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Russian Federation: Executive Branch

By Michael Comstock

PRESIDENCY

Putin's appointments & stability

President Vladimir Putin has intervened in the hotly contested Krasnoyarsk gubernatorial election, appointing Aleksandr Khloponin as acting governor. Putin's decision to conclude the issue on his terms constitutes the most overt intervention by the center into the affairs of a region since governors have been popularly elected. Khloponin is considered to be closer to Putin than his opponent, Aleksandr Uss. (THE MOSCOW TIMES, 4 Oct 02; via ISI Emerging Markets Database) Putin's action is in tune with his promise to strengthen the "power vertical." In fact, several governors signed a joint appeal calling on the president to appoint governors in the future.

Moreover, the Kremlin backs Duma bills that, in effect, would allow the president to relieve governors in times of emergency or in cases of financial insolvency. (THE MOSCOW TIMES, 8 Oct 02; via ISI Emerging Markets Database) Laws on the distribution of tax revenues also are being discussed; under consideration is the grant of increased financial responsibility to municipal authorities while ensuring the central government's overall control. (THE MOSCOW TIMES, 4 Jun 02; via ISI Emerging Markets Database) Dmitry Kozak, deputy of Aleksandr Voloshin (the director of the Presidential Administration) heads the commission preparing this legislation. This may be an indication of Kozak's standing within Putin's circle. The bill also would strip governors of their immunity, allowing for Putin's preferred method of political liquidation, that is, surgical implementation of anti-corruption laws against opponents.
Putin appears now to be taking preemptive action against putative opposition in the regions, not only specific individuals or groups. However, these aims can be attained while maintaining structural stability within a Russian political system that guarantees his own supremacy.

**Oligarchical infighting?**
In the frequently mentioned factional skirmishes between Putin's St. Petersburgers and the remnants of the Yel'tsin-era "Family," there is potential for further complication. The oligarchs, exemplified collectively by the Russian Union of Industrialists and Entrepreneurs (RUIE), traditionally have stayed away from overt displays of political ambition. Rather, they have preferred to exploit the Russian state or to profit in its shadow. (There are noteworthy exceptions, Boris Berezovsky prominent among them; he has become a cautionary tale of the dangers of standing up to Putin.) However, within the oligarchical clans new political aspirations are surfacing, and with those aspirations disagreements and conflicts are beginning to show as well.

Mikhail Potanin, the media tycoon, reportedly intervened with the Kremlin's blessing in the recent Krasnoyarsk gubernatorial elections; having both Izvestia and Komsomol'skaya pravda under his wing, he is viewed as a powerful force in Russia. Meanwhile, Roman Abramovich and Oleg Deripaska constitute a more traditional Yel'tsin-era incarnation of oligarchical interests. (VEK, 11 Oct 02; via ISI Emerging Markets Database) These two groups tend to oppose each other, and will be competing for Putin's ear in the coming months as elections approach.

Putin benefits when these powerful interests focus their energy on internecine squabbles rather than speaking with a single voice. Of course, the oligarchs' muscle rarely has been exercised for the good of the Russian democratic experiment or the population as a whole, but in contemporary Russia, some opposition is better than none.
Russian Federation: Security Services

By Michael Donahue

FSB

Win some...lose some

In professional sports, champions often may not win more than two out of every three competitions, but they win all the important contests. This seems to apply also to politics. Over the course of the past month, Russia's state security service (FSB) has experienced its fair share of both gains and setbacks, but the "big game" yet has to be won.

The FSB and its director, Nikolay Patrushev, can count as achievements the new bilateral Russian-Georgian "accords," the Georgian submission to Russia's demand to "observe" counter-terror operations in the Pankisi Gorge, and the creation of a new Russo-Belarusian "cooperation" protocol. Since Russian-Georgian relations over the past few years have been tense, the recent bilateral accords designed to counter "international terrorism," which followed closely on the heels of Georgian President Eduard Shevardnadze's acquiescence in the participation of (unarmed) Russian military observers in Pankisi Gorge operations, must be seen as a mitigated success at least. (ITAR-TASS, 8 Oct 02; BBC Monitoring, and AGENCE-FRANCE PRESSE, 23 Sep 02; via ISI Emerging Markets Database) It is mitigated because Patrushev and (presumably) President Putin have encouraged repeated attempts to remove Georgia's president. Patrushev took the opportunity during the signing of a new Russian-Belarusian security service cooperation protocol to refer sarcastically to Georgia's "cooperative spirit. The enthusiastic FSB director characterized the new cooperative relationship with the Belarusian KGB as "all-encompassing" and "producing good, practical results." He pointed out that with certain other partners, cooperation was more limited -- the obvious implication being the lack
of cooperation and results Russia allegedly has encountered in Georgia.  
(BELARUSIAN TV, 4 Oct 02; BBC Monitoring, via ISI Emerging Markets Database)

The FSB suffered two minor setbacks, however, in espionage cases that have drawn public attention. Krasnoyarsk physicist Valentin Danilov was freed from jail, after more than 19 months in prison. Danilov, who was accused of selling state space secrets to China -- that would allow China to test the effects of electromagnetic activity on satellites -- was freed when the central district court in Krasnoyarsk chose not to extend his term of detention. Danilov has not yet been tried after more than 2 1/2 years in prison; he plans to bring his case before the European Court of Human Rights. In such a forum, Danilov would be able to highlight the FSB's disgraceful investigation procedures and obtain a genuinely open and fair hearing in which to demonstrate that the information he provided was both previously unclassified and, indeed, had been published in journals.  
(MOSCOW TIMES, 30 Sep 02; via ISI Emerging Markets Database)

In an even higher-profile setback, the Russian Supreme Court ordered a new inquiry into the case of Igor Sutyagin. Accused of passing "state secrets" to the United States, Sutyagin was first arrested in October 1999. Sutyagin, for his part, admitted to providing a British firm with an analysis of Russian investment opportunities -- an analysis that he states was composed of publicly available, hence unclassified, information. The FSB alleges that the firm was a front for Western espionage and has not specified what "state secrets" were compromised.  
(AGENCE-FRANCE PRESSE, 2 Oct 02; via ISI Emerging Markets Database) Possibly Sutyagin's analysis concluded that investment in the Russian economy was risky due to excessive governmental graft and uncontrolled organized crime -- both items that the "state" wants to keep "secret." However, the FSB remains undeterred: Sutyagin remains in detention.
The most important, and least developed, game yet-to-be-played has American officials extremely concerned. As previously noted, the reported targeting of Russian nuclear experts by terrorist organizations (THE NIS OBSERVED, 5 Sep 02) now has drawn the FSB's attention. Despite a Russian defense ministry spokesman's arrogant assessment that it would be "impossible" for a terrorist to acquire a nuclear weapon from the Russian military arsenal, The Washington Times reports that American officials are concerned about the possibility that weapons-grade plutonium and other radioactive material could be acquired easily from the less-than-secure Russian civil nuclear installations. America's worries seem well founded if one considers that, since 1992, more than a dozen cases of theft of such materials have been reported in Russia. (MOSCOW TIMES, 9 Oct 02; via ISI Emerging Markets Database)

In the grand scheme of wins and losses, the FSB at least has held its own over the past year. It must "win the big one," however, by ensuring that the state's genuine secrets are kept secure. If nuclear material is allowed to pass into the hands of international terrorists because the FSB is busy playing espionage games with minor figures (such as Danilov and Sutyagin) on specious allegations, then one must ask to what ends Russia's special services were playing the game at all.

Russian Federation: Domestic Issues and Legislative Branch

By Kate Martin

Democracy, Russian-style

No one ever said that political campaigning is easy, but recent events in the Russian Federation have proved that getting on the ballot may be the simplest of all steps... while getting those ballots validated turns out to be the biggest
challenge. As members of parliament debated, and eventually passed, a proposed amendment that would ban nationwide referenda a year before presidential and parliamentary races (ITAR-TASS, 1559 GMT, 18 Sep 02; FBIS-SOV-2002-0918, and ITAR-TASS, 1314 GMT, 25 Sep 02; FBIS-SOV-2002-0925), many eyes were on the contemporary election scene - not so much concerning who may have won local and regional contests, but rather because of the manner in which the election commissions handled conflict.

None of the above
A shortage of voters apparently prompted one of the favorite candidates in the Nizhny Novgorod city election, State Duma Deputy Vadim Bulavinov, to call into action 150 taxicabs to bring voters to the polls, a move which in turn prompted the headquarters of another candidate, incumbent Mayor Yuri Lebedev, to send a protest to the local election commission. (ITAR-TASS, 1104 GMT, 15 Sep 02; FBIS-SOV-2002-0915, via World News Connection) However, possibly because of such shenanigans (as well as the not-so-mysterious disqualification of other candidates), voters made clear how little they cared for either Bulavinov or Lebedev: Over 70 percent of eligible voters stayed away from the first round of polling, and nearly one-third of those who voted chose the "Against Everyone" option. (ROSSIYSKAYA GAZETA, 20 Sep 02; FBIS-SOV-2002-0920, via World News Connection)

Although officials in the Kremlin feared that "Against Everyone" might defeat the two candidates in the second round (ITAR-TASS, 1049 GMT, 23 Sep 02; FBIS-SOV-2002-0923, via World News Connection), Bulavinov enjoyed an apparent victory in that polling, receiving about one percent more of the votes than Lebedev. Yet the results still needed to be confirmed by the city election commission - a move delayed by a court order, since rescinded, to freeze the ballots. Bulavinov's win was validated on 1 October. (ITAR-TASS, 1420 GMT, 30 Sep 02; FBIS-SOV-2002-0930, and ITAR-TASS, 1602 GMT, 1 Oct 02; FBIS-SOV-2002-1001, via World News Connection)
We have a winner... no, wait ... oh, okay

In Krasnoyarsk Kray, the race to fill the governor seat vacated by Aleksandr Lebed's death also was close, allowing for a power play by a not-usually powerful group in the region -- the Communist Party. Indeed, the Communist Party candidate did not make it into the second round, which became a contest between Aleksandr Khloponin and Aleksandr Uss, chairman of the local Legislative Assembly. Still, the communist candidate retained a bloc of supporters who made the difference in the election, and Khloponin was declared the winner. (ROSSIYSKAYA GAZETA, 24 Sep 02; FBIS-SOV-2002-0925, via World News Connection)

Still, the fat ladies were prevented from singing: The Krasnoyarsk Territorial Electoral Commission declared the elections invalid, purportedly due to candidates resorting to intimidation, bribery and deception of the electorate. Khloponin, the head of the Taimyr administration, demanded that the Central Election Commission (CEC) overrule the territorial commission's decision, warning that "everything will disintegrate" in the region if new elections are held. Apparently he convinced CEC chairman Aleksandr Veshnyakov, who described the local commission's decision as "illogical and improper." "The Central Election Commission has serious doubts about the legal propriety of the Krasnoyarsk Election Commission's ruling," he explained. (INTERFAX, 1121 GMT, 30 Sep 02; FBIS-SOV-2002-0930, via World News Connection) President Putin subsequently appointed Khloponin acting governor, until the regional commission validated the results.

There has been no word whether that decision contributed to the health woes of Krasnoyarsk commission chairman Anatoly Shishkov, who shortly thereafter suffered a heart attack and was hospitalized. (ITAR-TASS, 0902 GMT, 30 Sep 02; FBIS-SOV-2002-0930, via World News Connection)
In the end, Uss declared that the governor should be appointed, not elected, and that he was finished with trying, anyway. "For me, the elections ended last Monday [when the results were tallied]. I did all I could, and I have no new election plans," he said. Unlike his opponent, Uss did not support attacks on the local commission by local legislators, Duma deputies and national figures who "did not hold any documents in their hands, but nevertheless, [were] still making these comments." (INTERFAX, 0721 GMT, 30 Sep 02; FBIS-SOV-2002-0930, via World News Connection)

**United Russia idea unites opposition**

In addition to the confusion the election tomfoolery engendered, recent events also seemed to spur demands for nationwide electoral change. United Russia Party chairman Aleksandr Bespalov said that he supports election by popular vote. (ITAR-TASS, 1009 GMT, 6 Oct 02; FBIS-SOV-2002-1006, via World News Connection) Alas, another proposal from that party -- to raise the threshold of votes required for State Duma representation from 5 percent to 12.5 percent - was resoundingly rejected by the Kremlin. "[T]he radical proposals from the Unified Russia are simply unacceptable," presidential chief of staff Vladislav Surkov said, "Such initiatives should be discussed with all parliamentary parties, and only after this will it be possible to make any decisions." Surkov added that a slight increase, from 5 to 7 percent, "would positively affect the process of strengthening parties," but a more drastic increase was "simply unrealistic." (INTERFAX, 0845 GMT, 7 Oct 02; FBIS-SOV-2002-1007, and INTERFAX, 1345 GMT, 8 Oct 02; FBIS-SOV-2002-1008, via World News Connection)

The Kremlin was not alone in condemning the proposal. Gennady Seleznev, chairman of the Duma, characterized the initiative as "silly," and warned that such a move could mean a shift to a one-party system. "Evidently, that is what they want," he said, "If that happens, there would be one party in parliament and one party that would make up the cabinet and develop domestic and foreign policy." Seleznev's counterpart in the Federation Council, Sergei Mironov,
agreed. "[T]he law should never be changed in line with the current political situation, an individual political structure or a specific person," Mironov said.

(ITAR-TASS, 1108 GMT, 8 Oct 02; FBIS-SOV-2002-1008, via World News Connection) Apparently, opponents doubt the sincerity of United Russia's stated desire to improve the democratic system, since that party easily would clear the higher threshold.

MEDIA

A journalist's lot is never easy

Leaving aside the physical dangers that seem to confront journalists somewhat frequently in Russia, members of the media now must contend with other risks of a more legal variety. While President Putin's decree repealing Boris Yeltsin's grant of a permanent office to Radio Liberty (INTERFAX, 0836 GMT, 4 Oct 02; FBIS-SOV-2002-1004, via World News Connection) has yet to have much effect, other official actions might instill a more speedy chill on the media. Yuri Spirin, a reporter for Izvestia, was brought in for questioning in connection with his coverage of the kidnapping of LUKoil vice president Sergei Kukura; when Spirin refused to name his sources for the story without having a lawyer present, investigators from the prosecutor's office "told him that he may be accused of involvement in Kukura's abduction," according to a statement by the newspaper. (INTERFAX, 1714 GMT, 18 Sep 02; FBIS-SOV-2002-0918, via World News Connection)

The Izvestia reporter was not the only journalist being threatened, either. Following the publication of transcripts of illegally bugged telephone conversations between Union of Right Forces leader Boris Nemtsov and politicians from Russia and Belarus, prosecutor Mikhail Avdyukov warned that his office would investigate both the bugging and the media's coverage of it. "We will look for those who have illegally obtained information not intended for publication, and establish whether there are signs of a crime in the conduct of the mass media that distributed it," Avdyukov said at a press conference.
Nemtsov's support of such investigation, it must be noted, is not relevant, according to the prosecutor. "We hope for cooperation with people who might be affected by the incidents and intend to continue our work, irrespective of whether they will seek the assistance of the prosecutor's office," he explained.

Meanwhile, members of the recently established Industrial Committee of Mass Media elected ORT General Director Konstantin Ernst as president. Ernst declared the committee's aims were to "establish interaction between electronic and print media and advertisers," as well as with government agencies, to facilitate the media's development as an economic entity. (ROSSIYSKAYA GAZETA, 18 Sep 02; FBIS-SOV-2002-0919, via World News Connection) Ensuring freedom of the press was not listed as a priority.

One media heavyweight who won't be showing up for Industrial Committee meetings is Vladimir Gusinsky, who is likely to remain in Spain for the foreseeable future. Moscow's Tverskoy municipal court declined a request from Gusinsky's lawyers to have his arrest warrant dropped; prosecutors have charged the Media-Most owner with fraud and money laundering. (INTERFAX, 0809 GMT, 27 Sep 02; FBIS-SOV-2002-0927, via World News Connection) The case against Gusinsky isn't causing problems only for the oligarch, either: Boris Jordan, the general director of Gazprom-Media, which holds much of the stock in what were Gusinsky's outlets, had announced plans to liquidate the media assets by the end of the year. There's just one problem: The assets that used to belong to Gusinsky remain untouchable. "When Gazprom recalled its suit against Media-MOST, we expected that these assets would be unfrozen, but this has not happened," Jordan explained. (INTERFAX, 1248 GMT, 3 Sep 02; FBIS-SOV-2002-0903, via World News Connection)
Interested parties

While Russia remains opposed to America's policy regarding Iraq, Moscow has begun fleshing out its concerns, both economic and political. One thread spun by the leadership (especially by the foreign and defense ministers) has to do with the perceived political implications of America's proposed activity -- particularly that it will reinforce American hegemony both in the region and the world as a whole. Much of the Russian political elite objects to any American presence in Georgia and promotes a foreign policy that counters American political gains since the fall of the Soviet Union. This element is supported by the Russian business elite, which has benefited immensely from a cozy relationship with the government, and particularly the defense and oil industries that are interested in checking the potential advance of Western companies into what is now a protected market. The arms industry is especially keen to see an end to the sanctions regime so that Russia can resume (openly) supplying the Iraqi armed forces.

Yevgeny Yagupets, head of the Council for Information and Cooperation in the Fuel and Energy Sector, gave voice to the concerns of the economic bloc at a press conference on 10 October: "Everything will have to be started from scratch after the war in Iraq. Major Western oil companies will go to Iraq. Then everything will be decided in competitive rivalry." Yagupets continued that, in his opinion, Russian oil companies will hardly be able to compete with major international oil corporations. "The Iraqi market is almost the last one in the world where Russian equipment can be sold. Russian engineering is uncompetitive in stiff rivalry with Western companies with their ample financial possibilities." (INTERFAX, 10 Oct 02; FBIS-SOV-2002-1010, via World News Connection)

Russian Defense Minister Sergey Ivanov expressed the political aspects in an interview with Warsaw's Rzeczpospolita published on 25 September.
Unconcerned with a possible threat from Iraq, Ivanov pointed the finger at the danger Moscow perceives. "What disturbs me as defense minister far more [than the situation in Iraq]," Ivanov said, "is the situation on the Russian-Georgian border. A direct terrorist campaign against my country is being waged from the Georgian territory." He continued to allege that the Georgian government had become ineffective in stemming "international terrorism" and claimed that "some members of these authorities have direct links to terrorists."

As to the Baghdad situation, Ivanov then summarized the best scenario for resolution as far as Russia is concerned. "I am convinced that, if the Iraqi authorities provide freedom of action for efforts to search for mass destruction weapons and technologies needed for making such weapons, I think that several months of work will be more than enough to get a final result. It may also be discovered, and everyone tends to ignore such a possibility, that such weapons are not to be found there." (RZECZPOSPOLITA, 25 Sep 02; FBIS-SOV-2002-0925, via World News Connection)

Russia continues to push for speedy deployment (and then withdrawal) of the U.N. arms inspectors. Deputy Foreign Minister Yuri Fedotov expressed concern on 9 October about what Moscow characterizes as "foot-dragging." "The quick arrival of U.N. experts in Iraq will give an opportunity to lift suspicions and accusations that have been recently voiced against that country," he said. (ITAR-TASS, 10 Oct 02; FBIS-SOV-2002-1010, via World News Connection) His concern is not Iraq's reputation, rather the lifting of the sanctions regime. Fedotov said on 8 October that at Russia's initiative a provision was entered into a draft French resolution linking the resumption of international inspections in Iraq with the suspension and speedy cancellation of sanctions against Baghdad. (INTERFAX, 8 Oct 02; FBIS-SOV-2002-1008, via World News Connection)

In the face of putative unilateral US measures against Baghdad, Russia is insisting that any and all action be approved by the U.N. Security Council, one of
the least likely ways of resolving anything. As Special Envoy Aleksandr Kalugin, who deals with the Iraqi issue at the Russian foreign ministry, said in an interview on 9 October, "Russia now is conducting diplomatic contacts with Baghdad, seeking ways of reaching a speedy settlement of the Iraqi problem." (ITAR-TASS, 9 Oct 02; FBIS-SOV-2002-1009, via World News Connection) A "speedy settlement" certainly won't come through the U.N. Security Council. Russia's dissent (along with that of France and China) from the American and British draft will see to that.

Russian Federation: Armed Forces

By Steve Kwast and Dan Rozelle

Russia continues to fuel an arms race

Moscow's accelerated sale of military equipment to India and China has created concern about the possible consequences of those sales in the region. (See THE NIS OBSERVED, 11 Sep 02) This year alone, Moscow has sold $4.7 billion worth of equipment to China, including 2 destroyers, 28 Su-30MKK fighter aircraft, 8 submarines, and an RIF antiaircraft missile system. Military sales to India are just as staggering and include much of the same hardware. (VEDOMOSTI, 17 Sep 02; via ISI Defense and Security Database) This push by Moscow to sell military equipment fuels the mutual suspicion between China and India and creates an arms race, with each country scrambling to out-buy the other. Events of the last few weeks illustrate this point.

In late September Russia began building the first of eight Kilo-class submarines for Beijing. (INTERFAX, 26 Sep 02; via lexis-nexis) After the announcement of this sale, India decided to upgrade 3 of its 10 older Russian-built Kilo-class submarines to add the same capability as the newer submarines being built for China. These upgrades include the new Klub-S cruise missile with laser-targeting warheads able to hit targets in the water and on the coast at a distance of 220
km. Also included are new acoustic dampening and navigation systems that make them virtually undetectable to most militaries around the world (including Pakistan and Taiwan). These upgrades will make the Kilo-class one of the world's quietest diesel submarines. (PRIME-TASS, 1200 GMT, 20 Sep 02; via lexis-nexis)

Additionally, India will begin leasing two Akula-class (Type 971) nuclear-powered submarines (SSNs) from Russia in 2004 to rival China's growing "military existence" in the Indian Ocean and the Bay of Bengal. The two SSNs are expected to join the Indian Navy in 2004; the rental contract will cover five years until India's self-built SSN (Advanced Technology Vessel) enters into service. (JANE'S DEFENCE WEEKLY, 2 Jul 02)

The same arms race dynamic exists with Air Force equipment. On 27 September, the first squadron of Russian-made Su-30MKI fighters was commissioned at the Lohegaon base near the town of Pune, Maharashtra State, India. In all, Moscow will supply India with 40 Su-30MKI fighters over the next few months. (GAZETA, 1321 GMT, 27 Sep 02; WPS Defense and Security, via ISI Emerging Markets Database) China is responding in kind with an announcement that it will use Russian technology transfers to build new Su-30 fighters in the very near future. China already has in its inventory 250 Su-27 fighters supplied by Russia.

This phenomenon of "tit for tat" purchase of Russian military equipment is not just limited to air and naval forces. Army equipment comprises the majority of hardware purchased by each buyer. (GLOBAL NEWS WIRE, 24 Sep 02; via lexis-nexis) Moscow seems happy to encourage and fuel this arms race. It puts money in its coffers to help fund the much-needed military reform. Russia doesn't seem to care about the impact these sales have on the region's stability.
Will Russia be party to an invasion?
An interesting common denominator is emerging as China and India continue to climb the arms race ladder of military capability. It appears that China is buying systems and hardware which are directly applicable to an invasion of Taiwan. The military logistics of crossing a 100-mile channel, establishing air superiority, and conducting an amphibious landing, require very specific capabilities in land, sea and air forces -- capabilities that China is collecting from Russia through direct sales, technology transfers and creative engineering adaptations.

At a seminar on defense technology development, Shih Kuo-chiang, dean of the Taiwan Air Force College of National Defense University, said mainland China is developing a J-10 jet fighter that incorporates both Russian and Chinese technologies. These fighters are expected to surpass the capabilities of the US-built F-16 fighter. Taiwan currently has 150 F-16 fighters. Shih said he expects that China, with development of the Russian Su-30 and J-10 fighter, will overtake Taiwan in aerial combat capabilities by 2010. (GLOBAL NEWS WIRE, 24 Sep 02; via lexis-nexis)

Likewise, the Kilo-class submarine with its enhanced "silent running" capabilities and new Klub-S cruise missile with laser-targeting warheads are crucial to protecting an amphibious crossing of the Taiwan straits; they are perfectly suited for such an attack. The submarine threat cannot be overstated. Taiwan has no capability to detect these submarines. Even the US Navy has a hard time detecting these Kilo-class submarines and would not be able to operate in the area without a full armada of US naval power in close vicinity. Setting up such an operation would take quite a few days, if not weeks.

Additionally, with some very simple modifications made by the Chinese engineers, the armored personnel carriers being purchased from Russia have the capability to cross the Taiwan straits. China also is using Russian direct sales and technology transfers to enhance its surveillance of the straits with aerostat-
borne maritime patrol radar capable of detecting anything floating on the water’s surface. (JANE’S DEFENCE WEEKLY, 30 Aug 02) These recent sales could enhance China’s capability to invade Taiwan so rapidly that the US would be unable to react in time.

Even if China’s military purchases from Russia are not a buildup to an invasion, it is worth keeping an eye on this exponential increase in combat capability. Washington also might consider re-evaluating its 1982 communiqué that promised Beijing a reduction in US arms sales to Taiwan. That promise was predicated on Beijing not tipping the military balance across the straits in its favor, seeking instead a peaceful resolution to its dispute with Taiwan. (CENTRAL NEWS AGENCY, 24 Sep 02; via lexis-nexis) The military balance already has been tipped in Beijing’s favor and is moving quickly toward overwhelming military dominance.

**CFE Treaty set as condition for NATO expansion**

NATO expansion will happen next month and there is nothing Russia can do to stop it. Ten countries from the sphere of the former Soviet Union will be considered for membership when NATO leaders gather for the November summit in Prague. Lithuania, Estonia and Latvia as well as Slovenia and Slovakia likely will be issued invitations to join the alliance. (THE WASHINGTON POST, 26 Sep 02; via lexis-nexis) Almost as certain will be an offer of membership for Romania and Bulgaria. Only Croatia, Albania and Macedonia are likely to have their membership postponed. [THE DAILY TELEGRAPH (LONDON), 27 Sep 02; via lexis-nexis]

Previously resistant to any expansion of the alliance, Russia officially has ceased its opposition. Two factors are behind this new policy. First and foremost was the increased emphasis that the United States placed on NATO expansion after the 11 September 2001 terrorist attacks. With the United States pushing more aggressively for new allies and the former Soviet states openly pursuing the
security and benefits that NATO membership engenders, it was clear that, for Russia, opposition would be a lost cause. Second was the May 2002 creation of the NATO "Twenty" or the more appropriate NATO "19 plus 1." This new NATO-Russia council has provided Russia a venue to voice its concerns and be included in the consideration of NATO security issues (THE WASHINGTON POST, 26 Sep 02; via lexis-nexis) -- recognition and status Moscow has long sought.

However, if as President Putin states, the official stance of the Russian government is now to allow any country to join any security alliance it chooses, (THE WASHINGTON POST, 7 Oct 02; via lexis-nexis) then its unofficial policy certainly has been to make it as difficult as possible for the countries involved, especially the Baltic states. Russia has recently aired a number of grievances with the Baltic states, nearly all of which are designed to interfere with acceptance into NATO. (See THE NIS OBSERVED, 25 Sep 02) Chief among Russia's many demands is that Estonia, Latvia and Lithuania sign the Treaty on Conventional Forces in Europe (CFE).

Negotiated to impose ceilings on the deployment of conventional arms, including tanks, armored vehicles, warplanes and artillery, the CFE was originally signed by the Soviet Union before the Baltic states achieved independence. In 1999 the treaty was revised to reflect the current geo-political face of Europe after the breakup of the Soviet Union. (AGENCE-FRANCE PRESSE, 30 Sep 02; via lexis-nexis) Few European countries, though, have signed the revised treaty. Specific within the treaty are restriction on Russia's weapons in the regions bordering European countries and the Black Sea. Although Russia has stated its compliance with the treaty, a number of NATO countries insist on verifying Russian actions and refuse to sign until allowed to do so. (NOVYE IZVESTIA, 2 Oct 02; What the Papers Say, via ISI Defense and Security Database) It is interesting to note that, even as Moscow continues to insist that the three Baltic
countries sign the treaty before joining NATO, Russia itself has yet to ratify the agreement.

Lacking the moral high ground of treaty ratification has not stopped Russian demands that other states accede to the CFE. Russian Deputy Foreign Minister Yevgeny Gusarov has been the most vocal, saying, "In these circumstances, Moscow expects from NATO members and the countries seeking an invitation to the alliance a clear and unambiguous statement on the observation of restraint measures under the NATO-Russia Founding Act and the signing of the adapted Conventional Armed Forces in Europe Treaty (CFE) -- the cornerstone of European security." (INTERFAX, 0724 GMT, 3 Oct 02; via lexis-nexis) Also joining in with less-diplomatic language was Russian Defense Minister Sergei Ivanov. "...Russia has taken on commitments to restrict its military presence in northwestern Europe," Ivanov said. "If, however, the Baltic states do not sign this treaty, and if they refuse to take on similar obligations after joining NATO, it would be stupid and laughable for Russia not to react to this." (RFE/RL BALTIC STATES REPORT, 2 Oct 02)

Perhaps knowing there is little the Russians can do besides protest loudly, NATO thus far has rejected Moscow's demands that candidate countries accede to the CFE treaty before joining NATO. US Secretary of Defense Donald Rumsfeld dismissed Russia's argument, saying that there was no linkage between NATO expansion and the CFE treaty and that no other alliance members agreed with the Russian's view regarding the treaty. (RFE/RL BALTIC STATES REPORT, 8 Oct 02)

Newly Independent States: Western Region

By Nadja Kinsky

UKRAINE
The media are the message
As protests continue all over Ukraine in opposition to President Kuchma, and he pays little heed to the calls for his resignation (or, more recently, for his imprisonment, after the "people's tribunal" held on 12 October), attention ought to be paid to the organs of communication and analysis during this political crisis -- the media.

Journalists' grievances about media censorship and the dangers of their profession in Ukraine are well known, not least because of the continued controversy surrounding the Gongadze case. (Ukrainian authorities now have been charged before the European Court with human rights violations in connection with the journalist's murder.) At the beginning of this month, journalists of the UNIAN News Agency voiced such grievances officially and collectively in an open letter to President Kuchma. On 1 October, these journalists issued their first statement protesting against "fierce pressure" and claiming that persons "representing the political interests of the authorities -- in particular, those of the administration of the president of Ukraine -- are interfering with journalistic matters at the agency." (RADIO KONTINENT, 1 Oct 02; BBC Monitoring, via ISI Emerging Markets Database) Specifically, the dispute concerned the recently appointed executive director, Vasyl Yuvychenko (formerly editor of the pro-presidential paper Prezydenskiy Visnik), whose editorial policies reportedly include cutting stories related to the opposition; introducing bias, particularly in protest-related stories; and even threatening to dismiss journalists. The Ukrainian Mass Media Institute, the Kyiv-based branch of Reporters Without Borders, backed the journalists, (UNIAN, 2 Oct 02; BBC Monitoring, via ISI Emerging Markets Database) The statement of 1 October warned that the journalists would go on strike if "the situation does not change and if the authorities continue to interfere grossly with UNIAN's editorial policy."

After no response had come from official circles, a second letter invited other journalists to sign the statement which concluded that "We believe that the policy
Yuvychenko is trying to carry out violates our right to cover events in Ukraine and the right of our readers -- Ukrainian citizens -- to receive information."
(UKRAYINSKA PRAVDA, 2 Oct 02; BBC Monitoring, via ISI Emerging Markets Database) The sought-after support was promptly given, with a group of journalists gathering outside the UNIAN offices. This move pricked up some ears: The head of the Ukrainian freedom of speech committee, MP Mykola Tomenko, addressed an open letter to President Kuchma, declaring the recently established Department of Information Policy unconstitutional and laying the blame for media manipulation at the doors of the United Social Democratic Party (USDPU) and its leader, Viktor Medchevuk. He called on the president to intervene and stop government meddling in the media -- in vain. (HOLOS UKRAYINY, 3 Oct 02; BBC Monitoring, via ISI Emerging Markets Database)
Medchevuk, who also heads the presidential administration, denied the charges, claiming that the accusations were too vague to verify. (INTERFAX, 5 Oct 02; FBIS-SOV-2002-1005, via World News Connection) By the time Kuchma reacted (having returned from the CIS summit in Chisinau), the UNIAN dispute had been glossed over with a "conciliatory statement" ascertaining that "both sides say that political censorship is inadmissible." (UNIAN, 4 Oct 02; BBC Monitoring, via ISI Emerging Markets Database) Largely disregarding the greater context of the conflict, Kuchma declared it a quite normal labor dispute prone to occur in any company coming to terms with new management.

Now it seems that the journalists are uniting to work together for their professional integrity and ability to work. On 5 October, a new journalists' union working group was formed to tackle issues of censorship through direct talks with the government and to provide legal and financial help to journalists in need due to government pressure. (RFE/RL NEWSLINE, 7 Oct 02)

As crisis and scandals chase each other in the political arena in Ukraine, the media are playing -- or, in many cases, trying to play -- an indispensable role. It is a sad indictment already that the Reporters Without Borders media report on
Ukraine for the year 2001 reads "violence against the press got worse despite pressure from the Council of Europe." (WWW.RSF.ORG) The verdict for 2002 likely will not sound very different, as journalists continue against rising odds to battle for the freedom to report freely and critically while the country continues to be steeped in political crisis and controversy.

BELARUS

Not everyone is happy in Belarus

In and around Belarus, protests against the regime are growing, while Belarus appears to be gliding closer to union plans with Russia -- especially on the economic side, with a single currency planned for January 2004. Among the population, the enthusiasm for the government and its plans for the Belarusian future doesn't seem to be as great as the officials would like to have it, though. For close to a month, vendors have been striking in protest to new cash register and taxation laws, and opposition demonstrations are breaking out against Alyaksandr Lukashenka again -- bringing harsh reactions from the authorities. Protesters, including the leader and other members of the center-right Belarusian Popular Front, were sentenced to three days of "administrative arrest" for their participation in an unauthorized anti-government protest, (INTERFAX, 1 Oct 02; FBIS-SOV-2002-1001, via World News Connection) while abroad, opposition to Belarusian practices has swelled up again quite vociferously in the wake of September's journalist trial and the worsening relations with the OSCE.

A controversial issue that highlighted the degree of governmental repression in Belarus came to the fore in the form of religious freedom. On 2 October parliament passed a new law, "on the freedom of religion" -- a somewhat dubious term for legislation that aroused the anger and protest of many minority religions in Belarus and human rights watch groups across the world. On 4 October, seven minority religion groups called on President Lukashenka not to sign the bill, stating that they believe it goes against international law and undermines the rights of religious organizations in Belarus. The leaders of the minority religion
groups highlighted their alarm at the failure of many religious chapters to obtain government registration and other indictments of official religious censorship. (INTERFAX, 4 Oct 02; FBIS-SOV-2002-1004, via World News Connection)

Challenged on the issue by the Ukrainian patriarch, Lukashenka declared that "there is no aggression or threat to other confessions but a substantial role assigned to our traditional confessions, which have played an important role in our state's culture," (BELARUSIAN TV, 9 Oct 02; BBC Monitoring, via ISI Emerging Markets Database) and that he sees no reason not to ratify the bill.

Under such circumstances it is unlikely that Lukashenka, upset at PACE's resolution not to grant Belarus entry into the Council of Europe or restore its specially invited status, (INTERFAX, 27 Sep 02; FBIS-SOV-2002-0927, via World News Connection) will be hearing more positive statements out of the OSCE any time soon.

**MOLDOVA**

**The trains (or, some trains) have left the station**

While it had been widely assumed that Russia would not manage to withdraw its troops and arms from the Transdniestr region by the deadline set at the Istanbul OSCE meeting, Russian trains loaded with ammunition began to leave Transdniestr on 1 October. The trains are due to leave at a rate of one every three days -- a schedule that would mean that the deadline could just be met. The Transdniestr government agreed to the withdrawals once Russian authorities wrote off $100 million of the breakaway republic's $400 million Gazprom debt. However, delays began by the time the fourth train was due to leave; with continued opposition and threat of violence to the withdrawals from within the region, it is still uncertain whether Russia will manage to meet the deadline after all.
Although officially the withdrawal thus is not to be stalled from within the region, there is nevertheless the feeling of implied betrayal by the Russians. Citing a high-ranking Transdniestr official's reasoning that "nature abhors a vacuum," the Russian daily Rossiyskaya gazeta even declared that Transdniestr would now be "looking for a new patron," suggesting Ukraine as a potential source of support. (ROSSIYSKAYA GAZETA, 9 Oct 02; FBIS-SOV-2002-1009, via World News Connection)

In the meantime, Moldova is continuing to eye the EU and remains keenly aware of the NATO borders moving closer with the anticipated accession of Romania to the alliance. Despite a declared willingness to join the Russian-led Eurasian Economic Community, the authorities repeatedly have reiterated Moldova's desire to move closer to the EU and to set and then meet its accession requirements. (PRAVO, 3 Oct 02; FBIS-SOV-2002-1010, via World News Connection, and BBC MONITORING, 10 Oct 02; via lexis-nexis) Moving toward a solution to the Transdniestr issue certainly would be a good path to take, and Russian withdrawal is an important step -- factually and psychologically -- in that direction.

How far is Moscow willing to distance itself from the region, however? On 11 October, the Russian Duma voted (by a great majority) in favor of asking Prime Minister Mikhail Kasyanov to establish a consulate in Tiraspol. The Moldovan press interpreted this move, which had previously been avoided, as implying the recognition of statehood for the breakaway region. (BASAPRESS NEWS AGENCY, 11 Oct 02; BBC Monitoring, via ISI Emerging Markets Database) As yet, there has been no official Moldovan response to the vote -- and the initial verdict in the press on this harsh move just may be overrating its importance. The goal of improving Moldova's image abroad has been voiced frequently recently - and a resolution to the Transdniester issue can only help achieve such a goal.
Newly Independent States: Caucasus

By Tammy Lynch

CHECHNYA

Sultygov starts talks with Chechen parliament

According to a well-informed journalist, Ilyas Maksakov, substantive talks between the Russian administration and the Chechen government have begun. Abdul-Khakim Sultygov, the president's representative for human rights, met with 14 deputies of the Chechen parliament that was elected in 1997. The meeting was held in the village of Znamenskoye in Chechnya and lasted three and a half hours. An observer from the Council of Europe was present as a witness to the participation of the Chechen parliamentarians. A wide spectrum of issues was discussed, ranging from the human rights situation to a path for political regulation. It was decided that the group would meet regularly. It also was agreed that a constitution must be adopted by national referendum. The parties also decided that a document of "social accord" should be worked out and included as part of the discussion of the constitution. However, some of the deputies were arrested by local police and it took Sultygov's intervention to secure their release. (NEZAVISIMAYA GAZETA, 16 Oct 02)

Putin favors military rule in Chechnya

It seems that Putin has chosen the military over other security services and over the presidentially appointed administration for Chechnya. (see THE NIS OBSERVED, 11 Sep 02, on the rivalry between the Chechen MVD and the military) Putin signed a decree on 8 October that makes the decisions of the military commandants binding for the civilian authorities of the republic, Nezavisimaya gazeta reported on 9 October, citing sources on the General Staff and Sergei Kizun, the military commandant for Chechnya. According to the article, this decision was the result of lobbying by General Staff Chairman
Anatoly Kvashnin, who toured Chechnya on 10 September. The General Staff is expected to draft a directive about the new status of the commandants.

Forces from all ministries (including MVD and FSB) will be subordinate to the local military commandant, who will report to the commander of the United Group of Forces. As was the case at the start of the campaign three years ago, the military is recognized as the leading structure among the security services working in Chechnya. Moreover, the decree officially places military commandants ahead of the civilian administration and gives them control over the financial flows from Moscow to Chechnya.

**War spreads to Ingushetia**

Russian military carried out artillery and aerial bombardment of mountain areas near the village of Galashki in Ingushetia. The possibility of similar actions in Daghestan is also being mooted. Galashki was the site of two weeks of fighting, apparently against Ruslan Gelaev's unit of 150 men which allegedly made its way from Georgia to Galashki and from there to Bamut, in Chechnya.

There are conflicting reports about where and how the group of fighters crossed the Russian-Georgian border. Sources in MVD of Ingushetia maintain that it was not on the Georgia-Ingush section but on the Georgia-North Ossetia section of the border. (NEZAVISIMAYA GAZETA, 10 Oct 02) This is possible since the Ossetian section is not monitored by the OSCE whereas the Ingush and Chechen sections are monitored. Regardless of where the Chechens crossed the border, they would still encounter dozens of military checkpoints on their way to Galashki. The obvious ways to cross a checkpoint are to pay a bribe or to show authorization papers. Some reports even suggest that Gelaev and his men were airlifted to Ingushetia by a Russian military helicopter. (THE CENTRAL ASIA-CAUCASUS ANALYST, 9 Oct 02)
This latest incident gives rise to new rumors that Gelaev may be working for GRU, or another Russian security service. In addition to Shamil Basaev, Gelaev was another member of the "Abkhaz Battalion" -- a unit composed of Chechens that fought on the side of the Abkhaz against Georgia in the early 1990s -- which is widely considered to have been a GRU operation. In 2000 Gelaev and a small group of associates made a remarkable retreat after being surrounded in the village of Komsomolskoye, where most of his unit (roughly 800 men) perished. This fed suspicions that Gelaev had "krysha" from a security service.

A very knowledgeable journalist, Nabi Abdullaev, asks similar questions in a 2 October article in the Moscow Times. According to Abdullaev, Chechens who know Gelaev, "call him a sharp, independent-minded man with simple ways. They expressed doubt that he works hand in hand with Russian forces, but said perhaps he is unwittingly being manipulated by the secret services."

Noting the odd timing of Gelaev's adventures, Abdullaev writes that "Last month Gelaev ordered 150 of his fighters to move into Ingushetia, precisely when Moscow needed fresh evidence of Chechen rebels crossing into Russia from Georgia's Pankisi Gorge to justify threatened strikes."

Last year Gelaev's outing from Georgia's Pankisi Gorge to the Kodori Gorge bordering Abkhazia coincided precisely with the start of the US war against the Taliban (on 7 October 2001) and gave Russian spokesmen the excuse to start accusing Georgia of sponsoring Chechen units. The latest outing also seems to benefit no one as much as the Russian General Staff, which has used the incident to broaden the theater of operations and increase its standing vis-à-vis the other services.

The strangest count
According to Chechnya's Prime Minister Stanislav Il'yasov, the census is over only days after it began. The task required 8,000 MVD officers to guard an equal
number of census takers. Obviously taking a census was highly problematic. (NEZAVISIMAYA GAZETA, 10 Oct 02) Still, even a seasoned observer could not guess at the level of cynicism achieved.

Census takers reported that there are 1,088,816 persons living in Chechnya. This would mean that the Chechen population (estimated at 350,000 in the fall of 1999) had nearly quadrupled during the war. (IZVESTIA PRESS DIGEST, 15 Oct 02; via ISI Emerging Markets Database) At the time of the 1989 census, there were 735,000 Chechens living in the (then) Chechen-Ingush Republic. At present there are no official estimates of the number of Chechen civilians who perished in the first war. It's also not clear how many of those who became refugees during the first war ever returned to Chechnya. The Danish Refugee Council puts the population of Chechnya at 674,000 at the beginning of 2002 -- which seems higher than most observers would estimate. [HUMAN RIGHTS IN RUSSIAN REGIONS (Moscow: Moscow Helsinki Group, 2002)] The most reliable data are for the current refugee population which has been counted by the international humanitarian agencies working in the refugee camps. In Ingushetia they number roughly 200,000 and in Georgia roughly 4,000. It is unfortunate that the census has not clarified the situation.

GEORGIA

When the US and Europe speak, Putin listens

After a meeting with Putin on the sidelines of the CIS summit on 6 October in Chisinau, Georgian President Eduard Shevardnadze briefed reporters about the agreements the two presidents had reached. First, the border with Ingushetia, Chechnya, and possibly Daghestan are "to be guarded with the involvement of monitors. I would not rule out, or rather, we have agreed that there will be joint patrolling." Second, there will be "cooperation" between the security services to develop a "plan of action" against the possibility of bandit groups again appearing in the gorge. In return Putin ordered that work on the Russian-Georgian treaty be resumed and promised not to levy any economic sanctions on Georgia.
It seems that Putin has yielded on Russia’s key demand: that its services be permitted to carry out operations on Georgian soil. Shevardnadze promised joint patrolling of the border and joint development of plans for the gorge -- he did not permit Russian forces to operate in Georgia. Shevardnadze also promised to deliver to Russia the eight Chechen fighters who were arrested in August (five others were extradited to Russia last week). However, the European Court for Human Rights appealed to the Georgian courts to delay the extradition until 14 October. The European Court noted that the suspects have to be positively identified by Russia to be extradited, while the lawyer for the suspects argues that they will not receive a fair trial in Russia. (KAVKASIA PRESS, 1115 GMT, 7 Oct 02; FBIS-SOV-2002-1007, via World News Connection)

The court's message is the latest in a series of European admonitions against Russian belligerence in Georgia. The September session of the Parliamentary Assembly of the Council of Europe (PACE) demanded that Russia not only refrain from violating Georgian territorial integrity but also complete the withdrawal of military bases from Georgian territory. (WWW.STARS.COE.FR)

At the 25 September session, the parliamentarians voted a text that calls on Russia:

i. to refrain from any action or declarations, which might interfere in the internal affairs of Georgia or violate the sovereignty and the territorial integrity of Georgia, in particular from launching any military action on Georgian territory as expressed by the President of the Russian Federation on 11 September 2002;

ii. to refrain from any unilateral measures affecting Georgia and its citizens, in particular as regards Abkhazia and South Ossetia, without prior discussion with
and the agreement of the Georgian authorities, including in the fields of economic assistance and the freedom of movement of persons and goods, in particular with respect to visas, customs and passport issues;

iii. to intensify the dialogue both at governmental and parliamentary levels with Georgia; [and]

iv. to remove their military bases in Georgia as soon as possible in accordance with the agreement reached with Georgia.

On the following day, deputy chief of the US Mission to the Organization for Security and Cooperation in Europe, Douglas Davidson, delivered a similar message to the OSCE Permanent Council in Vienna:

The United States takes strong exception to President Putin's much publicized September 11 statement threatening unilateral action against Chechen fighters and international terrorists in Georgia's Pankisi Gorge, should Georgia not take more active measures against these fighters. The US responded immediately to this statement both through public declarations and high-level diplomatic channels, stating our unequivocal opposition to any unilateral Russian military action inside Georgian territory.

... We have strongly urged Georgia to regain full control of the Pankisi Gorge region, where we too believe there are third-country terrorists with links to al-Qaeda. ...

We fully support the continuing efforts of the Georgian authorities to clear the Chechen and other fighters from the area. To this end, we are working with the Georgian military, border guards, and law enforcement agencies to enhance Georgia's capacity to provide effective border controls and internal security.

(DAVIDSON STATEMENT TO OSCE PERMANENT COUNCIL (460), 26 Sep 02; via www.usinfo.state.gov)
Clearly, European and US condemnation of Putin's bellicose stance seems to have prompted him to back down. Should he ratchet up the rhetoric again, will it again take the West weeks to express its opposition?

Newly Independent States: Central Asia
By David Montgomery

The economic relations of war
The greater attention given to Central Asia by Western countries in the past year has been portrayed by Russian and Iranian skeptics as an exercise of capitalistic hegemony, with the war on terrorism being depicted as an excuse for using military force to bolster the interests of American and European governments and oil companies. While the reality of the allied forces campaign in Central Asia is more complex, one cannot downplay the role economics play in the region.

A recent commentary by S. Sadeghi in the Tehran Iran Daily constitutes just one example of attempts to portray US efforts against Iraq as merely an attempt to set the economic agenda for the world in terms that favor the West. (TEHRAN IRAN DAILY, 9 Oct 02; FBIS-NES-2002-1009, via World News Connection)

While the US presence has an economic component - the US is expected to give Kyrgyzstan $92 million in aid, a significant increase from prior years that is regarded as a reward for Kyrgyzstan's assistance in the campaign against terrorism (ITAR-TASS, 0934 GMT, 1 Oct 02; FBIS-SOV-2002-1001, via World News Connection) - many of the key economic factors include complex relationships and agreements between all of the Central Asian countries. (For more information on Russian and Kyrgyzstan interests to revive arms trade, see THE NIS OBSERVED, 11 Sep 02; on oil relations in the region, see THE NIS OBSERVED, 24 Jul 02)
Meetings and discussions over the past few weeks have highlighted the post-11 September level of Western commitment to the region, with local leaders capitalizing on what they see as Central Asia's future prominence in the world. The positive side includes deals of oil and gas and closer relations in the private sector. But there is also a continued sense of urgency concerning the need to address the issues of a population in poverty and an environment in disrepair.

Recently, a consultative group of international donor organizations met in Bishkek, Kyrgyzstan to discuss the macroeconomic situation in that country. While the usual participants came - representatives of the International Monetary Fund (IMF), World Bank, Asian Development Bank, European Bank for Reconstruction and Development (EBRD), etc. - this was the first time such a meeting has taken place in a developing country; usually, such meetings are hosted in Paris or Tokyo. And while the overall picture painted by these participants was challenging - 48 percent of the Kyrgyz population lives below the poverty line and President Askan Akaev acknowledged that "foreign debt has reached 125 percent of [Kyrgyzstan's] GDP" - the very fact that the meeting took place in Bishkek emphasizes global interest in the region. (THE TIMES OF CENTRAL ASIA, 10 Oct 02; via www.times.kg)

In addition to the concerted involvement of donor organizations in the region, business is being encouraged both internally and externally. On 5 October, Central Asian leaders met in Dushanbe, Tajikistan to discuss greater regional economic integration. (ITAR-TASS, 0842 GMT, 5 Oct 02; FBIS-SOV-2002-1005, via World News Connection) Two days earlier, Kazakh Foreign Minister Kasymzhomart Tokaev and Larry Napper, current US Ambassador to Kazakhstan, announced plans to implement the Houston Initiative, which, according to Tokaev, would "bring the private sectors in both countries closer, increase the competitiveness of the business sector of the republic, and also increase joint production and sales on the world markets." (INTERFAX, 1054 GMT, 3 Oct 02; FBIS-SOV-2002-1003, via World News Connection)
deals continue to be made, ranging from the intensification of joint ventures such as Tengizchevroil and KazMunaiGaz, to the negotiation of long-term energy arrangements, to the continued development of the Caspian shelf. (INTERFAX, 1811 GMT, 3 Oct 02; FBIS-SOV-2002-1003, INTERFAX, 1041 GMT, 1 Oct 02; FBIS-SOV-2002-1001, and INTERFAX, 1428 GMT, 1 Oct 02; FBIS-SOV-2002-1001; ITAR-TASS, 1356 GMT, 2 Oct 02; FBIS-SOV-2002-1002, via World News Connection)

Though fossil fuels continue to constitute the most glamorous and lucrative Kazakh, Turkmen and Uzbek exports, agriculture remains significant not only as a means of feeding the population, but also in terms of export. Cotton, for example, accounts for 25 percent of the foreign currency revenue of Uzbekistan’s state budget; the success of the harvest can be seen as the factor that makes or breaks the budget. (ITAR-TASS, 1300 GMT, 5 Oct 02; FBIS-SOV-2002-1005, via World News Connection) (The significance of cotton harvest is reflected by the fact that schools suspend session during harvesting season so children can assist in the harvest.) Tajikistan’s $150 million foreign debt in the farming sector is attributed primarily to low cotton yields. (INTERFAX, 1101 GMT, 8 Oct 02; FBIS-SOV-2002-1008, and ITAR-TASS, 1651 GMT, 7 Oct 02; FBIS-SOV-2002-1007, via World News Connection)

Cotton, of course, relates directly to the environmental problems and concerns for the Aral Sea. Efforts to prevent continued shallowing of the sea remain topics for negotiation at regional meetings such as the recent gathering of Central Asian leaders in Dushanbe. (ITAR-TASS, 1444 GMT, 6 Oct 02; FBIS-SOV-2002-1006, via World News Connection) There have been talks also between Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan concerning the establishment of a water and energy consortium by 2005, (INTERFAX, 0552 GMT, 20 Sep 02; FBIS-SOV-2002-0920, via World News Connection) but so long as a significant portion of the economy is tied to high water-consuming crops such as cotton, the future of the Aral Sea seems bleak. And with the threat of uranium waste contaminating
the Syr-Darya River basin in the Ferghana Valley, (INTERFAX, 10190 GMT, 9 Oct 02; FBIS-SOV-2002-1009, via World News Connection) Central Asia's most productive agricultural region, many ecological problems remained to be solved.

While the military campaign in Afghanistan may have constituted a development few desired, the leaders of Central Asia welcome the international attention it has aroused and have expressed the hope that it means a sustained interest in the region. The challenge will be for the Central Asian governments to translate this interest into a better standard of living for the population, not just the elites.

Newly Independent States: Baltic States
By Michael Varuolo

LATVIA
Major changes in the Saeima will not affect Latvia's political objectives
The recent parliamentary elections have brought major changes to the face of Latvian politics, but the new parliament is not expected to alter drastically the policies of previous Riga governments. The long-anticipated elections drew unwanted attention even before the polling was held on 5 October. In the days leading up to the elections, Latvia was forced to deal with several uncomfortable issues which had an impact upon the elections: the shadow economy, an unruly politician initiating a rapprochement with Russian President Vladimir Putin, and a Constitutional Court verdict concerning the validity of Latvia's electoral methods.

These issues concerned many within Latvia and, indeed, in Europe, and motivated the Parliamentary Assembly for the Council of Europe (PACE), along with the OSCE Commission for Human Rights, to monitor the elections. (BALTIC NEWS SERVICE, 1134 GMT, 30 Sep 02; FBIS-SOV-2002-0930, via World News Connection) PACE representatives came on their own accord while the OSCE representatives were brought in at the request of the Latvian government.
The country's shadow economy -- comprising over 40 percent of the GDP -- had become a significant issue in Latvian politics during recent weeks as the government sought to rein in corruption with the establishment of a new Anti-corruption Bureau (KNAB). (BALTIC NEWS SERVICE, 1032 GMT, 21 Sep 02; FBIS-SOV-2002-0921, via World News Connection) Latvian President Vaira Vike-Freiberga has led the crusade for the establishment of this organization, saying that "Latvia cannot afford waiting any longer until an institution coordinating and raising the efficiency of the fight against corruption starts working." (BALTIC NEWS SERVICE, 0940 GMT, 10 Oct 02; FBIS-SOV-2002-1010, via World News Connection) Although most members of the Saeima supported the creation of the KNAB, they could not agree on the person who would run the organization. Prior to the parliamentary elections, MPs were unable on three occasions to overcome political differences and approve the nomination of an individual to oversee KNAB. The government finally pushed the Saeima to reach a decision: Security Chief Guntis Rutkis was named as the head of the bureau. (BALTIC NEWS SERVICE, 0940 GMT, 10 Oct 02; FBIS-SOV-2002-1010, via World News Connection)

Latvia also was forced to deal with the runaway politician, Janis Jurkins, who traveled to Moscow to meet with Putin in the hope that he could bring his party closer to the Kremlin. Jurkins, one of the leaders of the For Human Rights in a United Latvia party, had appeared certain of obtaining an invitation to join a coalition government after the Saeima elections and wanted to pursue a political platform that would improve relations with Russia. According to Jurkins, "the Americans keep telling us we have to put in order our relations with Russia and Russian people living here, then why do we [Latvia] pretend that it's just empty talk and we do not have to do anything ourselves, only wait for the time we become members in the EU or some other organization?" (BALTIC NEWS SERVICE, 1028 GMT, 23 Sep 02; FBIS-SOV-2002-0923, via World News Connection) Although Jurkins deemed his visit to Moscow as a success, voters
did not: Jurkins’ party was able to gather only 18.1% of the votes and was relegated to an opposition role within the 8th Saeima. (BALTIC NEWS SERVICE, 1627 GMT, 5 Oct 02; FBIS-SOV-2002-1005, World News Connection)

Additionally, the Constitutional Court recently heard a challenge to the clause in the electoral law requiring a minimum of five percent of the votes to be represented in parliament. The question was combined with a challenge to another law that excludes former communists or agents of the Soviet Union from participating in the elections. The court upheld the opinion of the lower courts by supporting the 5% threshold, noting that such a minimum is a mainstay not only of the Latvian political system but also of other countries such as Denmark, France, Germany, and other members of the European community. Furthermore, the court upheld previous lower court decisions to forbid the participation of adherents of the former Soviet regime in the electoral process. (LETA, 1022 GMT, 24 Sep 02; FBIS-SOV-2002-0924, via World News Connection)

However, the international community considered the elections a success. Both the PACE and the OSCE observers were satisfied with the voting procedures and the conduct of the elections. (OSCE ODIHR, STATEMENT OF PRELIMINARY FINDINGS AND CONCLUSIONS, 6 Oct 02) Despite the international attention, the elections caused concern within Latvia because they toppled the existing coalition government and forced Prime Minister Andris Berzins to leave office. (LETA, 11 Oct 02; via ISI Emerging Markets Database)

The Latvian government now will be comprised of a coalition of four rightist parties. According to the victorious party, New Era, massive personnel changes are forthcoming since no outgoing minister will retain his/her post, with the possible exception of the minister of defense. (BALTIC NEWS SERVICE, 0852 GMT, 8 Oct 02; FBIS-SOV-2002-1008, via World News Connection) Although New Era has promised sweeping changes, President Vaira Vike-Freiberga believes Latvian policies will continue unchanged; Latvia will proceed to follow its
chosen path, namely to become a member of the European Union and NATO.
(BALTIC NEWS SERVICE, 1600 GMT, 3 Oct 02; FBIS-SOV-2002-1003, via World News Connection)