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Russian Federation: Domestic Issues and Legislative Branch

By Luba Schwartzman

REGIONS

Coordination...

On 30 January, President Vladimir Putin signed a decree determining "the procedure for interaction between plenipotentiary representatives and their administrations and other departments of the administration of the president of the Russian Federation." The new document puts Kremlin Chief of Staff Aleksandr Voloshin in charge of coordinating interaction between the seven federal district plenipotentiaries and their administrations and Moscow departments of the presidential administration. (ITAR-TASS, 1307 GMT, 30 Jan 01; BBC Summary of World Broadcasts, via lexis-nexis) This happened shortly after Putin met with Prime Minister Mikhail Kasyanov, head of the presidential administration, Russian Security Council secretary Sergei Ivanov and the seven presidential envoys in Novo-Ogarevo to discuss the results of the envoys' work so far and plan for the upcoming year. (ITAR-TASS, 0813 GMT, 27 Jan 01; BBC Summary of World Broadcasts, via lexis-nexis) In an interview with the Russian newspaper Rossiyskaya gazeta, Petr Latyshev, presidential plenipotentiary representative in the Urals Federal District, explained that the rumors that either the president or the envoys had gained an upper hand are equally off-base, and that the amendments are aimed simply at better co-ordination of work. At the same time he mentioned the introduction of new missions of federal ministries and departments into the region, which seems to point to the increased influence of the federal cadres over regional cadres. (ROSSIYSKAYA GAZETA, 7 Feb 01; FBIS-SOV-2001-0207, via World News Connection
...And control
After the Far East had passed the peak of the energy crisis, the question of responsibility came to the foreground. Strong hints (and perhaps renewed awareness that President Putin has the right to fire governors) were enough to induce the resignations of Energy Minister Alexander Gavrin (replaced by Valentin Shelepov) and Primorye Governor Yevgeni Nazdratenko (whose role will be filled by Valentin Dubinin, first deputy governor). The prompt recasting of characters may be by way of an apology -- but it is not convincing as a punishment: Anatoly Chubais, head of Unified Energy Systems, has no plans to resign and Yevgeni Nazdratenko has already been invited by President Putin to work in Moscow. (ITAR-TASS, 1714 GMT, 5 Feb 01; FBIS-SOV-2001-0205, INTERFAX, 1237 GMT, 6 Feb 01; FBIS-SOV-2001-0206, and INTERFAX, 1728 GMT, 2 Feb 01; FBIS-SOV-2001-0202, via World News Connection)

SECURITY SERVICES
XXI-century goals
Combating organized crime, protecting the interests of business owners and fighting the drug trade are the three main tasks of the interior ministry as spelled out by Prime Minister Mikhail Kasyanov at an expanded session of the ministry held on 2 February. A few days later he provided the news service RIA with statistics that demonstrate the need for the new focus: 236,000 drug-related crimes, 376,400 economic crimes, 36,000 acts of organized crime, and 135 acts of terrorism were committed in the year 2000. Data given for two of the categories for 1999 (33,000 acts of organized crime and 20 acts of terrorism) show a marked increase. (INTERFAX, 2 Feb 01; via lexis-nexis, RIA, 0809 GMT, 5 Feb 01; FBIS-2001-0205, via World News Connection) A day earlier, the director of the Federal Security Services (FSB), Nikolai Patrushev, outlined the tasks of the power organs in Chechnya, namely, neutralizing the rebels and restoring order, while highlighting the importance of coordination between the
defense ministry, the interior ministry and the justice ministry. (INTERFAX, 0903 GMT, 1 Feb 01; FBIS-SOV-2001-0201, via World News Connection)

Russian Federation: Foreign Relations

By Sarah Miller

Tough Love: Bush sets new foreign policy tone

The Russian government is knocking, but Washington is taking its time answering the door. In the first few weeks of the new Bush administration, the Russian government made numerous overtures to the White House for direct dialogue while simultaneously warning it about the consequences of "unfavorable" foreign policy initiatives such as National Missile Defense (NMD). (REUTERS, 15 Jan 01, via lexis-nexis) However, the Bush administration has already begun to set a new tone for US relations with Russia: a reorientation of US policy from the reactive posture of the last eight years to an independent and proactive stance.

Russian maneuvering over the past month suggests that relations with Washington are taking a high priority. In statements geared toward both domestic and international audiences, Moscow has stressed the need for cooperation with the United States. Russo-American affairs topped the list in President Vladimir Putin's speech to the Russian foreign ministry in early February, in which he even mentioned a possible "negotiated settlement" in reference to the ABM concerns. (INTERFAX, 0853 GMT, 26 Jan 01; via lexis-nexis) Meanwhile, the foreign ministry has repeatedly called for direct discussions and cooperation, saying, "a pause in the dialogue would hardly be justifiable." (INTERFAX, 1442 GMT, 26 Jan 01; FBIS-SOV-2001-0126, via World News Connection) However, these overtures must be viewed through the reality of Russia's foreign policy track record under Putin, which more often than not has placed the Kremlin at
loggerheads with the United States on issues ranging from the 1972 Anti-Ballistic Missile treaty to Iran and Iraq.

Over the past year, Russian foreign policy makers have sought to regain some of their country's lost prestige and power in the international community by challenging US policy and selling arms and technology to "rogue" states. Russia led the charge last summer against US plans to deploy NMD. Russia was joined by a diverse group of countries from Europe to China, sending a clear signal to the US that even a limited NMD would have a high political cost if deployed unilaterally. At the core of Russia's argument against NMD has been its rhetorical commitment to the 1972 ABM treaty as the "cornerstone of international security." Even as much of the international community has become resigned to US NMD plans, Russia still opposes them vociferously.

Moreover, despite Moscow's cited concerns for international security, Russia has increased arms sales to China, India and even Iran. (See THE NIS OBSERVED, 31 Jan 01.) These transfers may increase revenues for Russia and win fair-weather friends, but such activity only will raise alarm in the US and Europe over Russia's real intentions and belie its commitment to stability. Thus, Russia has set a difficult foreign policy path. It must simultaneously improve relations with the US to preserve strategic interests while maintaining an anti-US line for the benefit of the "power ministries" and international allies. As a result, Moscow has coupled its calls for Russo-American cooperation with threats about "asymmetrical measures," such as "mirving" its missiles in response to US NMD. In a recent statement, First Deputy Chief of the General Staff Col. General Valeri Manilov cautioned that US plans "will inevitably trigger an offensive arms race," but that Russia "has all the facilities to parry this threat." (XINHUA, 1912 GMT, 2 Feb 01; FBIS-CHI-2001-0202, via World News Connection)

By contrast, the recent US posture indicates that Russia's reaction does not hold the same prominence in guiding the Bush administration's foreign policy as it did
with the previous US leadership. The Bush administration's more realistic stance vis-à-vis Russia is proving successful in buying time and conferring an air of authority and independence. Although the US has been cordial, it has not bent over backwards to meet Russian requests for bilateral meetings. When the sides have spoken, Washington has remained noncommittal, saying only that high-level bilateral meetings will be held "soon." (INTERFAX, 1845 GMT, 30 Jan 01; FBIS-SOV-2001-0130 via World News Connection) This was the case for the presidential phone conversations held two weeks ago as well as the Powell-Ivanov conversation that preceded it. When the sides have met in multilateral fora, such as the defense ministers' recent meeting in Munich, the US has stood its ground, affirming its intent to act in accordance with national interests, while taking steps to explain its position and listen to the concerns of others. In particular, US Defense Minister Donald Rumsfeld singled out Russian efforts to rally opposition to the NMD and reiterated that "[everyone knows] that the US systems that are being discussed are not in any way relevant to the Russians with their hundreds and thousands of missiles." (REUTERS, 3 Feb 01; via RussiaToday.com)

Although the sides will have to meet bilaterally at some point, Washington already is angling for room to maneuver on issues of contention, especially NMD. In fact, a stronger US position may facilitate cooperation. Ever since Bush and his foreign policy team made it clear that they would support NMD and take a "hard" stance on aid to Russia, the Russian government has sent signals about a possible compromise. Thus, the high priority that the Russians are placing on better relations, when coupled with the realities of their economic morass, could afford the Bush administration a prime opportunity to nudge the Russians toward a way out of the AMB/NMD impasse.

Russia already is signaling at least a modicum of willingness to "cooperate" or negotiate with the US on ABM, as Putin's remarks to the foreign ministry indicated. In various statements over the past month, the foreign ministry has
demonstrated a readiness to begin negotiations on START-III. (ITAR-TASS, 0930 GMT, 1 Feb 01; FBIS-SOV-2001-0201 via World news Connection)

However, the Russians have made US ratification of START-II an obvious prerequisite to any discussion of START-III. The Russians also have pressed for US ratification of the Comprehensive Nuclear Test Ban Treaty (CTBT). The US Senate failed to ratify both of these treaties under Clinton. (ITAR-TASS, 1000 GMT, 1 Feb 01; FBIS-SOV-2001-0201, via World News Connection)

Furthermore, Moscow is searching actively for ways to reduce the country's debt through various debt forgiveness and restructuring schemes. Putin recently called on his diplomats to focus their efforts on improving Russia's economic situation. His own efforts with German Chancellor Gerhard Schroeder over the Orthodox holidays illustrate this emphasis. (See THE NIS OBSERVED, 31 Jan 2001.)

Such signals indicate that Bush might have maneuvering room on NMD if he continues to hold in the balance further economic aid to Russia and pursues policy objectives commensurate with US interests and international threats. However, the ABM treaty and NMD are not the only issues confronting the two governments: Russian military-technical sales to Iran and China also will require a negative reaction from the West.

By taking a proactive course while keeping channels of dialogue open, Bush has taken the first step towards securing US priorities. If nothing else, he is sending a clear signal to Russia that US interests, not possible Russian reactions, will guide American policy formulation and implementation during the next four years.

**Russian Federation: Media**

*By Maria Metcalf*
The soap opera plot thickens in the ongoing fight for NTV. Each day brings new surprises for the cast of characters. But for regular viewers, nothing ever really causes surprise... midnight raids, dramatic court battles, unlikely bed companions. It makes for constant suspense and disappointment at the same time.

**Another day, another raid**

Gazprom's head, Rem Vyakhirev, thinks that the court is not moving fast enough officially to hand over the controlling stake in NTV to Gazprom. On 7 February, he took out an aggressive full-page ad in The Wall Street Journal expressing his determination to gain control of Media-MOST and NTV. He called on NTV shareholders to sell their stakes or give their voting powers to Gazprom. "We have decided that Gazprom must deploy all means available to gain control over the key operating subsidiaries of Media-MOST in order to restore efficient management of the company and save the business of Media-MOST from otherwise inevitable disintegration," the ad read. Vyakhirev called the nature of the dispute over Media-MOST control, "business and ethical." Moreover, in the advertisement, Vyakhirev accused owner Vladimir Gusinsky and the NTV management of ruining Media-MOST by pursuing their "own political interests and personal benefit." (MOSCOW TIMES, 8 Feb 2001; via www.themoscowtimes.com)

In the middle of the night of 8 February, 20 men from the prosecutor's office and the FSB security police conducted another raid targeting NTV. This time the attacks took place not at Media-MOST headquarters, but at NTV's bank. Prosecutors seized information about all individuals and companies served by the bank in question, thereby preventing NTV from managing such financial aspects of business as monthly rent and employee paychecks.

While Vyakhirev aggressively pursues his "ethical" quest to save Media-MOST from bankruptcy, the prosecutor's office unrelentlessly pursues its quest to
destroy the company by sealing its bank's computer and rendering Media-MOST insolvent. The irony of the seeming incompatibility of steps taken by two government-run entities could be savored if it did not underline the tragedy and seeming hopelessness of the struggle for freedom of the press in the Putin era.

Media-MOST spokesman Dmitry Ostalsky said that, although talks with foreign investors, such as Ted Turner, were proceeding, the ultimate outcome was still dependent on the Russian leadership. That leadership's most recent actions confirm again that it will not cooperate.

**Berezovsky's gesture of goodwill**

On 7 February, former media oligarch Boris Berezovsky promised to buy out Media-MOST's $262 million debt. The media tycoon said that he is abandoning his longtime rivalry with Gusinsky in order to save NTV's independence and, in the interests of all of Russian society, to protect freedom of speech. This offer came only shortly after Berezovsky announced that he was forced to sell his 49-percent stake of Russia's most popular state-owned television channel, ORT. Berezovsky sold his shares of ORT to the ascendant oligarch Roman Abramovich, who subsequently permitted the Kremlin to appoint all 11 members of the channel's board.

Even when Berezovsky had a stake in ORT he was so entrenched in the Kremlin that it is hard to trust the sincerity of his offer, and indeed no one has. Berezovsky's proposal to save NTV is untimely, at best. Due to his bitter rivalry with Gusinsky and the years of favor which he enjoyed in the Kremlin, it is difficult to believe that Berezovsky now wants to rescue NTV for reasons of human rights. Even though Gusinsky and Berezovsky were fellow oligarchs, their media have pursued very different approaches to treatment of the Putin regime. The circumstances behind Berezovsky's abandonment of his shares remain unclear and Kommersant has suggested that he may have swapped his investment for shares in an oil-related enterprise.
Last month Putin had a meeting with Russian oligarchs (Berezovsky and Gusinsky, of course, were not invited), at which the Russian president promised the introduction of business-friendly legislation and asked the businessmen to obey all laws and not to interfere in executive or legislative branch decisions. Nikolai Ulyanov wrote on the pro-Kremlin website strana.ru that "the meeting was intended to establish a truce between the president and the businessmen who now understand what the rules of the game are." (RFE/RL NEWSLINE, 25 Jan 01) At the same meeting Putin asked for money for a new fund to aid victims of military conflict. Within 10 days of Putin's request for money, all of the heads of Russia's largest enterprises contributed $52.7 million.

It seems that Putin is making sure that the oligarchs are all in line. They have been reminded of "the rules" of his game, and have demonstrated their understanding of those rules by asking "how high" when Putin demanded that the Union of Industrialists and Entrepreneurs "jump" and contribute vast sums of money.

Perhaps Berezovsky has had a separate meeting with the Russian president. Publicly Russian officials have criticized Berezovsky's proposal, and the deputy prosecutor general has said that Berezovsky might be charged in absentia in connection with the Aeroflot embezzlement case. However, if Berezovsky were successful in assuming Media-MOST's debt from Credit Suisse First Boston investment bank, and were able to "save" NTV, it would certainly be a better arrangement for the Kremlin than if Ted Turner's consortium were successful. Berezovsky has demonstrated his loyalty to the Kremlin in the past. Who knows what deals he may have been offered? To date, it is still unclear what price Berezovsky received for his stake in ORT. Additionally, Berezovsky appealed to the "trade union" of the oligarchs for money to support NTV. This is the same group of businessmen that had just given $52 million to Putin's fund. Why would Berezovsky appeal to the them? It leaves one to wonder
The Bush administration intervenes
US Secretary of State Colin L. Powell and Ambassador to Russia James Collins
recently talked to Moscow officials about the importance of maintaining NTV's
independence. National Security Advisor Condoleezza Rice met with Media-
MOST's first deputy chairman, Igor Malashenko, to show support for the group,
and "to send the message to the Russians that democracy is important."
(WASHINGTON POST, 10 Feb 01; www.cdi.org/russia) The Bush administration
urged Russian leaders to accept Ted Turner's bid to buy critical shares of Media-
MOST and thereby to save NTV from government control. However, it seems
that Washington's urgings will be inconsequential to NTV's fate. This week the
Gazprom chief's advertisement in The Wall Street Journal clearly stated that the
company "shall make no more deals with Mr. Gusinsky since it has proved
impossible to have a deal with Mr. Gusinsky." This doesn't give one the
impression that the Russian state-owned company is open to any other options
for Media-MOST to pay its debts. The only option acceptable to the Russian
leadership seems to be one that will ensure further restrictions of freedom of
speech.

Russian Federation: Armed Forces
By Richard Miller

Skeptical prognosis for successful reform
Recent discussions surrounding Russian military reforms have focused on two
central themes: reform towards a professional force and greater civilian control of
the military. The second half of 2000 was replete with proposals, discussions and
initiatives on how best to proceed in these areas. Since some of these reforms
have just begun (despite years of discussion), it would be unrealistic to expect
success, or even substantial progress. However, it is perhaps appropriate to
examine trends and determine if the environment is ripe for success or failure. On most accounts, the reports are discouraging.

**A brief review of a decade of military reform**

Military reform was often discussed but rarely accomplished in the 1990s. Reform generally was equated with force reductions and paper reorganizations in the name of professionalism and efficiency. Very little was accomplished except the virtual disintegration of the former Soviet military structure. Under Defense Minister Pavel Grachev, the first large (and necessary) reduction was carried out early in the 1990s. While this drawdown of over 1 million personnel was conducted peacefully, it did nothing toward achieving the goal of building high-quality, professional forces. The 1994-96 Chechen war sapped considerable resources and further limited any chance for substantial change. The later part of the decade was marked by increasing military complaints about the lack of funding, which was compounded by the financial crisis in 1998. The second Chechen conflict started in 1999 all but ruined any chance for serious reforms. Under Defense Minister Igor Sergeev, small steps in reforming the "hollow" force divisions and the beginnings of small "permanent readiness" divisions were limited moves in the right direction.

**The latest reform initiatives**

However, central to Sergeev's heart, and tenure, is the prominence of strategic nuclear forces versus conventional forces. This centerpiece issue in last summer's political battle between him and the military chief of staff, Anatoly Kvashnin, initially appeared to sway the balance in favor of Kvashnin and the advocates of conventional force reform at the expense of the Strategic Rocket Forces (SRF). Rhetoric and Security Council decisions following in the fall of 2000 appeared to be moving towards a much-needed revamping of Russia's conventional forces. This was slated to include: elimination of excess and redundancy through further force cutbacks, a shift to more contract (volunteer) personnel at the expense of conscripts, and better focus on the pay and welfare
concerns of the troops. Steps were also discussed which appeared to pave the way for a future absorption of the SRF by the Air Force. While the first element, a 365,000-troop reduction plan, has just been endorsed by President Putin, the associated underlying shift in Russian strategic security focus may not yet be decided. (ITAR-TASS, 1112 GMT, 2 Feb 2001; FBIS-SOV-2001-0202, via World News Connection) Recent statements by Putin and Sergeev may be shifting the balance of focus back to the strategic nuclear forces in response to the Bush administration’s decision to pursue a National Missile Defense system. Sergeev also has been a very prominent Putin emissary of late, traveling and receiving numerous foreign military delegations. Concurrently, it has been rumored that Kvashnin may be retired shortly. If Russia follows this course in the coming years, and projected economic realities come to pass, the death knell may ring for much of the significant reform efforts in the conventional forces.

Compounding the issue, the Navy appears to be setting its own course, apart from the rest of the General Staff and defense ministry leadership, by playing on designs of "great power" status. Apparently pursuing his own path, Navy Commander in Chief Admiral Vladimir Kuryedov is developing a new, far-reaching maritime doctrine, lobbying the president directly for an increased share of funding to support shipbuilding and starting "show the flag" Pacific ship deployments. All of this comes in the wake of the Kursk accident and despite Russia's Navy-wide readiness disaster. Kuryedov seems to be doing this with at least the tacit blessing of Putin, who is expected to provide a more formal approval by signing the nearly completed maritime doctrine.

With an independent-minded Navy chasing unaffordable dreams and visions of grandeur, continued dissension between the MoD and General Staff, more Chechen conflict with the coming of spring, a shortage of money for the most basic operations and training, and an inherent Russian military design on "great power" status, one can only wonder if reform stands a chance. All these indicators point to the need for a shake-up in military leadership to provide the
impulse to further real reform. The question remains: Is there anybody left who is able and willing to pursue reform and carry it through?

**Will there be any future leaders?**

All the defense establishment's systemic failures are creating dissatisfaction within the Russian officer corps and troops. This has impact not only on retention of current members, but also on recruitment of new, qualified individuals into military service. The ultimate result is doubt whether the future will leave enough capable leaders to carry out any attempted reform agenda. A recent poll in the Leningrad Military District revealed 69% of all officers are dissatisfied with military service. (ROSSIYSKAYA GAZETA, 31 Jan 01; FBIS-SOV-2001-0131, via World News Connection) While the poll is new, the results are not. This disturbing trend has been apparent for years as low pay (sometimes no pay), lack of training, lack of housing, and other unaddressed social concerns have forced many in the military below the poverty line. Numerous military members are forced to work in additional jobs, or worse, to resort to corruption and illegal activities to provide for themselves and their families.

Meanwhile, the prosecutor general's office started the New Year with a busy workload of military corruption cases. For those military members lacking the skill training necessary for success in a market economy, or older officers with families who are less likely to give up careers and start over, an attractive alternative is to subvert their positions and the military resources at their disposal for personal gain. Many soldiers moonlight as private sector security guards, others branch out into the criminal element of society. Mafia-run private armies, the drug trade, prostitution and fraud are but a few of the outlets for disaffected soldiers looking for work and a purpose. Nor are senior officers exempt from these temptations, as demonstrated by an increase in the number of higher-ranking officers indicted for the illegal use and sale of arms, ammunition and equipment.
All of this is anathema to the very core of values essential to developing a volunteer professional military force. Allowing the establishment of civil-military relations that revolve around financial profits rather than national security concerns undermines discipline and negates effective civilian or military control of the forces in the field. Increasing military involvement in criminal activity is a direct threat to the integrity of the state. If these conditions persist over time, those involved become dependent upon such activity and are less likely to support reform that would eliminate it. This situation contains terrible omens for the success of professional reform in the armed forces.

Perhaps this is also where Putin and the Duma together could have made the greatest strides in initiating true reform -- namely, by addressing the social welfare of the troops. Unfortunately, pay reforms, supposed to be in place by 1 January, have been delayed in debate and are not expected until April. Even then, many doubt the veracity of government claims that these changes will make a difference in the average soldier's plight. What exacerbates this situation is that the best and brightest of the young to middle-grade Russian officers, exactly those needed to lead the reform efforts into the future, are also those most likely to leave first. They have the talents to do better for themselves and their families on the outside and are more apt to leave what they view as an organization in disarray and decline.

**Civilian control -- a stagnant cause?**

NATO/US notions of civilian control of the military are a long way off for the Russians. While some progress has been made in the last decade, further efforts appear to have stalled, and the military's increasing involvement in politics would seem to constitute a step backward.

One of the most persistent rumors in the last few months is the possible appointment of a civilian defense minister to replace Sergeev. On the surface this seems to be a step in the right direction. Currently, the Russian military
establishment, which is fractured by infighting and decimated funding, appears to posture itself to fighting for its own interests. While appearing in this manner as an independent actor, fortunately for the Russian people this same establishment has also demonstrated a collective resistance to participation in coups or direct involvement in political struggles. Replacing the current military advocate with a civilian presidential advocate in the defense minister's post may actually prove to be a more ominous development. Coupling a president like Putin, inclined toward authoritarian rule, with a defense minister solely loyal to him, and given the very nature of the Russian military force as submissive to strong central authority, the mix could prove to be a more dangerous threat to true civilian control of society than the current situation. Without greater legislative oversight and confirmation authority over "power ministry" appointments, this could mean strengthening presidential rather than genuinely "civilian" control over the military. As against this trend, increased openness and influence on the military budget by elected officials in the Duma would provide something closer to civilian control, as traditionally understood in democratic societies.

Of further concern is the increasing tendency of Russian military officers to run for or to be appointed to political office. In fact, five of the seven new super-regional governors are military officers and numerous others are involved as mayors of major cities and in lesser local posts. This development is particularly important as declining allocation of federal funds to military units has forced local military commanders to develop new and imaginative economic ties to local authorities in order to maintain their units. In some cases, these new links have been rather one-sided affairs as military leaders have resorted to the threat of force to get what they require. This occurred at several power plants last year where the military took control to restore power that had been cut off because the government failed to pay the bills. At the federal level, military officers have been elected to the Duma. Back in 1995, this initiative went so far, in fact, as to amount to an organized attempt by the military leadership and defense-industrial complex to establish a "military friendly" voting block in the legislature.
The significance of the military's involvement in politics should not be overlooked. Historically, democratic states have not allowed serving military personnel to hold elected office. Experience has shown that a direct involvement in politics by the military has been incompatible with successful democratic development. Politicizing the armed forces is yet another dangerous precedent for the development of a professional military.

**Conclusion**

As things stand today, the military is inadequately housed and paid, short of qualified junior- and mid-level officers, rife with corruption, and struggling to maintain basic levels of operational capability. Putin himself has said, "The military reform should not be confined to the allocation of financial resources." However, he also has stressed, "This reform will be doomed to failure if funds are not provided in full and on time. Funding should be targeted." (ITAR-TASS, 1932 GMT, 9 Nov 00; FBIS-SOV-2000-1109, via World News Connection) To date, funding required exclusively for significant progress towards reform has not been set aside for that purpose. Pay reform for the troops has been delayed. The military and political leadership has yet to articulate a consensus reform path and security goals. The increasing involvement of officers in the election process is slowly blurring the boundary between the military and politics in a society struggling to come to grips with pluralistic development ideas. Indeed, the prognosis for professional reform of the Russian armed forces is not good.

**Newly Independent States: Western Region**

By Tammy Lynch

**UKRAINE**

Putin to the rescue?
As each day passes in Ukraine, the scandal that has come to be known as "Kuchmagate" seems to escalate, placing Leonid Kuchma on a more and more precarious presidential pedestal. Not only has Kuchma been accused of ordering a journalist to be "dealt with," but this week, his opponents released information that suggests Kuchma may have used his power ministers and regional representatives to influence the last presidential election.

Kuchma's increasing weakness has, of course, derailed his country's recent economic progress and been disastrous for its international prestige. That loss of international prestige creates a unique and welcome opportunity for Russia -- something Vladimir Putin was happy to take advantage of during his recent visit.

Even before Vladimir Putin arrived in Dnipropetrovsk for a one-day meeting with Kuchma, members of the "Ukraine Without Kuchma" movement began railing against what they perceived as the Russian president's attempt to "prop up" his Ukrainian counterpart in the face of rising internal opposition. "The subcontext [of the meeting], as far as I understand," Oleksandr Moroz told reporters, "is to defuse the political situation in Ukraine with the help of the Russian president."

(AGENCE FRANCE PRESSE, 0211 EST, 11 Feb 01; via lexis-nexis)

Quite possibly, this is exactly what Kuchma was hoping would occur, at least in the short term. Unfortunately, in the long term, he is likely to get much more than he bargained for as Putin continues to exploit adeptly the turmoil engulfing the Ukrainian government. A weakened Ukrainian president, parliamentarians jostling for position, and oligarchs fighting for their monetary wellbeing have combined to create the perfect environment for Putin to pull Ukraine more fully into Russia's orbit. While this fact does not seem to concern Kuchma just now, it clearly does worry certain other members of Ukraine's government. On 11 February, Agence France Presse quoted an unnamed "source close to the Ukrainian foreign ministry" as saying that Russia "is increasingly pushing its military 'collaboration' and wants to isolate Ukraine from the West, in particular
NATO." Unfortunately, while his country is in such a weakened condition, Kuchma, by dealing with Putin at this moment, is assisting Russia in these goals. (For further background on attempts at military collaboration, see THE NIS OBSERVED, 31 Jan 01.)

Kuchma probably can see no alternative. His internal and international support began to erode when the decapitated body of journalist Georgiy Gongadze was discovered last November. Shortly thereafter, when Oleksandr Moroz released tapes purporting to have recorded Kuchma as he ordered Gongadze to be "dealt with" by his security chief, the Ukrainian president became something of an international pariah, and watched as his cabinet of ministers inched away. At the same time, public demonstrations began in Western Ukraine, and spread quickly to Kyiv. Today, Kuchma must realize that, instead of losing momentum, the protests are increasing in duration and attendance. On 6 February, an estimated 5,000 demonstrators marched through Kyiv shouting "Kuchma Out," and setting fire to portraits of their president. At the rally, Georgiy Gongadze's mother warned protesters to remain vigilant. "Do not be fooled by officials. Unite and help each other and we will win," she told the crowd. (REUTERS, 1406 GMT, 6 Feb 01; via America Online)

Almost concurrently with the public protests, a group of 15 ambitious members of parliament formed a bloc dedicated to the removal of Kuchma and the establishment of a parliamentary republic. The bloc, called the Forum of National Salvation, not surprisingly includes Moroz and (recently arrested) former deputy prime minister Yulia Tymoshenko. Also involved are Serhy Holovaty, the head of the commission investigating the Gongadze issue, and Taras Chornovil, son of Rukh founder Vyacheslav Chornovil and now a member of the centrist Reforms-Congress Party.

The group, explained MP Yuri Lutsenko, wants to "build a democratic European country with a parliamentary democracy, freedom of speech and guarantees of
all human rights." (KPNEWS, 10 Feb 01) They and the "Ukraine Without Kuchma" organization also have called for not only Kuchma's resignation, but also those of Internal Affairs Minister Yuri Kravchenko, Prosecutor-General Mykhaylo Potebenko, and Security Service (SBU) head Leonid Derkach. In the first sign that Kuchma realizes he must begin working with the protesters, Kuchma fired Derkach just days before Putin's visit, while Potebenko suddenly left Kyiv "on holiday," although he is not expected to return.

Perhaps even more difficult for Kuchma than the domestic opposition (which may be dealt with by using security forces, tax police, media licensing boards and limited accommodation) is the dramatic shift in international support. The Gongadze case has strained Ukraine's relations with the European Union (EU), Council of Europe, the Organization for Security and Cooperation in Europe (OSCE) and numerous Western countries. In addition, just a few days ago, the IMF, citing economic problems, announced that the next tranche of its Extended Fund Facility loan to Ukraine will not be dispersed as scheduled. It would not be surprising if the current domestic political situation played some part in that decision.

So where can Kuchma turn for support? Of course, he can always turn to his great Slav brother. And the Slav brother will be more than happy to oblige.

The Russian-Ukrainian Rapprochement began in earnest in December, as the two countries finally reached agreement over Ukraine's $1.4 billion gas debt to Russia. The agreement, Putin said at the time, "normalizes bilateral relations and creates an excellent basis for their development." (INTERFAX, 1350 GMT, 1 Dec 00; FBIS-SOV-2000-1201, via World News Connection) Since then, a plan for Russian-Ukrainian military cooperation has been initialled, allowing, for the first time, the establishment of a joint observation post in Sevastopol, probably to be followed by joint planning of all international exercises involving Ukraine.
Recently, there has been talk of joint weapons manufacturing. Putin explained that future weapons cooperation was one of the reasons for his visit. "It is not by chance that we agreed to meet in Dnipropetrovsk," he said, "since we intend to visit Yuzhmash, one of the biggest rocketry manufacturers." (ITAR-TASS, 0448 EST, 11 Feb 01; via lexis-nexis) Earlier, Russian Security Council Secretary Sergei Ivanov suggested that if the United States continues with plans for the National Missile Defense system, Russia will take "appropriate countermeasures." According to Ivanov, those measures could easily include joint weapons production at Yuzhmash, where Soviet SS-18 and SS-24 intercontinental rockets were produced previously. (DEUTSCHE PRESSEAGENTUR, 1514 CET, 10 Feb 01; via lexis-nexis)

Certainly, the specter of a renewed Russian weapons presence in Ukraine cannot be a pleasant thought to NATO, OSCE and EU members. These organizations have so far remained quiet on the issue, however -- at least publicly. It appears that most Western organizations have decided to adopt a "hands-off" attitude toward Kuchma and, consequently, to a large extent, toward Ukraine. Putin clearly understands this and has used it to his advantage. "Certainly," he said, "we are aware of the acute political problems [in Ukraine]." However, his country, he continued, will work with "those who have been elected by the people of Ukraine.... Leonid Kuchma is the legitimately elected president of Ukraine. We will work with him." After all, he explained, "We have large-scale plans... with Ukraine." (ITAR-TASS, 1122 EST, 11 Feb 01; via lexis-nexis)

Unfortunately, while Kuchma's political troubles continue, he desperately needs any support from any direction. As he finds himself unable to govern, and as parliamentary factions split or form in reaction to the crisis, Ukraine is left drifting and isolated, open to manipulation and easily exploited. This is a situation that has proven ideal for Mother Russia. One can only hope the crisis, in some way or another, is addressed before Ukraine deteriorates to become little more than a Russian satellite.
Voting for more of the same, again?
The situation in Moldova unfortunately is beginning to look like a science fiction movie; the characters are caught in a time warp and doomed to repeat the same behavior again and again.

On 25 February, voters in Moldova will go to the polls to replace the current parliament. The elections became necessary after parliament, newly enhanced with the power to elect a president, could not agree on a candidate for the post. The inability to agree has provided a difficult lesson in power politics. Just months before, parliament had won a long power struggle with President Petru Lucinschi when it transformed the country into a parliamentary republic. Members of parliament -- most staunchly opposed to Lucinschi -- congratulated themselves on ridding the country of their nemesis.

However, that was just the beginning. Months later, locked in a battle between the Communists and centrist parties, parliament proved unable to name the next president, allowing Lucinschi to continue as acting president. Even more importantly, the inability to form a coalition enabled Lucinschi to dissolve parliament and call for new elections. It would seem, then, that those who created the parliamentary republic were its first victim. But, appearances can be deceiving, and it is likely that not much will change in Moldova following the elections.

At last count, pollsters were suggesting that only five of the 17 registered parties or blocs campaigning in the election will garner enough support to claim seats in parliament. Those five are strikingly familiar. The Communists led by Petro Symonenko, who held 40 percent of the seats in the last parliament, are expected once again to constitute the largest bloc in parliament. The centrist alliance led by Prime Minster Dimitru Braghis and supported by Lucinschi
probably will form the second biggest voting bloc, just as it did in the previous parliament. Like its predecessor in the previous parliament, the current centrist bloc constitutes a precarious coalition and could crumble easily.

The remaining seats in parliament are likely to be taken up by various swing parties. Regardless, the composition of the incoming parliament will resemble its predecessor, calling into question its ability to agree on a new president, and possibly allowing Lucinschi to remain. In addition, Lucinschi's backing of the centrist bloc, known as the "Braghis Alliance," suggests the possibility that he is campaigning to continue in his post.

Clearly, the more things change in Moldova, the more they stay the same. It is an unfortunate state of affairs for the people of Moldova, who simply are struggling to survive.

Newly Independent States: Caucasus
By Miriam Lanskoy

AZERBAIJAN
Still committed to GUUAM?
In a move that raises questions about Azerbaijan's commitment to GUUAM and most of all to neighboring Georgia, the Azerbaijani president has requested a postponement of the summit of GUUAM members. Nezavisimaya gazeta reported on 10 February that Presidents Petru Lucinschi of Moldova and Heyder Aliev of Azerbaijan asked to postpone sine die the summit of GUUAM states scheduled to be held in Kyiv in March. Aliev's administration explained that the meeting conflicts with a summit of Caspian states to be held in Turkmenistan. In fact, Chevron's announced support for the Baku-Ceyhan pipeline follows on the compromise on Caspian status that Aliev and Putin reached last month. These
facts improve the chances for Baku-Ceyhan, which relegates GUUAM to a lower priority.

GEORGIA
US and RF generals visit
A delegation of Pentagon officials led by Jeffrey Starr, assistant to the Secretary of Defense, arrived in Georgia on 12 February for a five-day visit to learn about the status of Georgia's military reform. (strana.ru, 12 Feb 01) On the same day a delegation of the Russian military led by General Leonid Ivashov, the head of the department for international cooperation, began another round of talks with Georgian Defense Minister Davit Tevzadze. At issue is the entire complex of Russian-Georgian relations: widening the scope of military cooperation, the future of the Russian bases, the border regime, and the continued presence of Russian peacekeepers in the Abkhaz-Georgian contact zone. (NEZAVISIMAYA GAZETA, 10 Feb 01)

CHECHNYA
Who held Gluck?
Kenneth Gluck, the American Medecins Sans Frontieres worker who was abducted on 9 January, was released on 6 February. Gluck refused to speculate about the identity of his captors. However, his description of his release contradicts the FSB statement that he was freed as a result of a special operation. (AGENCE FRANCE-PRESSE, 8 Feb 01; via lexis-nexis)

Gluck was held by Chechen clients of the FSB, according to a very knowledgeable commentator, Vyacheslav Izmailov, a retired MVD colonel who has been retrieving hostages from Chechnya for the last five years and clearly has insider information. The car carrying Gluck away from the scene of the abduction was escorted by two military trucks and two armored personnel carriers, so that "Gluck and his captors would not be seized by the Chechen fighters." (NOVAYA GAZETA, 8 Feb 01)
Izmailov, who says he knows the identity of the Chechen FSB collaborator, draws a parallel to the fate of Gazi Deniev, a Chechen FSB collaborator who took part in the Babitsky kidnapping. Deniev was killed in October 2000, just at Babitsky's trial was starting in Dagestan. The murder of Magomed Khachilaev in November 2000 is another case where a Chechen who was closely identified with the Russian security services met a violent and mysterious end.

**Nemtsov's proposal**

The leader of the Union of Right Forces faction, Boris Nemtsov, has produced another peace plan for Chechnya. According to his proposal, Chechnya would become the eighth administrative district ruled by a Kremlin appointee -- a person respected by the Security Services and the Chechen leaders, an efficient manager, a strong-willed man. It will be necessary "to find another Chubais," (sic) commented Nemtsov. Parliamentary elections would be held before the end of 2002. "Decision on status would be postponed until the Chechens give up claims to national self-determination," he added. Funds for refugees would be provided towards the end of 2001, and be included in the 2002 budget. If these measures fail to improve the situation by 1 January 2003, then Chechnya should be divided: the two northern districts transferred to Stavropol krai and the mountainous part declared a "rebellious territory," which would be blockaded and from which military forces would be withdrawn. The Kremlin is studying the proposal. (KOMMERSANT, 7 Feb 01)

**What form should talks take?**

Democratic forces that did not support Putin's presidential campaign favor talks without preconditions. Lev Ponomarev described the Russian human rights congress held in January 2001 as the only remaining form of opposition to Putin. Although not a political party, it is a form of "civic opposition." The congress held the government responsible for the deteriorating human rights conditions throughout the country. Moreover, it focused attention on draft legislation which
would ease substantially the process of adopting amendments to the constitution. If passed, this bill would leave fundamental freedoms open to abridgement by legislative act.

At the congress a resolution on Chechnya calling for immediate negotiations without preconditions was adopted by a near unanimous vote. Ponomarev commented that the time to negotiate is now, from a position of strength before the military is withdrawn. In his view, if Maskhadov is considered too weak to implement decisions, then negotiations should be held with all the relevant field commanders, including Basaev and Khattab (interview with author, 31 Jan 01). A democratic politician and human rights activist, in 1990 Lev Ponomarev founded Democratic Russia, the first reform party, with Father Gleb Yakunin and the late Galina Starovoitova.

Sergei Kovalev stressed the possibility of negotiating with Maskhadov, whose authority and popularity have only grown during the war, and with members of the Chechen parliament, who also are highly regarded. Broadening the scope of the talks to include representatives of social movements would dilute the proceedings with too many participants and is only advisable at a later stage. (ichkeria.org, 6 Feb 01)

Such approaches would be very well received in Chechnya according to a recent public opinion survey conducted in five Chechen regions by the Chechen non-governmental organization LAM. The survey found that almost 100% of the respondents thought that the conflict could be resolved peacefully. An overwhelming majority (80%) favored Maskhadov representing them in talks and thought that Chechnya could have a status within the Russian Federation. Roughly 90% favored a secular state and elections immediately upon termination of hostilities. (DISPATCHES FROM CHECHNYA, LAM; available from the Institute for Democracy in Eastern Europe, www.idee.org)
Newly Independent States: Central Asia

By Lt. Col. James DeTemple

Tajikistan: Growing importance in Central Asian security
Tajikistan's defense minister and his Russian counterpart recently met in Moscow to discuss military cooperation between the two countries. The 5 February meeting occurred shortly after a US Department of Defense official, Dr. Jeffrey Starr, visited Dushanbe in January, and indicates that Russia may be concerned about expanding US engagement in Central Asia. More importantly, the Starr visit underscores the growing strategic importance of Central Asia to US security interests.

Tajik Defense Minister Sherali Khairulloev and Russian Defense Minister Igor Sergeev discussed bilateral military cooperation in addition to Central Asian regional security and the instability created by the situation in Afghanistan. (ITAR-TASS, 5 Feb 01; via lexis-nexis) Russia and all the Central Asian states have cited concern over possible renewed incursions in 2001 by the Islamic Movement of Uzbekistan (IMU) into Kyrgyzstan and Uzbekistan. (See THE NIS OBSERVED, 31 Jan 01.) Kyrgyzstan Interior Minister Tashtimir Aitbaev recently warned the IMU was preparing for a repeat summer offensive from bases in Afghanistan and Tajikistan. (ITAR-TASS, 0957 GMT, 1 Feb 01; FBIS-SOV-2001-0201, via World News Connection) Unquestionably, Russia is playing on this apprehension to wield yet greater influence in Central Asia.

Tajikistan is the only state in Central Asia where Russia still stations its troops. Additionally, Tajikistan participates actively in the Russian-dominated CIS Collective Security Treaty and the integrated air defense system. Last April, for example, Tajikistan hosted the CIS Southern Shield 2000 exercises, involving Russia, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan, in the latter's southwest and in the Termez area of Uzbekistan's Surkhandar'Inskaya Oblast.
Uzbekistan's forces only participated in exercises held on its territory. Not surprisingly, its exercises were designed to keep rebel forces from infiltrating Uzbekistan via Tajikistan's southern border. (ITAR-TASS, 1120 GMT, 2 Apr 00; FBIS-NES-2000-0402, via World News Connection) Whether similar CIS-sponsored exercises will take place again in 2001 remains to be seen. Nevertheless, such large-scale exercises could be used as a pretext for increased Russian armed intervention in the region.

In addition to IMU incursions, Russia and Tajikistan have voiced concern about the conflict in Afghanistan and the growing refugee crisis on Tajikistan's border. Recent fighting between opposition Northern Alliance forces and the Taliban in northern Afghanistan's Takhar province has created a new wave of refugees in the Panj River basin on the Tajik-Afghan border. (ITAR-TASS, 0531 GMT, 27 Jan 01; FBIS-SOV-2001-0127, via World News Connection) Tajikistan's foreign ministry claims that the refugee influx from Afghanistan creates "considerable barriers to the consolidation of peace in Tajikistan, the revival of the extremists, radical religious and terrorist band formations, as well as increasing the possibility of the republic's territory being used for subversive activities" against neighboring states. (ITAR-TASS, 1436 GMT, 24 Jan 01; FBIS-SOV-2001-0124, via World News Connection)

On 22 January, the United Nations High Commissioner for Refugees asked Tajikistan to accept an estimated 10,000 Afghan refugees on the Afghan-Tajik border. Tajikistan President Imomali Rakhmonov denied the request, claiming that refugees include armed fighters and thus would not be allowed to enter Tajikistan. (RFE/RL NEWSLINE, 24 Jan 01) A "batch of humanitarian aid" consisting of 40 tons of oil and 47.5 tons of sugar recently arrived in Dushanbe from Russia for distribution to Afghanistan's northern provinces. Additionally, Moscow is sending 120 tons of flour, 3,000 blankets and 50 tents as part of the relief effort. (ITAR-TASS, 1127 GMT, 30 Jan 01; FBIS-SOV-2001-0130, via World News Connection) Nor is Russia the only country offering aid. The deputy
chief of the US Mission to the OSCE, Josiah B. Rosenblatt, recently stated "the United States will continue to provide assistance for these refugees and internally displaced persons, in addition to the relief we are providing to mitigate effects of the drought that has stricken the region." (US State Department STATEMENT, 1 Feb 01) (Tajikistan is one of the countries hardest hit by drought in Central Asia). The US is also responding to an influx of Afghan refugees into Pakistan by airlifting emergency supplies such as tents, blankets and rolls of plastic as well as donating money for provisions to be bought locally. US emergency relief will also be provided to Herat, in western Afghanistan near the Iranian border. (BBC NEWS, 7 Feb 01)

Along with humanitarian concerns, US officials have warned of non-traditional security threats in Central Asia, particularly international terrorism and drug trafficking. In testimony before the Senate Select Committee on Intelligence on the "Worldwide Threat 2001: National Security in a Changing World," the director of the Central Intelligence Agency, George J. Tenet, stated "The drug threat is increasingly intertwined with other threats. For example, the Taliban regime in Afghanistan, which allows Bin Ladin and other terrorists to operate on its territory, encourages and profits from the drug trade. Some Islamic extremists view drug trafficking as a weapon against the West and a source of revenue to fund their operations." In addition, he said "We are becoming increasingly concerned about the activities of the Islamic Movement of Uzbekistan, an extremist insurgent and terrorist group whose annual incursions into Uzbekistan have become bloodier and more significant every year." (TENET SENATE TESTIMONY, 7 Feb 01) The IMU could destabilize Central Asia as a whole, particularly since the terrorist organization is known to operate from bases in Afghanistan and Tajikistan.

Kyrgyzstan, Tajikistan and Uzbekistan have increased in strategic importance because of their geopolitical location and could serve as an effective buffer against the problems coming out of Afghanistan. The US State Department sponsors the Central Asian Border Security initiative, which provides assistance
to Kyrgyzstan and Uzbekistan for improving border security. Uzbekistan received US communications equipment recently as part of the initiative to fight terrorism, drug trafficking and illegal arms smuggling. (BBC NEWS, 26 Jan 01) Indeed, Dr. Starr's 17 January visit to Dushanbe serves as another signal of the growing strategic importance of Tajikistan, which defense analysts have long considered to be the weakest link in Central Asian security. The trip possibly could open the door for groundbreaking US-Tajikistan military cooperation in areas such as border security and non-proliferation of biological and chemical weapons. Thus, integrating Tajikistan into a wider cohesive security framework and improving coordination between Bishkek, Dushanbe and Tashkent could prove more effective in the fight against non-traditional security threats flowing out of Central Asia.

Newly Independent States: Baltic States

By Kate Martin

LATVIA

Fractional politics

A recent vote by four New Faction members of parliament on amendments to the law on real estate tax showed just how fragile the ruling coalition was, as PM Andris Berzins tried unilaterally to oust the faction from the coalition, and the rebel MPs refused to go.

PM Berzins sent a letter to New Faction deputies Silvija Dreimane, Raimonds Pauls, Imants Stirans and Ingrida Udre charging that they had violated the coalition's agreement by supporting the opposition's proposals, contrary to the government's policy and contrary to the position declared by the faction's leader one hour before the Saeima vote. Berzins' notice that the deputies were, therefore, out of the coalition, met with some resistance. The New Faction did not consider the prime minister's demand to leave the coalition to be binding. "The
prime minister's move in the current situation must be seen as inappropriate," according to a statement by the New Faction signed by Udre, "This vote was a vote of consciousness, and the premier has no moral grounds for reproaching deputies for a positive vote on the issue." (LETA, 1419 GMT, 26 Jan 01; FBIS-SOV-2001-0126, via World News Connection)

Moreover, Maris Grinblats, the leader of the For the Fatherland and Freedom/LNNK party which is also in the coalition, said that under the agreement which formed the government, it is up to a faction to decide whether to remain in the coalition. "It cannot become a tradition that a coalition partner quits the government if the prime minister asks it to," Grinblats said. (BNS, 1102 GMT, 26 Jan 01; FBIS-SOV-2001-0126, via World News Connection)

Within a few days, however, the ruling coalition partners had all come to stand behind the prime minister who, in a move that took the politic out of politics, decided that there was no room for graciousness. After New Faction chairwoman Udre admitted that the coalition was backing the prime minister, Berzins confirmed to the media that the New Faction had no hopes to remain in the coalition and he had made that decision four days previously. (BNS, 1729 GMT, 29 Jan 01; FBIS-SOV-2001-0129, via World News Connection) Not to be outdone in juvenile behavior, Pauls, responding to Berzins' proposal that the New Faction join the opposition bloc, counterproposed that the prime minister could "return to his teacher's position in Ogre." (LETA, 1400 GMT, 31 Jan 01; FBIS-SOV-2001-0131, via World News Connection)

'Trust us, we're from the government'
Apparently stung by the Council of Europe's (CE) unfavorable report on the country's efforts to combat economic crimes (BNS, 1836 GMT, 22 Jan 01; FBIS-SOV-2001-0123, via World News Connection), the government of Latvia has sent forth a flurry of figures to show how much effort really is being made in that field. Alas, attempts to downplay the problems that exist in Latvia were hindered
by allegations that bribes were being offered during the current privatization of Latvian Shipping Company (LASCO), and little visible activity in regards to investigating those claims. Government assurances can carry only so much weight when government processes are the problem.

Two days after the CE report was published, Viesturs Burkans, the director of the control service charged with preventing the legalization of illegally acquired funds, held a press conference to announce that the service had received information on 4,014 abnormal or suspicious financial deals for last year, and all were checked. A whopping one percent, 40 cases, were sent into the prosecutorial maze (from the control service to the prosecutor general to the economic police or financial police). Since the control service began its work under the auspices of the prosecutor general's office, on 1 June 1998, Burkans said, 5,452 reports had been received, resulting in a total of 77 cases being sent to the prosecutor. (LETA, 1208 GMT, 24 Jan 01; FBIS-SOV-2001-0124, via World News Connection)

Still, aware that such a track record might not impress the international community, the control service and the prosecutor general's office have suggested the creation of special teams in the finance and economic police agencies to investigate money-laundering cases, the type of economic crime warranting the loudest complaints from the CE. The government is supporting the initiative. (BNS, 1217 GMT, 24 Jan 01; FBIS-SOV-2001-0124, via World News Connection)

Indeed, reports of corruption and other economic crimes have plagued Latvia for years. According to the Latvian Ministry of Internal Affairs, however, the Baltic state is getting a bum rap. Data on crime in the Baltic states compiled by the ministry indicate that, in terms of registered crimes, Latvia has the least number of crimes in the year 2000, with Lithuania reportedly taking the lead in overall crimes, as well as in cases of graft, economic crimes, smuggling and
counterfeiting. (LETA, 1137 GMT, 25 Jan 01; FBIS-SOV-2001-0125) The ministry did not issue details on reported crimes which were not registered.

Prosecutor General Janis Maizitis called on the police to devote special attention to the investigation of economic crimes during an address before the state police's annual review meeting. Maizitis said pre-trial police work often was of low quality, resulting last year in an 11-percent increase in the number of cases returned for additional investigation. The prosecutor also expressed dissatisfaction with the work of relevant units in his office, and warned that tighter controls of investigations would be put in place. (BNS, 1218 GMT, 26 Jan 01; FBIS-SOV-2001-0126, via World News Connection)

Meanwhile, the state trustee of Latvian Shipping Company, Eizens Cepurnieks, reportedly told Delna, the local branch of Transparency International, that a member of parliament had offered huge bribes to secure a favorable decision for one bidder in the LASCO privatization process. (LETA, 1458 GMT, 29 Jan 01; FBIS-SOV-2001-0129, and BNS, 1711 GMT, 30 Jan 01; FBIS-SOV-2001-0130, via World News Connection) In an emergency meeting on 30 January, the Latvian Privatization Agency board reported that mutual agreement had led the agency to terminate Cepurnieks' trusteeship. Cepurnieks, who attended the meeting, did not dispute the assertion that the termination was agreed to by both sides.

Economics Minister Aigars Kalvitis assured reporters that the privatization would take place despite the recent uproar over the company's sale. (BNS, 1038 GMT, 31 Jan 01; FBIS-SOV-2001-0130, via World News Connection) Even an incipient investigation won't stall the procedure, apparently. The Latvian State Auditor's Office has resolved to audit the privatization process, after it is determined what company will privatize the shipping company, according to the auditor's assistant, Inga Baltina. (BNS, 1155 GMT, 31 Jan 01; FBIS-SOV-2001-0131, via World News Connection)