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Russian Federation: Executive Branch and Security Services

By Susan Cavan

PRESIDENCY

Kompromat wars continue

Moskovsky Komsomolets published (11/15/96) a transcript of an alleged conversation among three top Yel'tsin aides, in which they discuss the repercussions of the arrest of campaign staffers Arkadi Yevstafyev and Sergei Lisovsky on June 19, 1996. The tape, said to be secretly recorded by the security services, reveals deeply compromising statements by current Chief of Staff Anatoli Chubais and former First Assistant Viktor Ilyushin. Most controversial among the revelations is an acknowledgment by Chubais that the staffers were indeed carrying over \$500,000 in cash and acting on his instructions. Another excerpt suggests complicity by Prosecutor General Skuratov, as Viktor Ilyushin allegedly phones him and requests the investigation of the incident be put on the back burner. While all of the participants in the conversation have denied that such a conversation ever took place, the Prosecutor has promised an investigation of the matter.

In an interview earlier this month (Obshaya Gazeta, No. 42), former Korzhakov deputy Valeri Streletsky revisited the arrests, claiming that Yel'tsin had given his Presidential Security Services control of financial operations in the election headquarters, and that the arrests were an attempt to prove embezzlement charges. Streletsky claims the suspects were released because of powerful pressure on the Federal Security Services (the FSB would be responsible for issuing the procuratorial warrant) coming "even from the President's family."

The question of what really happened June 19-20, 1996 clearly remains a crucial issue. It marks not only the critical point in the struggle between the Kremlin "hardliners" and "reformers," but is also one of the last major personnel decisions made by a healthy President Yel'tsin. It is the circumstance of Yel'tsin's ill health (he first "disappeared" from public on June 28th) following so closely on the dismissals of Korzhakov, Barsukov, and Soskovets that fuels claims of a Chubais regency. It is likely that investigations of the circumstances concerning the campaign staffers' arrest will continue to be a central theme in the continuing Kremlin struggles.

Yastrzhembsky clarifies decree signing procedure

In an interview with Ekho Moskvyy (11/02/96), Yel'tsin's press secretary Sergei Yastrzhembsky described the procedure for signing presidential decrees and discussed the use of the presidential facsimile stamp. Claiming that only the president signs the "very important state documents," Yastrzhembsky also noted that Valeri Semenchenko as head of the president's office and deputy head of the president's administration is authorized to use a facsimile stamp on material of lesser importance. Only Semenchenko (and specifically, not Chubais) is authorized to use the stamp and only with the president's permission each time.

Vladimir Galkin released after pressure from the FIS

Vladimir Galkin, who was arrested and charged with espionage while on a business trip to the U.S., has been released by a Justice Department decision, following a court hearing on November 14, 1996. Galkin's arrest had prompted protest from the FIS, from which he retired in 1992. It appears that threats by the FIS to retaliate against former FBI employees, as well as a personal appeal from Prime Minister Chernomyrdin to Vice President Al Gore convinced the relevant American agencies to forego prosecution.

Baturin calls for revision of military doctrine

Defense Council Secretary Yuri Baturin has initiated an examination of Russia's three year old military doctrine. Noting the changed circumstances and complications of the last three years, Baturin specifically cited "certain resistance to integration structures in the CIS" and efforts "to limit Russia's influence in the Caucasus and Central Asia" as factors in the need to revise the doctrine. The existence of "real military challenges" and "rising tensions on Russia's borders," as well as economic considerations also prompted Baturin's recommendation. The new doctrine, which Baturin considers a transitional document, will be divided into four sections (military, political, military-technological and economic) and will lay the foundations for "military policy for a longer term."

Russian Federation: Foreign Relations

By Peter Lorenz

Primakov, Chernomyrdin still negative on larger NATO

Foreign Minister Primakov and Prime Minister Chernomyrdin maintain Russia's negative stance on NATO expansion. For instance, Primakov continues to see the alliance as an cold war relict and vehicle of American influence in Europe. (Moscow NTV in Russian, 1600 GMT 1 Nov 96; Moscow ITAR-TASS World Service in Russian, 1924 GMT 6 Nov 96)

Rybkin shows flexibility on NATO expansion

However, increasing flexibility on this issue is indicated Security Council Secretary Ivan Rybkin, who called for Russia's participation in NATO's political organization. (Moscow INTERFAX in English, 1649 GMT 30 Oct 96 Moscow; ROSSIYSKIYE VESTI in Russian, 6 Nov 96 p 3)

NATO signals possible adjustments of CFE

In Brussels NATO Military Committee Chairman Klaus Naumann has recognized Moscow's wish for a linkage between NATO enlargement and modifications of

the CFE Treaty. He noted that NATO would be ready to adjust the modalities of CFE while taking Russian concerns into account. (Moscow INTERFAX in English, 0924 GMT 11 Nov 96)

Primakov concerned about Austria joining NATO?

Primakov pointed out to his Austrian counterpart, when the latter visited Moscow, the significance of neutral states in Europe. Even though Austrian Foreign Minister Schuessel assured that Austrian membership in military alliances is currently not an issue, he stressed that the "content of neutrality" must change to allow an active role in peace keeping. (Vienna Österreich Eins Radio Network in German, 1700 GMT 4 Nov 96)

Promising RF-PRC cooperation

Prior to Primakov's Far Eastern tour (of China, Japan, Turkmenistan, and Mongolia) the promising prospects of RF-PRC cooperation are stressed. Sino-Russian trade has grown by 45% since 1995. (Moscow INTERFAX in English, 1630 GMT 10 Nov 96)

PRC military delegation in Russia

While Primakov prepares for his departure a PRC military delegation in Russia indicates interest in Russian destroyers. Russian hopes for a military-technical cooperation in the area of aero-space are fueled by the planned visit of the Chinese delegation at the Kubinka airbase (near Moscow) and an aircraft plant. (Moscow Radio Rossii Network in Russian, 0500 GMT 3 Nov 96; Moscow INTERFAX in English, 1630 GMT 10 Nov 96, and 1013 GMT 11 Nov 96) More Japanese Non-Visa Travel to Kuriles?

Two issues likely to be discussed during Primakov's visit in Tokyo are Japan's interest in an expansion of non-visa travel to the Southern Kuriles and Moscow's desire for joint "economic exploration." Five years ago Tokyo rejected Japanese

business activity in the northern Territories. (Moscow KOMSOMOLSKAYA PRAVDA in Russian, 13 Nov 96 p 3)

Primakov Recognizes US Role in Middle East

Upon touring the Middle East to emphasize Russia's role in the area, Primakov recognized the United States' role as main mediator in Palestinian-Israeli peace talks. (Moscow ITAR-TASS World Service in Russian, 1421 GMT 31 Oct 96)

Palestinians Thankful for Russia's Role

During Primakov's visit to Gaza, Palestinian parliamentarians expressed their gratitude for Russia's "energetic role as co-sponsor in organizing the peace process." Primakov also confirmed an invitation for Arafat to visit Russia. (Moscow ITAR-TASS World Service in Russian, 1516 GMT 1 Nov 96; Moscow INTERFAX in English, 1733 GMT 1 Nov 96)

Russia viewed as Main Partner of Anti-Taleban Afghans

According to Afghan Ambassador to Tajikistan Hikmat, official authorities in Afghanistan regard Russia as "main moral and political partner" in their fight against the Taleban. (Moscow INTERFAX in English, 0920 GMT 5 Nov 96)

Down-playing importance of WWII Lend-Lease agreement

In response to a statement by State Dept. spokesman Burns, the Russian Foreign Ministry denied the decisive importance for the Soviet victory in World War Two of American supplies transferred in under the Lend-Lease Agreement. (Moscow ITAR-TASS in English, 2040 GMT 31 Oct 96)

Hope to overcome "technical recess" in ABM talks

Reacting to changes in the Russian position on the ABM accord currently under negotiation, US Undersecretary of State Lynn Davis did not show up in Geneva to sign the agreements. Nevertheless, Demurin of the RF Foreign Ministry, expressed his hope that after this "technical recess" the multilateral commission

on ABM (RF, Belarus, Kazakhstan, Ukraine, US) will complete its work. (Moscow ITAR-TASS World Service in Russian, 2055 GMT 31 Oct 96; and 1354 GMT 5 Nov 96)

Retaliation threatened for US arrest of former KGB spy

The arrest of former KGB intelligence officer Vladimir Galkin, as he entered the US on business unrelated to his former employer, triggers outrage in Russia. Russia's Foreign Intelligence Service threatens retaliatory measures against American ex-FBI employees who come to Russia. (Moscow Radiostantsiya Ekho Moskvya in Russian, 1900 GMT 6 Nov 96)

New presidential Foreign Policy Body created

Under the Russian President the "Foreign Policy Council" has been established. This new council ensures the work and cooperation between the Defense Ministry and the "Council for Foreign Policy" which is also under the President. The new "Foreign Policy Council" also recommends the composition of official delegations to foreign states, and presents credentials and letters of recall on Russian ambassadors to the President for signing. (Moscow ITAR-TASS World Service in Russian, 1419 GMT 1 Nov 96)

Comment

Apart from constituting another manifestation of overlapping and perhaps redundant bureaucracies, the newly created Foreign Policy Council may be interpreted as a measure to counteract the effects of the shift from the Kozyrev era to Primakov's leadership of the Foreign Ministry.

The more assertive and independent role of Primakov's Foreign Ministry may have given rise to concerns in the Presidency that Russian foreign policy is no longer as presidential as it used to be. From this perspective, the purpose of the new council may be the reassertion of presidential control over foreign policy or at least the prevention of its further deterioration.

Russian Federation: Legislative Branch and Political Parties

By Michael Thurman

FEDERAL ASSEMBLY

US Defense Secretary William Perry was grilled on Thursday [17 October 1996] by hostile Duma members who voiced opposition to ratifying the START II treaty as NATO plans to expand eastward. "Russian ratification of START II is quite problematic, not in the interest of the Russian side," said General Lieutenant Lev Roklin, chairman of the Duma's Defense Committee. (Agence France Presse, 17 October 1996)

The parliamentary mandate of Aleksandr Lebed can be restored

State Duma deputy speaker Mikhail Gutseriyev said. Gutseriyev noted that the Duma had formally annulled Lebed's mandate only three days previous and could then be reconsidered now that Lebed is no longer in his previous post. (Itar-Tass, 19 October 1996)

Former Russian parliament speaker Ivan Rybkin was named Saturday [19 October 1996] as secretary of the Kremlin security council and chief negotiator in Chechnya. He replaces Aleksandr Lebed who was fired on Thursday [17 October 1996]. (Agence France Presse, 19 October 1996)

MEDIA

A commission on the press in Chechnya is being created to coordinate coverage appropriate to the peace settlement. The commission shall be concerned with new rules for journalist accreditation, "submission of proposals on preventing propaganda in the mass media aimed at altering the foundations of the constitutional system and violating the integrity of the Russian Federation." (Rossiyskaya Gazeta, 15 October 1996)

REGIONS

ELECTIONS

Sverdlovsk Oblast governor Eduard Rossel has accepted the resignation of Oblast Government Chairman Aleksey Vorbyev.

This occurred after the Verkh-Isetskiy Rayon Court reinstated Valeriy Trushnikov, who previously occupied the post of government head and was unlawfully dismissed in April by an edict of Governor Rossel. Trushnikov is a political rival of Governor Rossel. (Rossiyskaya Gazeta, 11 October 1996)

Communist inspired "salvation committees set up in Kuzbass area.

Protests over poor living conditions have swept cities in the Kuzbass area. The local authorities' failure to act has led to the rise of surrogate self-government bodies which call themselves "salvation committees." Set up by local unions and encouraged by Communist deputies in the State Duma, the committees seeks to seize power and impose tight control over local administrations. (17 October 1996)

Russian Federation: Regions

By Chandler Rosenberger

Regions suffering from banking crisis

The August banking crisis hit the country with a second wave in connection with the determination of the year's results. Three out of four Novosibirsk banks ended the year with losses. Very many banks--large, medium-sized and small--have faced the pressing question of how they are to stay in business. The financial situation in Russia is stabilizing, but this is taking place on the level of stagnation and requires that out of the ordinary and unpopular decisions be worked out and taken.

In an interview Vyacheslav Aleksandrovich Mikhaylov, RF minister of nationalities affairs and regional policy, said Russia's regions continue to strive for maximum

autonomy because "for many years the central government's material and financial needs were regarded as paramount. It was customary to equate the interests of the central government with those of the state. Thus an official in the capital defending his own interests often sincerely believed that he was working for the good of the country as a whole. This confusion prompted a reaction, with outlying areas inwardly resisting the central government, and this actually led to a kind of "provincial arrogance."

Russian Federation: Armed Forces

By Lt. Col. Cathy Dreher and CDR John G. Steele

Critical state of Russia's armed forces

"A favorable foreign policy situation now has taken shape for conducting radical military reform. We have to reduce the numerical strength of the Armed Forces substantially and make them such that they meet modern and future requirements. ... it is necessary to be concerned about soldiers who are being sent into battle and to think not only about their arms, but also about their everyday life: how to feed them, warm them, and so on."

CIS collective security

Despite Treaty for collective security's 1992 signing, its meaning and emphasis have evolved over the last few years. CIS countries came to realize bulk of contributions in the former USSR came from Russia. New CIS member states couldn't compete on the same level. Work continues on this collective security concept. Of particular interest is the Unified Air Defense System. The system which existed in the USSR, now leaves air defense command posts outside Russia. Those in Russia continue to operate as do those outside but agreements must be reached on compensation, training, improvements, etc. The freedom from fear of aggression on Russia's borders allows Russia to work these issues calmly.

Chernomyrdin defines army restructuring aims

"The first task, he said, is to adjust the composition, structure and size of the armed forces and other troops to the actual military and political situation, the economic possibilities of the nation.

The second task is to knit a personnel core for a technically well-equipped, flexibly controlled and professionally trained armed forces capable of removing threats emerging in key strategic directions, to create conditions for later mobilizing bigger armed forces to repel a large-scale aggression.

The prime minister named as the third task full and unconditional provision of the armed forces and other troops with funding depending on budget resources, armaments, combat and other hardware, material and technical means. The fourth task is to keep troops in high readiness for purposes of defense and their other direct functions."

Comment

This type of four phased approach is exactly the kind of step necessary for Russia to successfully resolve their military problems. Now they must build a set of milestones and a timeline if the approach is to be successful.

Amended budget provides more funding for military

The draft budget submission includes substantial addition of 5 trillion to military reform. The money is mainly to build housing for 50,000 officers discharged from the Army.

Comment

Although this budget submission is a draft, its emphasis is mystifying. Time and time again we hear of pay and housing problems. This submission, however, emphasizes taking care of already "discharged" officers. It makes me wonder if the goal is to "take care" of soldiers who have already done their part, heroes of

the nation so to speak, or is it reflective of the fact that troops currently on active duty are a captive audience and have no power within the system. Former troops on the street likely have a louder "voice."

Armed Forces

- Belarus still holding 18 SS--25 Mobile strategic nuclear missiles hostage to some form of "substantial compensation." The missiles were supposed to have been returned to Russia, but despite agreement to do so, Belarus has so far declined to do so.
- Russian efforts to form viable CIS--wide military structures are not meeting with much success. CIS governments seem skeptical with regard to Russian claims that border problems in Afghanistan and elsewhere are a function of "outside" instigation and support.
- Georgia has threatened the expulsion of Russian troops (Russia leases four bases in Georgia) if Georgian control is not reestablished over the Abkhazian region.
- Ultimate disposition of the Black Sea Fleet and the port facilities in Sevastopol continue to negatively impact Russian-Ukrainian relations. Recent apparent progress proved illusory.
- Russia is paying off a \$1.2 billion debt to South Korea with arms (tanks, armored vehicles, aircraft and other material).
- Russia has floated several recent proposals for a permanent military base in the Balkans, partly in response to the planned eastward expansion of NATO.
- Mixed signals versus NATO expansion and Russia's potential response to it continue to surface in Russia. Primakov usually touts the hardest line, while the new security chief Rybkin has set a softer tone.
- Russia and Italy have signed a military and defense industrial cooperation agreement. It has been described as a bilateral "first" among the NATO nations and Russia, with more to follow.

Comment

The Russian military continues a downward spiral, both in terms of material condition and in morale. The budget debates highlight the prevalent attitude: if one advocates any reduction in force structure -- one is branded a traitor-- enemies, after all, are everywhere. Meanwhile a massive, largely undermanned and poorly equipped force is "maintained" officially, while in reality large portions are actually rotting away. In the current atmosphere this "neglect" may be the only way to effect the cuts which appear inevitable, but which cannot be undertaken directly.

Newly Independent States: Western Region

By Chandler Rosenberger

BELARUS

Police clash with anti-Lukashenka demonstrators

Belarus police and OMON special forces clashed with several hundred demonstrators in the capital Minsk on Sunday, November 17, during a march protesting against President Alexander Lukashenka's referendum to increase his powers.

Reuter correspondent Yuri Svirko said several hundred protesters had broken away from the main group of demonstrators and forced their way through police lines, heading towards the parliament. Some officers used their truncheons in an unsuccessful effort to prevent the demonstrators moving on.

MPs occupy parliament in hopes of heading off shutdown

Deputies occupied the Belarus parliament Saturday, November 16, fearing President Alexander Lukashenka would evict them from the chamber and hundreds of demonstrators gathered outside to demand the removal of the leader.

Under the watchful eyes of the police, the crowd cheered and applauded and chanted ``Impeachment!" to the deputies, who were allowed to move freely in and out of the chamber.

Dozens of deputies stayed overnight in the parliament, fearing a repeat of Friday's events in which Lukashenko's special services barred the country's top electoral official from entering his office.

Crisis sparked by parliament, Supreme Court refusal to recognize referendum. Claiming that the Supreme Soviet had not confirmed the text of the draft amendments for a legally binding nationwide referendum by the president, Lukashenka signed two decrees -- one confirming the text of the referendum, one threatening to shut down government bodies opposing it. The decrees came at the end of two weeks of wrangling with the parliament, Supreme Court and Election Commission and inspired fears that the president intended to shut down all three.

Lukashenka confirmed the text of the referendum by presidential decree on November 12. Central Electoral Commission [CEC] Chairman Viktor Gonchar had said on November 11 that voting in Belarus's national referendum started ahead of the set date, was senseless and would not qualify as valid when it comes to the general result. The election commission chairman described the situation as "national disgrace," adding that he would not put his signature under the final protocol of the referendum. Gonchar, responsible for monitoring and organizing voting in the former Soviet republic, was elected to his post by parliament.

Lukashenko fired Gonchar immediately after he criticized the referendum. On November 8 Lukashenka revoked a decision by the country's Constitutional Court which more or less placed a veto on the referendum. He has also shut down, by decree, state bodies which were impeding the holding of the

referendum, planned for 24 November. By issuing this Decree "On the Safeguarding of the Constitutional Right of Citizens to Participation in the Referendum" Lukashenka in fact repealed the Constitutional Court's judgment according to which the draft constitutional amendments proposed by the President and a group of MPs may be put to a consultative national referendum only, Valery Tsikhinya, Chairman of the Constitutional Court, said.

Lukashenka has described the Constitutional Court ruling giving the referendum an advisory rather than compulsory status as "another move directed at the prevention of the referendum." "Acting contrary to the will of parliament as expressed in its resolution, speaker Semyon Sharetsky invited the Constitutional Court to check the conformity of parliamentary resolutions on the constitutional referendum to law and did everything possible for their cancellation through his own people," he said in a Tuesday message to parliament.

The constitutional court of Belarus ruled on Monday, November 4, that the results of a referendum, especially on the proposal to abolish Parliament, would not be legally binding.

Officials jump or are pushed from administration

A senior government official in Belarus tendered his resignation on Thursday, November 7, in protest against the policies of President Alexander Lukashenko, who is accused by critics of being increasingly authoritarian.

"I have tendered my resignation because I do not agree with the policies of President Lukashenko," deputy Foreign Minister Andrei Sannikov said in his office. He gave no further details.

By decree of the president, Mikalay Vasilevich Krechka had earlier been dismissed from his post of deputy minister of internal affairs of the Republic of Belarus and had been released from internal affairs organs into the reserve.

RF RELATIONS

Chubays supports integration of Belarus; others protest Lukashenka.

Belarusian President Alyaksandr Lukashenka and Head of the Russian Presidential Administration Anatoliy Chubays backed further political, economic, cultural, social and other kinds of integration between Russia and Belarus at their meeting in the Kremlin Wednesday, November 13, Chubays' aide, Andrey Trapeznikov, told Interfax.

Lukashenko also got a warm welcome from most Russian deputies who share his nostalgia for the Soviet Union and desire for closer integration between the two neighboring states.

He proposed a joint session of the Russian and Belarussian parliaments in January to consider further moves toward union but did not fulfill predictions in the Moscow press that he would urge a confederation of the two countries.

Liberal reformer Grigoriy Yavlinskiy blasted Lukashenka's speech as a "political show and buffoonery", adding that Moscow would have better told Lukashenka that it did not support his actions. "In Belarus journalists are beaten and deported, opposition demonstrations are dispersed, academicians and professors who stand for a democratic development of that republic are kept in custody", Yavlinskiy told a press conference.

In a sign of public sentiment along the border with Belarus, voters in the Pskov region on Russia's northwestern border elected State Duma deputy Yevgeniy Mikhaylov, a comrade-in-arms of LDPR [Liberal Democratic Party of Russia] leader Vladimir Zhirinovskiy, governor of the region in the run-off election.

Comment

While the situation in Belarus changes by the hour, the chronology of events leading up to the current crisis reveals that President Lukashenka's ham-fistedness had provoked his opponents to take drastic action. Lukashenka had earlier failed to subvert rejection of referendum by a) attempting to replace parliament with a populist "All-Belarusian People's Congress" and b) enlisting state agencies to engineer a vote in favor of his plans to abolish parliament. Parliament undermined the "People's Congress" by ignoring it, while the chief of the electoral commission and the Supreme Court subverted the 'shadow election' by declaring early voting to be out of bounds. Lukashenka inspired fear by declaring that he would shut down bodies opposed to his referendum; those bodies can now gather support on the streets.

The greatest mystery in the current crisis is the reaction to it in Russia. It bodes ill for reform in Russia that Anatoly Chubays, the President's chief of Staff, has joined other mainstream politicians in tacitly supporting Lukashenka. The election of a Zhirinovskiy ally to governor of the Pskov region might indicate a turn towards paranoia along Russia's Western border.

UKRAINE

ECONOMY

IMF stays on Ukraine

An International Monetary Fund mission in Kiev for talks on a new multi-billion dollar loan and the next tranche of a stand-by credit will stay to the end of the week rather than end talks as planned on Monday, November 18, a Ukrainian delegate told Reuters.

"This is not linked to any problems on realising the current stand-by programme. It is the fact that the process of agreeing next year's programme is going on," said Tamara Solyanik, deputy head of the government's Reconstruction and Development Agency.

The National Bank and the Ukrainian government are developing a system of currency regulation that would enable the currency rate to be forecast in the short- and medium-term, Ukrainian National Bank Chairman Viktor Yushchenko told an international conference "International Financing and Investing in Ukrainian Economy" in Kiev Wednesday, November 13. This system will be laid down in the 1997 budget and in the country's economic memorandum for next year, Yushchenko said.

This means that the National Bank plans to introduce a currency corridor with the government's consent, Viktor Lisitsky, one of Yushchenko's senior aides, told Interfax-Ukraine.

RF RELATIONS

Dispute over gas prices

Ukraine's oil and gas body and Russia's RAO Gazprom failed to agree transit tariffs for Russian gas crossing Ukrainian territory to Europe this week, a top official said on Wednesday.

"The talks ended with nothing. We will negotiate further. Russia wants to pay \$1.75 per 1,000 cubic metres, we want a higher price," said Olexander Sverdlov, head of the transit department of Ukraine's State Oil and Gas Committee.

"We would like to charge European prices for transit -- some of them are twice the Russian proposal," he told Reuters.

Ukrainian negotiators met Gazprom chief Rem Vyakhirev for talks in Moscow on Monday and Tuesday (Nov. 11 and 12).

BLACK SEA FLEET

Russian State Duma angers Ukrainian officials

Ukraine's territorial integrity is not negotiable; rather, it is part of today's reality, Dmitriy Tabachnik, head of the presidential administration, told a briefing in Kiev Wednesday in comment on the recent resolution about the status of Sevastopol and division of the Black Sea Fleet passed by the Russian State Duma. The Russian lower house's call for a halt to the division of the Black Sea Fleet is "a manipulation, the visible part of the iceberg which reflects the complicated balance of power in the political elite and authorities in a neighboring country," Tabachnik said.

Comment

Ukraine's much-ballyhooed economic reforms, including its new currency, seem endangered. The IMF rarely sticks around a foreign capital in order to praise a government.

MOLDOVA ELECTIONS

Snegur fails to win outright majority: second round to come

Voters in Moldova cast ballots Sunday, November 17, in their first multi-party presidential election since the collapse of the Soviet Union, but a run-off appeared unavoidable in the tight race focusing on economics and nationalism.

Front-runners in the contest were President Mircea Snegur, Parliament chief Petr Luchinschi and government head Andrei Sangheli, the leaders of all three branches of power in the largely agricultural former Soviet republic of 4.4 million.

Pre-election polls pointed to a Dec. 2 run-off between Snegur and Luchinschi, but observers said the surveys skimped on the rural regions likely to go to the anti-reform agrarian leader Sangheli, who has the staunch support of state farm bosses loathe to privatize.

Candidate Mircea Snegur denied the information spread by the Chisinau press that he might form alliance with Valeriu Matei [leader of the Party of Democratic Forces, PFD] and Anatol Plugaru [former security minister].

On Wednesday, many publications wrote that Snegur told the electors of the Soldanesti district that he intends to take Plugaru and Matei as part of his team, if they quit the race before November 17.

Snegur told on Wednesday the villagers of Dubasarii-Vechi, Criuleni district, that he "would like seeing two male candidates, besides Luchinschi, Sangheli and Voronin, as part of his team." However, Snegur did not name the persons he welcomes. In his opinion, the news agencies supposed these men are Valeriu Matei and Anatol Plugaru, not him.

Comment

Mircea Snegur appears to have taken the anti-Communist, pro-Unionist vote too much for granted. By shifting towards the center a month before the elections he appears to have bolstered the campaign of right-winger Valeriu Matei. Snegur will now almost certainly face a run-off against the slick Petru Luchinschi.

Newly Independent States: Central Asia

By Monika Shepard

Kazakhstan

COMMONWEALTH RELATIONS

Meeting of CIS Council of Heads of Government in Moscow

On 18 October Kazakh Prime Minister Akezhan Kazhegeldin participated in the Moscow meeting of the CIS Council of the Heads of Government. The Council's discussions focused on the creation of a customs union between Russia, Belarus', Kyrgyzstan, and Kazakhstan. Kazhegeldin also signed 7 bilateral

agreements with Russia, including an agreement to eliminate double taxation and tax evasion.

DECREES

Nazarbayev cleans house

Since mid-October, President Nazarbayev has issued a significant number of decrees to reduce the number of government offices and also to replace a number of cabinet ministers and other high-ranking government officials, such as: the Defense Minister, the Minister of Industry and Trade, the State Secretary, the Deputy Prime Minister, and the Procurator General. Comment: Possible reasons for this mini-purge could be a combination of Nazarbayev's dissatisfaction with the slow development of economic reforms and changes in macroeconomic policy demanded by the World Bank; and Nazarbayev's desire to quell the increasing protest by many workers and pensioners against what they see as government neglect of their interests.

DOMESTIC AFFAIRS

Protest rally banned in Almaty amid rising worker dissatisfaction

On 17 October a number of peaceful protest rallies and meetings took place in Almaty, Semipalatinsk, Kustanay, Borevskoye, Petropavlovsk, and Pavlodar. The rallies were organized by trade unions and the participants were primarily workers and pensioners demanding that the government pay their back wages and pensions, set a minimum wage, and compensate the victims of above-ground nuclear tests. The trade unions applied to hold another mass rally in Almaty on 17 November, but city authorities have rejected their application on the grounds that the rally organizers would not be able to guarantee public order and safety. The rally organizers have called the ban unconstitutional, and have stated that delegations from all over Kazakhstan are planning to attend the rally.

Hazards of Proton Rocket Carrier discussed at press conference

In a 9 November press conference with the Khabar news agency, Mels Eleusizov, leader of the Tabigat ecological movement, and parliament deputy Valerian Zemlyanov discussed the potential dangers associated with the Proton rocket carrier of the Mars-96 interplanetary station (unsuccessfully launched on 16 November). They stated that not only did the Proton rocket carrier violate Kazakhstan's non-nuclear status, because it relied on nuclear fuel, but that last summer there was a serious accident involving a Proton rocket carrier, which caused 40 tons of rocket fuel to leak out and contaminate Kazakh territory. The Khabar news agency denounced these allegations as "not coinciding with reality."

Dhezkazgan workers cut off power supply

Dhezkazgan power plant workers shut off power supplies to a number of installations, including some Russian military bases, which owe them millions of tenge. The workers have not been paid in 6 mos., and their power plant owes money to the national power grid.

ECONOMY

Nazarbayev rebukes trade unions, public movements, and media

On 5 November, at a meeting of trade union and business leaders, President Nazarbayev delivered a highly critical speech. The purpose of the meeting was to discuss a draft agreement between the government, employees and trade unions, as well as to discuss the problems of economic reform. In his speech, Nazarbayev enumerated the shortcomings in Kazakhstan's economic reforms and warned the trade unions, public movements and media to refrain from further destabilizing society during this difficult period of economic transition. The representatives of two joint-stock companies echoed his remarks and went so far as to suggest that the Procurator General's office investigate and halt the activities of the trade unions and public movements until the economy becomes more stable.

World Bank approves \$1.35 billion loan

The World Bank has approved a \$1.35 billion loan to Kazakhstan, to come primarily from Japanese banks and businesses, and to be used to carry out 15 projects, including an upgrade of the Akmola airport and the improvement of the road network in western Kazakhstan. The Japanese Export-Import Bank will extend another \$100 million loan for the support of private businesses and Honda and Mitsubishi are reportedly also considering the development of joint-ventures in Kazakhstan.

Kazakhstan to settle \$418 million debt to Russia

Kazakhstan will settle its debt to Russia's Unified Energy System power company by selling part of its energy sector assets and also by leasing the Baykonur space launching site to Russia.

ENERGY

Kazakhstan to begin exporting oil via Iran

As of November 1996, Kazakhstan will begin exporting 2 million tons of oil per annum through Iran, as part of a series of bilateral and multilateral agreements with Iran and Turkmenistan. Iran is also to aid in the construction of a pipeline which will allow the transport of Kazakh oil to northern Iran via Turkmenistan.

Kazakh power stations to pay with grain and coal

At the end of October, Russian power suppliers agreed to accept grain and coal in return for providing Kazakh power stations with energy. The Russian suppliers had temporarily shut off power to Kazakh stations, due to the Kazakhs inability to pay 50% in advance.

Russian company wins control over major Kazakh coal field

A Russian joint-stock company, the Sverdlovskenergo company, has won the international tender for the Ekibastuz coal field, one of Kazakhstan's largest energy installations, following its bankruptcy. The Russian company has

allocated 30 billion rubles for investment in machinery and equipment, and is to invest at least another \$89.7 million over the next 5 years to modernize the coal field's facilities.

FOREIGN RELATIONS

Disagreement over Caspian Sea resources

Fundamental disagreements exist between Kazakhstan, Azerbaijan, Russia, and Iran over the way in which the resources of the Caspian Sea should be divided. Azerbaijan favors a division of both the sea bed and the sea's surface into national zones, whereas Kazakhstan would prefer that fishing and shipping rights on the sea's surface be controlled by interstate quotas and licenses. Russia has suggested the formation of 45-mile (nautical miles) wide national zones and joint ownership of the sea's center.

Pakistani president's visit unsatisfactory

Due to disagreements with President Nazarbayev over how the Afghan conflict should be solved, Pakistani President Farooq Ahmed Khan Leghari's 3-day visit to Kazakhstan was not very fruitful. He did promise to try and help gain the release of 28 Kazakh POW's being held in Afghanistan, but was unable to conclude any concrete trade agreements with Nazarbayev, because the main trade routes between the 2 countries go through Afghanistan, and are currently impassable, due to the war.

MILITARY

Kazakh-Ukrainian links to increase

(Former) Defense Minister Alibek Kasymov met with Ukrainian Defense Minister Oleksandr Kuzmuk in Kiev in early October to discuss greater military and technical cooperation between the two countries, including the training of Kazakh military cadets in Ukrainian military academies and the construction of Kazakh warships by Ukrainian shipyards.

UZBEKISTAN

COMMONWEALTH RELATIONS

Russian-Uzbek intergovernmental agreement signed

The Russian and Uzbek governments have signed an agreement on cooperation and mutual aid in the sphere of currency and export controls. Russian and Uzbek authorities are to work together to reduce illegal foreign trade activities and money laundering.

Ukrainian-Uzbek cooperation

Ukraine and Uzbekistan are to establish a joint chamber of commerce to facilitate the development of economic relations.

ECONOMY

Uzbek economy posts growth in Jan-Sept 1996

Compared to the previous year, the Uzbek economy posted a growth of 1.5% in Jan-Sept 1996, and real personal income rose 14.2%, due to a quarter percent drop in inflation. Industrial and consumer goods output increased, as well as retail sales. However, sowing of winter crops and cotton harvesting are behind schedule.

Central Bank chairman denies depletion of gold and currency reserves

Faizulla Mullajanov, chairman of the Uzbek Central Bank refuted the accusations made by the (London) Financial Times, that Uzbek gold and currency reserves have been depleted. He stated that quite to the contrary, Uzbek reserves are equal to the volume of imports for 7-8 mos., twice the required IMF minimum. He did acknowledge that Uzbekistani citizens have been buying hard currency, but only for the purpose of sending it to relatives in neighboring states. He insisted that there is no need for hard currency within Uzbekistan, that all transactions are in the local currency (the som).

FOREIGN RELATIONS

Pakistani and Uzbek presidents agree on Afghanistan

Pakistani President Leghari visited Tashkent in mid-October, primarily to discuss the situation in Afghanistan. Both he and President Karimov advocate calling for an immediate cease-fire, to be followed by peace negotiations conducted under the auspices of the United Nations and with the participation of the Organization of the Islamic Conference. The negotiations should include representatives of all the warring factions and ethnic groups. Leghari and Karimov also signed agreements to work together to combat international terrorism and drug trafficking.

Karimov's response to Afghan threat

In response to the continuing conflict in Afghanistan, Uzbek armed forces and frontier troops have been put on alert, reserve officers are being re-registered, and the top leadership of the special forces has been moved to Termez, on the southern border. Reportedly, it is not the Taleban whom President Karimov fears, but an onslaught of Afghan war refugees and/or a resurgence of Uzbek Islamic opposition in the Ferghana Valley. Karimov has also called for an arms embargo to be instituted on Afghanistan.

MEDIA

Uzbek editorial accuses Russian press of spreading disinformation

An Uzbek editorial in the Tashkent Pravda Vostoka has accused the Russian press (Nezavisimaya Gazeta, Izvestiya, Komsomol'skaya Pravda, and others) of deliberately trying to "fan international enmity" by publishing reports that Uzbekistan has been militarily involved in the Tajik civil war, and that Uzbekistan has annexed a number of Tajik rayons. The editorial called these reports a "hostile action aimed against Uzbekistan and Tajikistan" in an effort to increase tensions between them over the location of the Tajik-Uzbek border. President Karimov has also berated the Russian press for its often negative portrayal of Uzbekistan.

CENTRAL ASIA

FOREIGN RELATIONS

Central Asian disunity on Afghan conflict

Despite their efforts at the 4 October emergency summit meeting in Almaty to develop a mutual strategy to deal with the continuing conflict in Afghanistan, Central Asian leaders are still unable to present a completely united front on the issue, largely due to the fact that Turkmen President Niyazov (Turkmenbashi) and Uzbek President Karimov continue to pursue their own individual interests in the conflict. Niyazov (Turkmenbashi) refused to attend the summit meeting altogether, preferring to rely on his own negotiations with the various Afghan factions, including with the Taleban, to ensure the security of the Afghan-Turkmen border. In fact, in an Ogonek report on 1 October, he was accused of supplying the Taleban with the Ukrainian tanks on which they rode into Kabul. Karimov, on the other hand, has close ties with Uzbek General Abdul Rashid Dostum and has admitted to supplying him with humanitarian aid, including free electric power. The Ogonek report further stated that Uzbek aircraft have crossed the Afghan border on more than one occasion to bomb Taleban forces.

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