgyzstan's military forces have not yet been able to isolate the insurgent groups which have occupied Batken District for more than a month now. In fact, according to most reports, the rebel groups seem to be able to move between Tajikistan and Kyrgyzstan at will and do not appear to be in danger of running out of supplies. Thus far, Kyrgyz troops have only managed to thwart the rebels' attempts to break into the Uzbek enclave of Sokh (near the Uzbek-Kyrgyz border). (RFE/RL NEWSLINE, 20 Sep 99)

The whereabouts of the 13 hostages still held by the insurgents remain unknown; it is thought that they are frequently moved from one location to another, including back and forth across the Tajik-Kyrgyz border. (RFE/RL NEWSLINE, 21 Sep 99) From time to time, the rebels seize additional hostages on a short-term basis, allegedly in order to use them as human shields.
The rebels' goals remain as unclear as ever; their leaders have made no additional demands of either the Uzbek or Kyrgyz governments. One of the insurgents' original two conditions for releasing the 13 hostages has been at least partially met: Uzbek President Karimov released approximately 300 political prisoners on 22 September, most of whom had been sentenced to jail terms due to their alleged membership in illegal Muslim groups. (Jamestown Foundation MONITOR, 24 Sep 99) However, so far none of the rebel leaders in Kyrgyzstan has responded to President Karimov's recent conciliatory action.

The militants' only visible goal at this point seems to be to return to Uzbekistan, a demand which the Uzbek government adamantly refuses even to discuss. So long as both the Kyrgyz and Uzbek governments refuse to engage in official negotiations with the rebels, it is difficult to predict a peaceful end to the conflict. For the moment, the situation seems to have reached a stalemate.

Newly Independent States: Baltic States
By Kate Martin

ESTONIA
Budget cuts lead to inevitable layoffs
Between resignations and planned layoffs in the government and military sectors, there is decreasing job security in the northernmost Baltic state. An IMF report in May warned that spending for the government sector had increased too quickly, and recommended that the 1999 budget be decreased mid-year by at least 2 million kroons (roughly US$135 million). (BALTIC NEWS SERVICE DAILY REPORT, 1300 GMT, 6 May 99) While such a substantial cut proved politically unfeasible, trimming for the new year has begun. As Estonia struggles to get a grip on its growing deficit, one area that will suffer is employment. Interior Minister Juri Mois announced his plans to halve the workforce at his ministry. A
thorough restructuring is foreseen, with the abolition of three deputy general secretarial positions and dismissals of senior officials. The interior ministry has been allocated 70 million kroons less in the year 2000 budget than this year's allotment, which has accelerated the restructuring plan. Procrastination with administrative reform could lead to mass dismissals, Mois said. Further restructuring, to focus on the ministry's subordinate institutions, also is planned. (BALTIC NEWS SERVICE DAILY REPORT, 1000 GMT, 2 Sep 99)

Mois later explained that layoffs also are planned for the Police Department, where 534 policemen will face unemployment. The cutbacks are designed, according to the Police Department, to make the work done there more efficient, thereby answering criticism from a European Union working group which reported that police efficiency is below the international average, judging by the percentage of crimes solved. Another problem, according to the working group, is that the department is top heavy; however, the layoffs announcement did not specify which tier would be most affected. Rescue Department, Border Guards, and the Citizenship and Immigration Department also are facing cuts. (RADIO TALLINN NETWORK, 1400 GMT, 17 Sep 99; FBIS-SOV-1999-0918, via World News Connection)

Some job loss wasn't due to budget cuts: Two high-level officials submitted resignations in September. Major General Ants Laaneots, chief of staff of the defense forces, submitted his formal resignation on 1 September, the final movement in an inelegant shuffle begun in July when President Lennart Meri unexpectedly appointed Colonel Urman Roosimagi as acting commander of the defense forces. (BALTIC NEWS SERVICE DAILY REPORT, 1000 GMT, 15 Jul 99) Speculation abounded that Laaneots was resigning due to his being bypassed for the top post by an officer junior to him. Understandable though that would be, the slight probably was more pragmatic than personal. Roosimagi's promotion could be the result of Estonia's application to NATO, and a belief that the advancement of Western-trained officers such as Roosimagi (trained in
Finland) might help to create a more favorable impression to Western-based military alliances than forces led by Laaneots, a former Soviet Army officer. While Laaneots has not commented on the situation, an indication of the atmosphere between Laaneots and Roosimagi was provided by the latter's statement when news of the resignation was released. "Well, life will go on," Roosimagi said. (BALTIC NEWS SERVICE DAILY REPORT, 1000 GMT, 1 Sep 99) Laaneots will move to a position at the Baltic Defense College.

In addition, the director general of the State Chancellery, Meelis Pihel, submitted his resignation in mid-September, leaving a position he had filled since March. (RADIO TALLINN NETWORK, 1200 GMT, 15 Sep 99; FBIS-SOV-1999-0916) No additional details were available.

LITHUANIA

Deadline for oil project agreement slips by

Clearly working on the belief that the squeaky wheel gets the grease (or, in this case, the oil profits), Russia's LUKoil continues to threaten to withhold shipments of crude supplies to Lithuania's Mazaikiai oil refinery if not given the opportunity for equal partnership in the enterprise. (BALTIC NEWS SERVICE DAILY REPORT, 1300 GMT, 3 Sep 99) Disruptions of the oil supply from Russia have cost the refinery in the past; shutdowns in February and May for a total of 26 days brought about a loss of one million litas (US$250,000) per day.

While it is extremely unlikely that LUKoil's demands will be met, and much more likely that the demand is standard operating procedure for negotiations, accord between the Lithuanian government and the US-based Williams International has yet to be reached. The parties have repeatedly postponed signing the agreements since late 1998. There has been no official statement on the reason for the latest delay, however, one can assume that Williams' hesitancy is due to its not having all of its legislative ducks in a row as yet. Earlier negotiations had resulted in agreement to change the shareholder structure of the oil complex,
allowing a foreign concern to hold a majority stake and providing shareholder opportunities to banks involved in the financing of the project. (BALTIC NEWS SERVICE DAILY REPORT, 1300 GMT, 24 Aug 99) The government also has voted to grant special railway and oil product export tariffs, and oil tankers can be serviced by Williams-employed pilots (as opposed to Lithuanian pilots). The government and Williams had agreed on the initial sale of 33 percent of Mazeikia Oil to the US company, and Williams -- which earlier hoped to be able to double its stake at a later date -- has agreed to a maximum of 51 percent of shares. (BALTIC NEWS SERVICE DAILY REPORT, 1300 GMT, 2 Sep 99) While that action would immediately negate LUKoil's demand for an equal partnership, the Russian oil supplier is not being ignored. According to the agreements being worked out with Williams, Lithuania is also to sell up to a 19-percent stake in the refinery to a crude oil supplier, and is believed to be negotiating with LUKoil for that portion. (FINANCIAL TIMES, 2 Sep 99; via nexis)

Many of these agreements will require legislative approval, however. The Seimas began debates on amending six laws to validate the government's concessions, and objections thus far have been voiced by the Social Democrats. Center Union, New Union and the Democratic Labor Party. The majority of the ruling Conservatives are in favor of the bills, though, so the legislation most likely will pass. (BALTIC NEWS SERVICE DAILY REPORT, 1600 GMT, 14 Sep 99)

The attraction of the oil project is not lost on others, either. Clearly, ongoing energy demands and Lithuania's pragmatic approach to shore up its oil industry have proven attractive to potential investors. The European Bank for Reconstruction and Development (EBRD) recently stated its interest in participating as a shareholder and as an investor during a meeting with Economy Minister Eugenijus Maldeikis in Vilnius. The meeting was also attended by representatives of Williams International, Chase Manhattan and Paribas banks, the International Finance Corporation, and the legal firm Glinsted from Sweden. (BALTIC NEWS SERVICE DAILY REPORT, 1000 GMT, 19 Aug 99)