

Moscow blast kills 6

Press Trust of India

MOSCOW, Dec. 9. — A suicide bomb blast in the heart of the Russian capital today killed six persons and injured 13 others, an attack which officials said could have been aimed at the Parliament House.

The powerful blast outside the National Hotel, which faces the Kremlin and Parliament House, killed four persons immediately while two died on the way to hospital.

Police said a female suicide bomber, who also died in the explosion, triggered the blast near a Mercedes car around 1 p.m. IST. Earlier, there was speculation that there could be a mafia hand as the hotel houses the offices of many companies.

"Now we can say with full confidence that it was a terrorist act."

Sergei Tsoi, press secretary of Moscow mayor M. Yuri Luzhkov, quoted as saying by ITAR-TASS news agency.

The attack came a day after parties supporting President Mr Vladimir Putin won a resounding victory in the elections to the Lower House of Parliament, Duma, voting for which was held over the weekend amidst tight security.

Last week, a suicide bomb attack on a train killed 44 people in the



examines bodies outside the National Hotel opposite the Kremlin in Moscow on Tuesday. — AFP

southern part of the country bordering Chechnya.

Condemning the latest attack, Mr Putin said actions of the terrorists were targeted "against the market economy development, against democracy and preservation of the country's territorial integrity." Officials said the attack was probably aimed at the parliament building.

"Evidently, the bomb went off by

accident. The National Hotel was not the place where the suicide bombers had planned to stage the explosion," Mr Luzhkov told Interfax news agency.

He said there was a strong possibility that there was a second female bomber and the two had asked a passer-by the way to the parliament. Police said they were looking for the second woman.

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THE STATESMAN

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Popular Putin to run again

Russia 13 12/12

Moscow, Dec. 18 (Reuters): Russian President Vladimir Putin, Russia's most popular leader in years, said today he would run for a second term next March and dismissed suggestions he would change the constitution to stay longer.

Odds-on favourite in the contest, Putin made his widely expected announcement in a three-hour televised phone-in programme less than two weeks after his allies scored a crushing victory in parliamentary elections.

"Yes, I am going to run," he said in the carefully scripted show, fielding questions from ordinary Russians mostly gathered before television cameras in snow-covered town squares. "I intend to make an official declaration on this matter soon."

He rejected outright the no-

tion by some analysts that the constitution might be altered to keep him in office beyond 2008.

"I disapprove," he said, placing a written question from a viewer firmly on the table. "I am against anyone, whoever he might be and however laudable his intentions might be, violating the constitution."

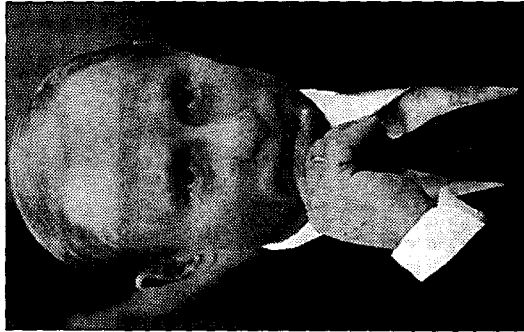
Nearly four years after emerging from relative obscurity to take over from Russia's first President, Boris Yeltsin, Putin remains highly popular with ratings of over 70 per cent.

One recent poll said he was the most popular leader in Russia's history after 18th century ruler Peter the Great.

Dressed in a dark suit, white shirt and conservative tie, the President reassured Russians he was tackling their day-to-day problems of low pay, crumbling

housing, insufficient benefits and bullying of their sons in an inefficient army. He told viewers, many earning well below the official average monthly wage of \$185, that greater use of home loans would make life easier as would dismantling huge monopolies.

With little left to chance on state-controlled channels, there was barely any drama. Even a woman from Arctic Yakutia, who had received no compensation for her son's death in the decade-old Chechnya war was simply told the matter would be resolved. There were few references to foreign policy, though Putin told a serviceman in ex-Soviet Kyrgyzstan that it was not in Russia's interest to see a U.S. defeat in Iraq and urged Washington not to fall into a mentality of empire.



Russian President Vladimir Putin at the Kremlin in Moscow on Thursday. (AFP)

WEDNESDAY, DECEMBER 10, 2003

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RESURGENT NATIONALISM *Putin*

THE RUSSIAN PRESIDENT, Vladimir Putin, has reason to be pleased with the result of the parliamentary election held last Sunday. United Russia, a party made up of Mr. Putin's loyalists, has obtained over 37 per cent of the vote and might get a majority on its own in the lower house of Parliament, the State Duma. Two other parties that broadly subscribe to the President's nationalist agenda, the Liberal Democratic Party and Rodina, together garnered another 20 per cent. Given an electoral system where half the 450 seats in the Duma are allotted on the basis of the vote share of each party and the rest are filled by direct election, the nationalist bloc could gain an absolute majority. About the only opposition the nationalists will face is from the Communist party that will have less than half the 117 seats it had in the outgoing house after its share of the vote fell from 24 to 12.7 per cent. The two pro-Western parties, the Union of Right Forces and Yabloko, will have no parliamentary representation since they failed to clear the qualifying mark of 5 per cent of the vote. The configuration of the incoming Duma will enable Mr. Putin to control the pace and direction of economic and administrative reform. It will also provide him with the parliamentary strength to amend the Constitution to delete the provision that prevents him from seeking a third term in office. The result appears to indicate that he will easily win a second term when presidential elections are held in March next year.

While Mr. Putin claimed that he stood above the electoral fray, his administration did not hide its preferences. However, this does not necessarily mean that the nationalist bloc performed so well only because it received unstinted administrative support. The Russian President enjoys an approval rating of over 80

per cent and this support was apparently transferred to United Russia, which is led by Cabinet Ministers and packed with federal and regional bureaucrats. Allegations that Kremlin advocates of a strong state rigged the polls need not be taken seriously. It was not as if the nationalists were pitted against the Russian masses. The deeper political struggle was between nationalists and the handful of robber barons who took control of huge chunks of the Russian economy when the Soviet Union collapsed. In attempting to convert their economic clout into political power, these oligarchs did not hesitate to subvert state institutions. They also provided the conduit by which Western governments and financial interests were able to influence Russia's internal affairs during the term of President Boris Yeltsin. However, the heads of the Russian conglomerates will continue to have a powerful say in Parliament since they or their representatives figured on the list of candidates of all parties including the Communists. The nationalist bloc in the incoming Duma will have its work cut out as it tries to redistribute wealth by imposing heavier taxes on the conglomerates and to curb their plunder of the country's natural resources.

The resurgence of Russian nationalism should have a balancing impact on international affairs. It can contribute to the restoration of multi-polarity at a time when the sole superpower is straining to impose its unilateralist vision on the rest of the world. Russia, under President Putin's leadership, has taken an independent position on vital issues such as Iraq. It did so even as it coped with the efforts of the United States to cut into its traditional spheres of influence in Eastern Europe, Central Asia and the Caucasus. A Russian President who has strong parliamentary backing should become even more assertive.

Russia
19-13

Putin's party sweeps parliamentary poll

9/12

By Vladimir Radyuhin

MOSCOW, DEC. 8. The Russian President, Vladimir Putin's centrist party has swept the parliamentary elections held on Sunday, winning almost 37 per cent of the vote and trouncing both Communist and right-wing opponents.

With nearly 98 per cent of the votes counted, the pro-Kremlin party, United Russia, is leading with 37.09 per cent, and looks set to grab an absolute majority in the new lower House, the State Duma, with the help of allies. Half of the State Duma's 450 seats are elected on party lists and half are filled by winners in individual constituency races.

United Russia, led by Cabinet Ministers and packed with Federal and regional bureaucrats, owes its success largely to the support of the popular President, whose approval rating tops 80 per cent.

The Communist Party has suffered a big setback, winning 12.7 per cent of the votes compared to 24 per cent it garnered in the 1999 poll. Communists will get 53 seats in the State Duma, down from 117 they had in the outgoing legislature.

The ultra-nationalist, Vladimir Zhirinovskiy's Liberal Democratic Party has almost doubled its 1999 result, winning 11.6 per cent. The left-wing Rodina (Motherland) bloc, founded just three months ago, sprang the biggest surprise of the

election, clocking in fourth with 9.1 per cent of the vote. Both parties are likely to cooperate with United Russia in the State Duma, giving the Kremlin a two-thirds majority needed to amend the Constitution if Mr. Putin decides to run for a third term in 2008.

The vote came as a big victory for Mr. Putin. It has tightened his control over the lower House and opened the way to his easy re-election in presidential elections next March. With the Communist party in crisis, its leader, Gennady Zyuganov, the main Opposition candidate in the previous two presidential elections, will be unable to put up any serious challenge to Mr. Putin.

The two pro-Western parties, Union of Right Forces (SPS) and Yabloko, have been shut out of Parliament, failing to clear the 5-per cent hurdle to win any seats.

The defeat of SPS, whose leaders carried out IMF-advised "shock-therapy" reforms under the former President, Boris Yeltsin, in particular indicates a shift in Russian society away from Western values and to the left, notwithstanding the Communist setback. This is bound to influence economic policies and the line-up of the Government, which is still dominated by liberals. The setback to the Communist Party is partly due to United Russia hijacking the former's agenda of a fair redistribution of the nation's natural resources wealth by levying more taxes on oil and metal corporations.

RESULTS PLACE PRESIDENT IN POSITION TO WIN SECOND TERM

Sweeping victory for pro-Putin party

Associated Press

MOSCOW, Dec. 8. — Allies of Mr Vladimir Putin won a sweeping victory in parliamentary elections, according to preliminary results today, positioning the Russian President well as he plots strategy for a second term he is expected to win next year.

With 90.58 per cent of the vote counted, United Russia — a pro-Putin party led by Cabinet ministers — won 36.84 per cent of the vote, leaving its rivals far behind, Central Election Commission chairman Mr Alexander Veshnyakov told reporters at a news conference.

The Communist Party, universally considered United Russia's chief contender, clawed its way to second place, but faced a solid challenge from the flamboyant nationalist Mr Vladimir Zhirinovskiy's Liberal Democratic Party of Russia (LDPR).

The Communists forged ahead of LDPR with 12.7 per cent of the vote, while LDPR saw its support drop as more votes were counted from western Russia. It had 11.8 per cent, Mr Veshnyakov said.

Russia's two main liberal parties, Yabloko and the Union of Right Forces, known by its Russian acronym SPS, were below the minimum necessary to enter the parliament as parties.

Turnout for the vote

appeared lower than past elections, with many Russians disillusioned and uninspired by the generally lacklustre campaign. Two hours before polls closed, turnout was 47.6 per cent, significantly lower than the 53.9 per cent recorded at the same time during the last Duma

elections. It would also give him an even stronger hand as he heads into what seems sure to be a second term after the presidential ballot next March.

"The United Russia party has won, the President has won. That means that democratic

Monitors cry foul

Associated Press

MOSCOW, Dec. 8. — International observers criticised Russia's parliamentary elections today, saying they were free but not fair.

Mr David Atkinson, the head of the observer mission of the Parliamentary Assembly for the Council of Europe told reporters that there was extensive use of taxpayer money and state TV "over the entire period of the campaign and before". He added: "We have regarded this election as free, but it is certainly not fair."

The head of the Parliamentary Assembly of the Organisation for the Security and Cooperation in Europe, Mr Bruce George, said the ballot "failed to meet ... international standards". He added: "Our main impression of the overall electoral process was ... one of regression in the democratisation of this country."

The OSCE and the Council of Europe sent 600 observers to monitor yesterday's race for 450 seats in the State Duma. They announced their results as preliminary returns showed the main pro-Kremlin party leading other contenders by a broad margin.

THE WINNER...



The pro-Kremlin United Russia party, led by Prime Minister Mr Kasyanov, was leading the pack by winning 36.84 per cent of the votes counted

... AND THE LOSERS



The Communist Party was second as Mr Gennady Zyuganov's candidates could muster only 12.7 per cent of the votes



The Liberal Democratic Party of Russia led by the nationalist Mr Vladimir Zhirinovskiy clawed back to third place after polling 11.8 per cent votes

vote, in 1999.

More might in the 450-seat Duma, Russia's lower House, would make it easier for Mr Putin to push through the sometimes unpopular market-oriented economic reforms he has promised and cut the bureaucracy that sti-

reforms in Russia will continue. This is a serious victory we can rightly be proud of," said Mr Lyubov Sliska, a top figure in United Russia.

Kremlin critics, however, fear too much power for Mr Putin could prompt a drift closer to authoritarianism.

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Low turnout in Russian poll

By Vladimir Radyuhin

MOSCOW, DEC. 7. Low turnout in Russia's parliamentary poll on Sunday may damage the chances of pro-Government parties and benefit Communists and left-wing nationalists.

Voter turnout in the eastern regions of Russia, which sprawls across 11 time zones, was significantly lower than in the last election in 1999. In the Far East, only 46 per cent of the registered voters came to the polling stations, down 6 per cent from 1999. In the Irkutsk region, the turnout was 44 per cent, 8.5 per cent less.

"In a majority of Russian regions where voting has ended or is about to end, the turnout has not exceeded 50 per cent," the Lenta.ru online news service reported at 5 p.m. Moscow time.

The Central Election Commission has earlier predicted the same turnout of 62 per cent as in Russia's last parliamentary poll. Analysts said that if the turnout falls significantly below that level it may damage the chances of the pro-Kremlin party, United Russia, while the two main liberal parties, SPS and Yabloko, may not clear the 5-per cent minimum vote barrier to make it to the State Duma, the lower House of the Russian Parliament. A low turnout means that it is dominated by older-age Russians, who traditionally vote for Communists and nationalists, while the younger generation tends to support liberals.

A lack of intrigue in the current election, which is widely expected to be won by United Russia, may have contributed to the voter apathy. Communists are likely to come second, with Vladimir Zhirinovskiy's nationalists in third place. About 109 million Russians are eligible to vote to elect the 450-member legislature.

8 DEC 2001

THE END

8 DEC 2001

Russians vote in Duma elections

Associated Press

MOSCOW, Dec. 7. — The pro-Kremlin United Russia party sought to tighten its grip on Russia's parliamentary elections today, and the only real suspense appeared to be how much more power the loyalists of Mr Vladimir Putin would gain before he seeks re-election next year.

Russia has been gearing up for weeks for the ballot involving 109 million registered voters stretching from Ratmanov Island in the Bering Strait, in Russia's Far East, to the Baltic Sea enclave of Kaliningrad in the West.

The pro-Kremlin party and its allies are attempting to capture a two-thirds majority in the 450-seat lower house of parliament, known as the Duma. With that majority, the party can enact changes in the Russian Constitution — assuming the upper house of parliament, the regional legislatures and Mr Putin approves.

If they manage to win that margin, the Kremlin could push for a change in the Constitution, which limits Presidents to two terms. Such an Amendment would give Mr Putin the opportunity to extend his rule in the all but certain event he wins a second term in March.

By midday today, turnout had reached 32.8 percent, making the election valid, said Mr Alexander Veshnyakov, the Central Election Commission's chairman.

The Russian leader and his wife Lyudmila, rose early to cast

their ballots at a research institute in Moscow, an occasion he described as "the most important event of the day".

He looked surprised, however, when asked whom he voted for. "I think it can be considered



Mr Putin and his wife, Mrs Lyudmila Putina, arrive at a polling booth in Moscow on Sunday. — AFP

Egg on the face

MOSCOW, Dec. 7. — A girl pelted an egg at Russian Prime Minister Mr Mikhail Kasyanov today when he came to a local polling station to cast his vote for the Duma elections. "Kasyanov! The elections are a farce!" shouted the girl lobbing the egg at the Premier. Mr Kasyanov, who simply smiled back, said: "This is an element of democracy." The girl and a man accompanying her were detained for questioning by the PM's bodyguards. — PTI

as election campaigning, so I won't say," he said. "But I think my preferences are already known."

The voting process, however, didn't go as smoothly for Mr Vla-

dimir Zhirinovskiy, the flamboyant leader of the Liberal Democratic Party of Russia. He loudly chastised an election official for approaching him as he was putting his ballot into the box.

As they argued, another voter approached and joined the screaming match. Alarmed bodyguards pushed the woman voter back and hustled the politician away as a crowd closed in.

By midday, even the most independent TV station, NTV, showed only pro-Kremlin political leaders voting, including United Russia's leaders, interior minister Mr Boris Gryzlov and emergency situations minister Mr Sergei Shoigu.

In much of the country, the election inspired little excitement among voters. Of the Far Eastern precincts that were the first to close, turnout ranged from 32.88 percent in the Primorsky region on the Pacific to 56.51 per cent in the Koryak autonomous region. Some voters had to grapple with four ballots and dozens of candidates, leading to long lines and confusion at some polling places.

Pensioner Ms Yelizaveta Litvintseva was among the first voters to cast ballots at her precinct in the Pacific port of Vladivostok — due more to old habits than to any excitement about the election, she said. "I always try to vote early, so I'll have nothing to feel bad about... Though it makes no sense; they (politicians) promise and promise, but they've run the country into the ground."

Russian Revelations

Once More with Feeling in Moscow

By Alexander M Kadakin

Close and confidential relations between Russia and India are based on the proximity of their fundamental national interests and rest upon the centuries-old history of peaceful and mutually beneficial contacts between the two nations. The strength of these bonds has been tested many times in critical situations. Time and again, in moments of crisis, both New Delhi and Moscow have turned to each other.

India has been and remains, without any reservations, Russia's closest and most reliable friend and partner. Of principal importance is the national consensus existing in the two countries regarding the necessity for developing further cooperation between both bilaterally and in the international arena. The intensity of political dialogue has been on a steady rise, embracing ever new challenges and issues emerging in the context of a rapidly-changing situation in the world. It is based on the convergence of views with regard to major problems of the present day. Summit-level talks between president V V Putin and prime minister A B Vajpayee and meetings of the ministers of foreign affairs, including their interaction at the UN, have become an annual feature.

Trilateral interaction among Russia, India and China is gaining momentum and acquiring substance. Deliberations on a number of joint working groups set up by the foreign ministries are yielding noticeable results. The first rounds of the working group on global challenges and the working group on international terrorism in September-October 2003 brought the two countries together as *de facto* allies, once again proving the effectiveness of our joint quest for ways to strengthen international and regional security. Russia has supported the advancement of the process of normalisation between India and Pakistan.

Mr Vajpayee's 12 steps to peace initiative addressed to the leadership of Pakistan has received our full support. It provides a realistic and durable basis for the resumption of dialogue and settlement of all outstanding problems between these two South Asian countries on the basis of the 1972 Shimla Accord and 1998 Lahore Declaration. No doubt, to make it possible, favourable conditions should be created. First of all, the acts of trans-border terrorism along the Line of Control in Jammu and Kashmir must be stopped.

New Delhi's views on the situation in Afghanistan and Iraq are consonant with the assessments of our diplomacy. Together we are doing our best to restore peaceful life there, while consistently upholding the centrality of the coordinating role of the United Nations, and the necessity of concerted actions of the entire comity

of nations when such crises with international ramifications take place. We have been successful jointly in mapping the means and avenues of expanding the scope of trade and economic cooperation. Highly productive deliberations have been held on the Intergovernmental Commission on Trade, Scientific, Technological and Cultural Cooperation. Experts are actively working out a mechanism for investing the rupee assets — available to Russia as a result of the repayment of India's debt — into promising projects in both countries.

The prospects of cooperation in this sphere give rise to optimism. Military and technical cooperation, being a significant and inalienable segment of the special nature of the bilateral relationship, is doing splendidly. A number of major deals in the pipeline are now being finalised. When signed, they will make a considerable contribution to strengthening India's defence capability and security while promoting peace and stability in the region. Among the top priorities on the Russian-Indian agenda are also our traditionally warm people-to-people contacts and cooperation in the field of culture. An example of this is the successful functioning of the Russian-Indian



International Roerich Memorial Trust in Naggar in Kullu Valley, Himachal Pradesh. Every year the Roerich Museum and Art Gallery there are visited by over 100,000 tourists from around the country and abroad. It is symbolic that as the prime minister visits Moscow, an exhibition on Russian culture is on in all major Indian metros, drawing large audiences.

This colourful gala marks the renaissance of active cultural cooperation between the two countries and highlights the special spiritual affection the Russians and Indians have for each other. For many centuries, this magic bridge of culture, stretching over the Pamirs and Himalayas, has spanned our nations, and together with our Indian friends we keep walking along it towards the future horizons of our strategic partnership.

One of the lessons history teaches us is that despite ordeals or hardships, our countries have always found the courage and strength to shoulder them, and ultimately win against all odds. Regardless of the transient problems Russia or India might encounter from time to time, together they will always remain an important element of any world order. Mr Vajpayee's visit to Russia will become another important milestone in the history of the bilateral relationship, providing real substance to the strategic partnership between the two countries, which is an optimal, innovative and future-oriented model of relations for all other countries to emulate.

(The author is the Russian ambassador to India)

OLIGARCH'S DOWNFALL

5/6 4/11
Who's On Top In The New Russia? *Journal*

By SWAGATO GANGULY

The arrest had all the makings of a replay from the past. Before dawn broke in Siberia more than a dozen heavily armed men from the FSB, the successor organization to the KGB, surrounded Mikhail Khodorkovsky and took him into custody. Khodorkovsky happens to be Russia's richest man, whose personal wealth is equivalent to the annual economic output of Iceland. He is head of Yukos, Russia's largest private company (a post he has since resigned). Tremors from his arrest, on charges of tax evasion and fraud, were immediately felt by the Russian stock market: it fell by 13 per cent, and Yukos stocks by 20 per cent.

Untypical moves

Khodorkovsky was one of many "oligarchs" who benefited from Yeltsin's crash privatization programme, when state-owned assets were disposed of at throwaway prices. He obtained Yukos for \$350 million. His actions were, however, no different from oligarchs and other businessmen close to Yeltsin who exploited the period of chaos marking the transition to a post-Soviet economy. The charges being levelled against him now would stick to a huge number of entrepreneurs operating in Russia today.

Khodorkovsky, however, is untypical among oligarchs in that he has, since the Yeltsin era, taken his company the furthest in the direction of transparency and Western standards of corporate governance and accounting. Independent directors are a majority on Yukos' board. He has also invested substantially in philanthropic projects. He has funded village libraries, a university, and the Moscow School of Political Studies which promotes civil society in Russia. In March 2000, he started a programme that provides Internet access to high school teachers and students across Russia.

Does his arrest, along with the freezing of Yukos stocks held by him and his allies, mark an overturning of Yeltsin's privatization programme of the mid-1990s and the re-nationalization of assets? Not likely. President Putin has insisted repeatedly that the Khodorkovsky case is an isolated one, not to be seen as revisiting the privatization programme. The last thing that Putin — who spends a lot of time cultivating Western leaders and pens musings for the *Wall Street Journal* — wants to see is a return to the economic policies of the Soviet days. Under him the economy is humming along strongly, growing at 6 to 8 per cent a year. This is one of his

The author is Assistant Editor, The Statesman

biggest political assets, which would be squandered if a large-scale capital flight in response to a re-nationalization programme were to take place.

Putin and his inner circle know that given Russia's oil reserves, vast natural resources and educated populace, an economic miracle is in sight if they can be properly mustered. The only

tantial treasure chest, would have rubbed Putin's inner circle the wrong way. Many of Putin's former colleagues from the KGB have been given powerful executive positions in his government; this security establishment is known collectively as the *siloviki*. The *siloviki* are concerned that too much power is slipping away from government.



reason why Russia's economic infrastructure and standard of living are closer to developing than developed-country standards is the mistaken economic policies pursued during the Soviet period.

Why, then, the decision to have Khodorkovsky arrested? The reason may be that he broke a number of rules in the balance between what Russian analysts call the "great-power states" and the "liberal-oligarchs".

Russian neo-cons

Khodorkovsky has been open in his support of political parties opposed to Putin such as Yabloko, a centrist party headed by Gregory Yavlinsky, and the Union of Rightist Forces (SPS), led by Boris Nemtsov, both of which he has liberally funded. He has in recent times acquired the rights to the reputed *Moskovskiy Novosti* newspaper, and appointed an investigative journalist critical of Putin as its editor. He has made no secret about his political ambitions, and speaks about the need to promote a civil society that would transform Russia.

Such an overt articulation of independent political goals, to which he could devote his subs-

That power is not curtailed so long as businessmen, in order to further their interests, cut cosy deals with the apparatus. However, that power would be threatened if businessmen were to form an alternate political bloc which would work legally and openly to reshape laws and aim to dismantle byzantine government regulations.

In May 2000 Putin met the oligarchs for an informal "summit" where it was agreed that there would be no going back on the privatization deals of the Yeltsin era provided the oligarchs, in turn, didn't dabble in politics. Khodorkovsky, clearly, has questioned this division of spheres. The operation against him resembles that undertaken two years ago against Vladimir Gusinsky, another businessman who ran the independent TV station NTV. Gusinsky was forced out of the board and eventually out of Russia while Gazprom, a state-controlled oil giant, took over the station. Gusinsky was known to Khodorkovsky but the latter has ruled out exile as an option.

There is another aspect of the face-off between Khodorkovsky and the FSB faction in the Kremlin. The security and

defence elite of the old Soviet state, of which the FSB faction and Putin himself are a part, has morphed into a Russian equivalent of the "neo-cons". They would hate to see Russia turned into just another humdrum European power, no matter how prosperous and integrated into the global economy, that is engaged in "post-national" politics. They would prefer to leverage Russia's energy resources to transform it into a born-again superpower, an OPEC on its own with military teeth. Under Khodorkovsky, Yukos had been contemplating deals with Western oil majors such as Exxon-Mobil and ChevronTexaco, whereby up to \$25 billion of the company's stakes would have been bought up. If large oil companies were to operate independently and bring in foreign partners, that would of course threaten control of Russian oil reserves by the state. The flip side of the coin is that companies like Yukos are a good deal more efficient at energy extraction and wealth generation than, say, Gazprom, the state oil behemoth.

Campaign from prison?

Khodorkovsky has challenged state monopoly in other areas as well. He has explored the building of a new private pipeline to Murmansk, a move that would break the monopoly of the state pipeline company, Transneft. He has pushed the idea of a pipeline to China, as opposed to government plans for a pipeline to the Pacific coast for shipping oil to Japan. He has even proposed to buy up a portion of Gazprom. All this makes him too full of his own ideas, which undercut the strategic direction in which Putin and the policy elite want to take Russia.

It is not that Putin would like to crack down on all businessmen, only on those as independent as Khodorkovsky. The latter, on his part, has given up the post of CEO of Yukos, and is said to be contemplating a plunge into politics, even taking on Putin for the presidential elections next March.

Does he stand a chance? Very little, as an oligarch and a Jew. It is as if Bill Gates were to run for President, and campaign for an increase in immigration quotas in order to benefit the American economy. Such a calculus may very well be valid, but Gates will nevertheless be voted out both for who he is and what he stands for. And America is rather more tolerant of its rich men than Russia. Putin will, therefore, very likely come out on top. But given that "stability" is his watchword he is also likely to keep to a middle path, maintaining channels to the West while not allowing Russian civil society too much independence.

Russia's pirates of privatisation

THE RICH AND INFAMOUS: PUTIN'S PET HATES

Fred Weir
Moscow, November 10

RUSSIA'S RICHEST man, Mikhail Khodorkovsky, saw his arrest coming. Months in advance, he asked his mother to package things he would need in prison. Currently lodged in Moscow's squalid Matrosskaya Tishina (Sailor's Peace) remand prison, Khodorkovsky faces seven charges of fraud, forgery, theft and tax evasion, the bulk of them dating back to the murky 1994 privatisation of a state fertiliser factory.

Since Khodorkovsky's arrest, most of Russia's dozen or so wealthy "oligarchs" have been looking anxiously over their shoulders wondering which of them will be next.

"There has been a shift of power within the Kremlin, and the security hawks close to Putin are in

charge," says Andrei Piontkovsky, director, Centre for Strategic Studies in Moscow. "The new group is fighting to take over the property of the old group," he says.

The crackdown can be traced to the notorious loans-for-shares program through which Kremlin handed the crown jewels of the former Soviet economy to a tiny coterie of insiders, via rigged auctions, for a tiny fraction of their actual value.

For example, Potanin acquired Norilsk Nickel in a 1995 auction organised on behalf of the state by his own bank, Oneximbank, with a bid just \$170-million, \$140-million short of the government's minimum asking price. Several higher competing bids were "disqualified". Khodorkovsky's Menatep Bank ran the auction that handed him YUKOS or less than \$300-million.

Mikhail Khodorkovsky



At 40, names richest Russian by Forbes. Worth at \$8-billion.

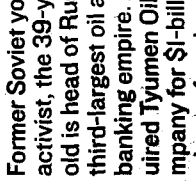
A former apparatchik of the Soviet Young Communist League. Estabished Menatep Bank in 1990s, and later, owner of YUKOS

Roman Abramovich

Now 37, acquired major stakes in oil, airlines and aluminium. Russia's second-richest man, with an estimated fortune of \$6-billion.

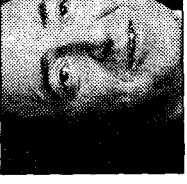
Owner of London's Chelsea soccer club.

Mikhail Fridman



Former Soviet youth activist, the 39-year old is head of Russia's third-largest oil and banking empire. Acquired Tyumen Oil Company for \$1-billion in loans-for-shares auction. Personal wealth estimated at \$2-billion.

Boris A. Berezovsky



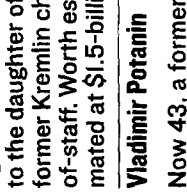
Now 57, was Russia's richest man in 1997. He was driven out of Russia 3 years ago, stripped of much of his property. Current fortune is estimated at around \$3-billion.

Oleg V. Deripaska



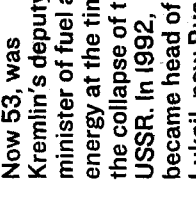
34. Holds major stakes in Russian Aluminum. Has branched out in to banking, media and agribusiness. Married to the daughter of a former Kremlin chief-of-staff. Worth estimated at \$1.5-billion.

Vladimir Potanin



Now 43, a former international trade official. Acquired control of Norilsk Nickel, world's largest nickel and platinum producer, in 1995. He's said to be worth \$1.8-billion.

Vagit Alekperov



Now 53, was Kremlin's deputy minister of fuel and energy at the time of the collapse of the USSR. In 1992, became head of Lukoil, now Russia's largest oil company. His wealth is estimated at \$1.3-billion.

Vladimir A. Gusinsky



Now 51, founded the independent NTV network in 1993. It was taken over by the state exiled 3 years ago. Fortune estimated at around \$400-million.

Summa ①
112-110

How Russia was lost ✓

By Vladimir Radyuhin

10/11

Paradoxical as it may sound, Indian businessmen have become victims of the privileged position they enjoyed on the Russian market before the Soviet Union collapsed in 1991.

RUSSIA'S INCREDIBLE consumption boom, spurred by domestic growth and swelling oil revenues, thrills exporters all over the world. With local industry still recovering from a decade of economic dislocation, Russians readily go for foreign-made goods. Russian imports have been growing at double-digit rates over the past couple of years, making Russia a bright spot in the otherwise gloomy picture of a global consumption glut. Businessmen from as far as Peru and the Philippines are rushing to cash in on the Russian boom, but there are few Indians among them. While most countries, big and small, have dramatically increased their exports to Russia, Indian business has largely remained indifferent.

Taiwan, which does not even have diplomatic relations with Russia, nearly tripled its exports to this country in the past three years, while India, Russia's most trusted strategic partner and a major buyer of its weapons, has seen its exports decline, with overall trade turnover between the two countries hovering around a meagre \$1.4 billion. It is to be hoped that the problem will be given top priority during the official visit here of the Prime Minister, Atal Bihari Vajpayee, this week.

Paradoxical as it may sound, Indian businessmen have become victims of the privileged position they enjoyed on the Russian market before the Soviet Union collapsed in 1991. The former Soviet Union was India's largest trade partner, and most Indian exports to Russia were under rupee debt repayment. This arrangement shielded Indian exporters from competition in the Russian market.

"Indian big business was spoilt by easy money it made in the Soviet Union," says Rajesh Sharma, President of the Indian Business Alliance in Russia. "They did not have to compete for quality or prices, all they needed was to know the right people in the Russian establishment to land huge contracts."

When the Soviet state-controlled economy fell apart and government monopoly on foreign trade was abolished in the early 1990s, major Indian exporters just packed up and left, rather than try to adapt to the chaotic rise of a market economy in new Rus-

sia. As a result, India has surrendered its positions on the Russian market to rivals from other countries. The collapse of Indian tea sales in Russia illustrates Indian business exodus from the country.

From around 100,000 tonnes a year in Soviet times Indian tea exports have plummeted to 45,000-50,000 tonnes. Instead of bracing to compete with other tea exporters as the Russian market opened to private trade, Indian companies continued to rely on inter-government protocols specifying target levels of Russian purchases, which were never met. Meanwhile, Sri Lanka mounted an aggressive sales campaign in Russia, offering long-term credit facilities to Russian tea importers and launching heavy advertising of Ceylon tea brands. As a result, Sri Lankan tea exports to Russia have shot up from 2,000 tonnes in the 1980s to 55,000 tonnes today. The image of Indian tea, once extremely high here (even if because it enjoyed a near-monopoly position in the erstwhile Soviet Union) has been sullied by bad importers selling sawdust under the name of Indian tea.

"It will take a long time and major effort to rebuild the good name of Indian tea in Russia," says R. Bhaskaran of J.V.Gokal, about the only major Indian tea company that has stuck it through the hard times in Russia.

The rupee debt repayment scheme has also done a disservice to Indian business in Russia. Up to 90 per cent of India's exports to Russia over the past 10 years have taken place through the debt route. A heavy discount at which rupees were auctioned off to Russian importers created artificial subsidies to Indian goods in Russia. The two countries are now discussing plans to phase out the rupee-rouble trade before the original deadline of 2005 and use the balance of about \$3 billion for investment in joint ventures. The switch from rupee to dollar trade may result in short-term slump in turnover but

will have a long-term healthy effect on bilateral trade, says the Indian Embassy's Counsellor (Commercial), S. Kohli.

"Indian exporters do not need crutches to compete in the Russian market," Mr. Kohli said. "We have done well in other developed and developing markets, so there is nothing to stop us from doing well in Russia too, provided we realise that Russia today is a demanding and quality-conscious market."

Many Moscow-based Indian businessmen are convinced that investment in local industry is the key to success in Russia.

"The only way to increase India's share in the Russian tea market is to set up production facilities here and promote Indian brandnames in a big way," says Mr. Bhaskaran. A year ago, J.V.Gokal & Co. went into a joint venture with a Russian partner to build a 12,000-tonne tea packing facility in the town of Serpukhov near Moscow, which plans eventually to expand to 24,000 tonnes a year. The factory has allowed J.V.Gokal to avoid paying an 11.25-per cent extra import duty in Russia on packaged tea and promote branded teas. "The more Indian big tea brands come to the Russian market, the easier it will be for all of us to uphold the good reputation of Indian teas," says Mr. Bhaskaran.

The idea of investing in Russian industry is beginning to catch on among Indian businessmen here. The Sun Capital group has invested hundreds of millions of dollars into Russian beer and food industry. The Amtel group has acquired a major stake in the Russian tire industry. Indian pharmaceutical giants are expanding business in Russia and setting up packing and production facilities here. A second Indian diamond-cutting factory opened earlier this year in Vladivostok, in the Russian Far East. However, such examples are yet few and far between. Hopefully, the blaze-trailing ONGC-Videsh Ltd. investment of \$1.7 billion into Sakhalin oil and gas fields in the

Russian Far East will encourage Indian industrial majors to tap the growing Russian market.

Indian businessmen are put off by fears of the high-risk, mafia-plagued market environment in Russia. Such fears were justified six-seven years ago, but are misplaced today," says Mr. Sharma. "Russian economy is growing more vibrant and stable, mafia is no longer a problem and bureaucratic red tape is manageable," he says. Three years ago, he gave up a job in a leading Indian pharma company in Russia to start his own business and today has built an annual turnover of some \$10 million selling dyes and pharmaceuticals. "Russia is a tough market, but if the Turks are doing multi-billion business here, why can the Indians not?"

A general perception here is that there is an information gap that hampers trade growth and business-to-business contacts. The opening of a CII office at the Russian Chamber of Commerce and Industry last month, the coming opening of an SBI-Canara Bank in Moscow, and a growing flow of Indian business delegations to Russia (85 businessmen accompany Mr. Vajpayee this week) should help remedy the situation. The problem of long and costly transportation of goods from India to Russia is also being solved with the construction of a North-South transport corridor which cuts shipping time between Mumbai and St. Petersburg by 10-12 days and transport costs by 15-20 per cent.

Analysts say that a well-institutionalised and extensive interaction between the defence industries of India and Russia should act as a driving force for civil sector cooperation. "The experience our two countries have accumulated in such technologically sophisticated projects as the building of the Su-30MKI fighter planes, the T-90 Main Battle Tanks and the Talwar-class destroyers is a valuable asset for joint ventures in high-tech civilian industries," says Alex Vaskin, publisher of the just registered Indo-Russian Trade and Industry Bulletin. "If coming talks between Mr. Vajpayee and [the Russian President] Vladimir Putin, generate a much-needed political impulse, we may well see bilateral trade jump to \$5 billion by the year 2006-2007."

Putin sacks

By Vladimir Radyuhin
MOSCOW, OCT. 31. The Russian President, Vladimir Putin, has sacked his Chief of Staff in the first major power shake-up in the Kremlin designed to consolidate his hold on power.

Mr. Alexander Voloshin, relieved of his duties late on Thursday, was the most powerful figure in the Kremlin after the President and a key member of the so-called 'Family,' the group of business tycoons and politicians who wielded enormous power under the previous President, Boris Yeltsin. His departure will critically undermine the 'Family's' influence on the Kremlin and may signal major changes in Mr. Putin's domestic policies.

Mr. Voloshin has been replaced by his first deputy, Dmitry Medvedev, a close associate of Mr. Putin from the days both worked in St. Petersburg's city administra-

Chief of Staff

tion. Mr. Medvedev (37), also serves as Chairman of the Board of Directors of the state-controlled natural gas monopoly Gazprom.

The change of guard in the Kremlin, the first since Mr. Putin became President three-and-a-half years ago, has been triggered by a criminal probe against Russia's biggest oil company, Yukos, which rose to become the world fourth largest oil giant after its merger with another Russian oil major, Sibneft, earlier this year.

Mr. Voloshin was reported to have tendered his resignation in protest against the arrest last Saturday of the Yukos head, Mikhail Khodorkovsky, on charges of fraud allegedly committed during dubious privatisation deals in the mid-1990s. As a *de facto* No.2 man in Russia, Mr. Voloshin has been the main spokesman for the 'oil-garchs' who control up to 70 per cent of the country's industrial assets.

shake-up

Mr. Voloshin's dismissal came hours after prosecutors froze a controlling stake in Yukos belonging to its jailed boss, Mr. Khodorkovsky and his allies. The shares arrest appeared to be aimed at preventing the sale of a strategic stake in Yukos to either ExxonMobil or Chevron/Texaco.

"We did not privatise state property so that it could be sold to the United States and Khodorkovsky would get the money," said Mr. Sergei Markov, a political analyst close to the Kremlin.

Mr. Khodorkovsky bought Yukos in a rigged auction in 1995 for less than \$300 millions; today the company is worth more than \$30 billions.

Mr. Putin met foreign businessmen and investors in the Kremlin on Thursday to assure them that the Yukos case did not represent a campaign against business or any change in the Government's commitment to the market economy.

Kremlin-business clash escalates

Moscow, Oct. 30 (Reuters): Russia blocked jailed tycoon Mikhail Khodorkovsky from selling his controlling stake in oil giant Yukos today in a dramatic escalation of a confrontation between the Kremlin and big business.

The scale of the drama, unprecedented since Russia's switch to capitalism from communism nearly 12 years ago, sent financial markets skidding and sparked concerns that investors would pull money out of the country.

There was no immediate comment from the Kremlin or President Vladimir Putin who met leading investment bankers shortly after the Yukos bombshell was announced.

However, Russian finance minister Alexei Kudrin said today that events concerning oil giant Yukos were beginning to affect the country's economy.

"The actions by law enforcement agencies must be lawful. Events are beginning to affect the economy," Kudrin said. "I hope judges will be well-balanced and objective in taking decisions."

The move by state prosecutors stops Khodorkovsky, Russia's richest man, and his allies from cashing in their controlling interest in the country's biggest oil company.

Yukos spokesperson, Alexander Shadrin, said the state had blocked 44 per cent of the company's shares owned by Khodorkovsky and his allies although they retain rights to vote and dividends.

"This is unalloyed bad news... This puts a question mark over corporate governance in the Russian market as a whole. We are hearing a number of big foreign investment funds are starting to take out money," said Paul Luke, head of emerging market specialist Convivo Asset Management.

Even Russian officials were worried the prosecutors were going too far. "I do believe the methods are absolutely wrong — the way they were arrested, put in jail and so on," a senior Russian diplomat said.

Yukos has been the target since early July of legal action by the Russian justice authorities in what many see as a move

by the Kremlin to curb the political ambitions of Khodorkovsky who is believed to have his long-term sights on the presidency.

The saga took on dramatic proportions on Saturday when Khodorkovsky, 40 and recently ranked the world's 26th wealthiest person, was arrested at gunpoint, thrown into a Moscow jail and charged with tax evasion and massive fraud.

The blocking of the shares came just as the company awarded its shareholders a whopping \$2 billion in dividends, more than \$700 million of it to Khodorkovsky.

Russian markets sank on the news of the freezing of the shares with the benchmark RTS index closed down 8.14 per cent at 496.66. Yukos alone plunged 11.98 per cent at \$10.650.

The rouble dipped about 10 kopecks against the dollar.

"It's horrible. It's in line with our worst case scenario for Yukos. To have thought this would end with the arrest of Khodorkovsky was at best naive," said Steven Dashevsky, oil and gas analyst at Aton brokerage. "It's a case of sell now,

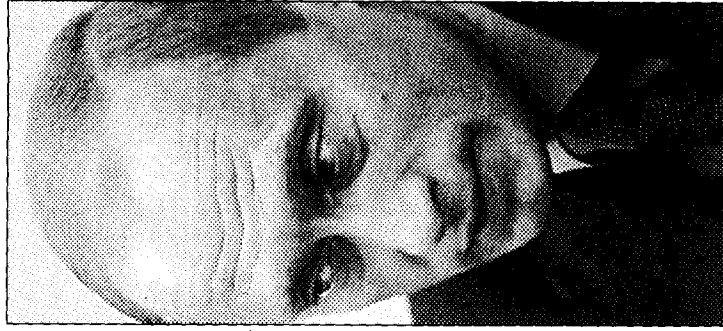
think later." Analysts say it also seems to stop any further negotiations with the world's biggest oil firm Exxon Mobil Corp which has been discussing taking a big stake in Yukos.

Analysts say the drive against Yukos has been initiated by Kremlin "hawks" seeking to strengthen their influence over Putin, reassert the state's authority over Russian business and better control coming polls.

Khodorkovsky, one of the "oligarchs" who made their fortunes in the post-Soviet sell-off of state assets, openly supports liberal opponents of Putin in December's parliamentary polls. Putin is seeking re-election in a separate poll next March.

In another sign of the rise of hardliners — so-called "men in uniform" for their links to the security services where Putin made his own career — Russian media reported the resignation of Putin's chief of staff, Alexander Voloshin, seen as a Khodorkovsky sympathiser.

Voloshin and like-minded officials left over from the Boris Yeltsin presidency are viewed as tainted by links to oligarchs.



Vladimir Putin during a meeting with Russian and foreign investors in Moscow. (AFP)

Putin washes hands of magnate

Moscow, Oct. 27 (Reuters): Russian President Vladimir Putin told business leaders and politicians today he would not meet them to discuss the arrest of oil magnate Mikhail Khodorkovsky as it had been ordered by an independent court.

"There will be no meetings and no bargaining over the activities of the law enforcement agencies as long as, of course, these agencies are acting within the framework of Russian law," Putin told members of the government.

The Kremlin leader effectively distanced himself from the arrest in his first public comment, saying it was a matter for post-Soviet Russia's judiciary, which he described as imperfect but independent.

"Executive authorities cannot order a man incarcerated

even during a preliminary investigation, nor can prosecutors. That can be done only by a court," he said.

"If, in this instance, this is what has been done, my supposition is that the court had grounds to do so."

Russia's laws, he said, applied to everyone, "an ordinary citizen, an average entrepreneur, a big businessman, without reference to how many billions of dollars there may be in his personal or corporate accounts".

Khodorkovsky, 40, Russia's richest man and head of oil major Yukos, was snatched at gunpoint from a plane in Siberia on Saturday, whisked to Moscow, charged with fraud and tax evasion and ordered held pending further investigation.

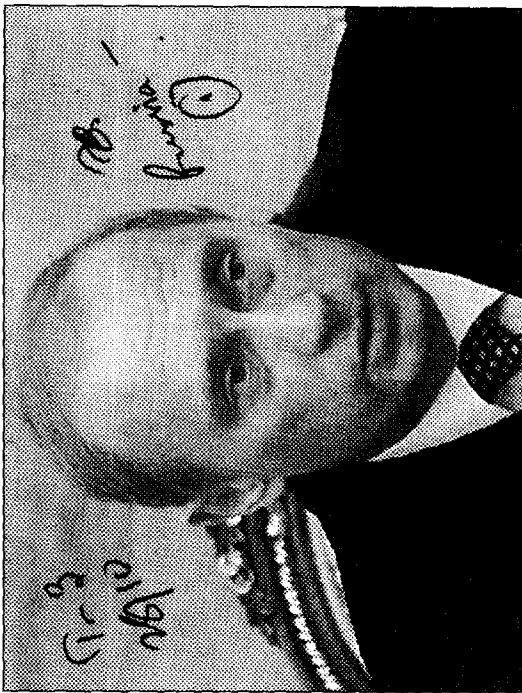
Putin, speaking after Russ-

ian markets tumbled this morning, said no generalisations could be made about the future of privatisation in Russia from Khodorkovsky's arrest.

Business leaders and analysts have said legal action against Yukos could set a precedent for reviewing the outcome of Russia's chaotic sell-off of state assets in the 1990s.

"It is vital to stress here that in connection with this case, we should make no generalisations, we should not assume that any precedents will be set, particularly with regard to the outcome of privatisation," he told ministers.

"I would, therefore, ask that all speculation and hysteria be stopped and that the government not become caught up in this discussion."



Russian President Vladimir Putin speaks during a meeting at the Kremlin. (AFP)

RUSSIA AND THE WORLD

International Community Must Act Jointly To Solve Problems

By IGOR IVANOV

For over half a century now the new year begins in September for diplomats. The UN General Assembly, the key foreign policy forum of the international community, resumes its sessions in the first autumn month. And the guidelines of global development for the next year are outlined in the first days of the autumn session.

Russian diplomacy is spreading out to many areas with an unprecedented number of international meetings and contacts. But it is not the intensity of these contacts but their contents that is important. The global community is facing several problems that call for emergency and adequate attention. The main task is to choose a model of world order for the next few years and decades that would meet the interests of all states and nations, big and small.

Transition period

The recent developments, and above all, the Iraqi crisis, poignantly showed that the current transition period of global development from the era of the Cold War to a new world order is taking too long. This has generated excessive tensions in the system of international relations and created a situation of permanent instability. The problem is compounded by the threats of terrorism, separatism and other forms of extremism, the proliferation of weapons of mass destruction and its delivery vehicles, drug trafficking, and organised crime. We cannot simply react to the arising and quite unexpected problems. We need to create a new world order that would guarantee stability and security at the global level, facilitate the neutralisation of existing challenges and preclude the appearance of new ones.

It is of vital significance for Russia to create conditions that would reliably guarantee security to the state and would encourage socio-economic progress. But we know that we will attain this goal only if Russia elaborates the basic principles that must underlie international relations at the modern stage jointly with other states. The international community can regard the new democratic Russia as a reliable, predictable and responsible partner open to dialogue and the search for mutually acceptable solutions on the basis of the UN Charter and principles of international law.

We firmly believe that the international community can create a democratic world order where each state would bear its share of responsibility while the international community would safeguard the pillars of international law and legitimate interests of each member. In other

The author is the Russian minister for foreign affairs

words, our principle is prosperity and security through global interaction and maintenance of national distinction.

This is also the main meaning of the concept of multi-polarity in the globalisation age. To us, a multi-polar world means close cooperation of all states and regions on the basis of equality, democracy and constructive partnership. The developments of the past few years powerfully confirmed that when the international community acts jointly,



we can solve the most difficult problems. But when we are divided, it is much more difficult to fight modern threats and challenges.

This calls for strengthening multilateral institutes and above all the central and coordinating role of the UN and its Security Council. The UN can become the core structure of international life today, a guarantor of the inviolability of fundamental principles of international law. The UN can become the centre for the elaboration of a global development strategy, provided there is the joint will of the member states.

No confrontations

There are no elements of confrontation or rivalry in Russia's stand in favour of multi-polarity and multilateral diplomacy, which is shared by the overwhelming majority of states. On the contrary, we sincerely want to develop close collaboration with all our partners. Moreover, we do not imagine the development of the new world order without such a broad collaboration.

This concerns our relations with the USA. These days we are preparing energetically for a regular Russia-US summit meeting in Washington. Global stability and predictability still largely depends on the standards of Russia-US interaction on the world scene. For our part, we are prepared for such cooperation and have proved this during the elaboration of the Strategic

Offensive Reductions Treaty, or as a party to the international anti-terrorist cooperation, including in Afghanistan. Of course, much is yet to be done through concerted efforts, above all in the area of security. But we should not forget about other areas of cooperation, such as the need to promote trade and economic ties and remove barriers to the development of citizen contacts.

We are facing no less responsible tasks in the development of

a new quality of relations between Russia and the European Union, and the implementation of agreements reached during the Russia-EU summit in St. Petersburg. Those agreements were signed with a view to creating practical conditions for the construction of a truly Greater Europe that would rally all countries of our continent, both EU states and non-members. This is of vital significance for Russia. We have energetically joined the process of creating a system of common areas with the EU, including in the economy and trade, internal and external security, law and justice, science, and culture. We are resolved to come to the Russia-EU November summit in Rome with practical results in these and other spheres.

The creation of conditions for the eventual introduction of visa-free travel is a special area of Russia-EU dialogue. We must not allow new "walls" and "curtains" in the form of visas to hinder the progress of the current and future generations of Europeans, who want to build their European home jointly. But much is to be done yet to ensure the new quality of Russia-EU cooperation in European policy of security and defence. We have a good example — the growing mutually beneficial and, most importantly, equal Russia-NATO cooperation. The NATO-Russia Council has become a major element of the common European security.

We will also work to develop

the Shanghai Cooperation Organisation, whose members are Russia, China and a number of Central Asian countries. Multifaceted mutually beneficial cooperation has become a distinguishing feature of Russia's relations with its biggest Asian friends — China and India. The recent visit of President Vladimir Putin to Malaysia confirmed the good prospects of our collaboration with Asian countries. The Russian Federation is building up its presence on the markets of Asia-Pacific countries every year.

Regional instability

Regrettably, regional instability remains a feature of the modern world. Proof of this are developments around Iraq, on the Korean Peninsula and in Africa. We intend to continue taking an active part in the settlement of these and other crisis situations. Being a responsible member of the quartet of international intermediaries in the Middle East, Russia will work to prevent a slide in the settlement of the Palestinian-Israeli conflict. There is no alternative to the implementation of the "roadmap" plan of settlement.

The people of Afghanistan are approaching a responsible period in their history. We will do our best to ensure that Afghanistan becomes a befitting member of the international community with stable institutes of power and has stopped the illegal production of narcotic substances.

This far from exhaustive list of tasks facing Russia's foreign policy emphasises the multifaceted nature of modern diplomacy and its importance for the future of each state. In fact, it is gradually becoming an organic combination of science and art. Consequently, diplomats must not only be able to analyse thoroughly various processes but also to creatively formulate their conclusions and forecasts and wisely apply them in the course of negotiations.

This year we will mark the 200th anniversary of the birth of a wonderful Russian poet, Fyodor Tyutchev, a career diplomat who spent 36 years in the diplomatic service. He was entrusted responsible missions abroad, in particular in the Russian diplomatic offices in Munich and Turin. He was noted for high professionalism and versatile interests and wrote verses that have become classical in the Russian literature. "I am Russian", he wrote, "Russian by the heart and soul, profoundly devoted to my land". He deeply suffered the tragedy of the Crimean War. But the new Russia must be understandable to the mind, both the mind of its citizens and its foreign partners. It is predictability and consistency that are an integral part of Russia's prestige on the world scene.

Blast rips Russia security office, 4 dead

Associated Press

MAGAS (Russia), Sept. 15. — At least four persons were killed and 24 injured when a truck laden with explosives blew up today outside a government security building in a southern Russian region bordering Chechnya.

The explosion shattered all the glass and blew the window panes out of the Ingushetia regional headquarters of the Federal Security Service (FSB), ripping part of the roof open and leaving the three-story building severely damaged but still standing.

Overturned cars lay crumpled near the pockmarked FSB building in Ingushetia's capital, Magas, and nearby buildings were also damaged.

The force of the explosion was so great, said Mr. Muslim Dudarov, a man who works in a nearby building, that he was thrown out of his office and into the building's lobby. He said numerous people were hit by flying glass.

The ITAR-Tass news agency reported that there were as many as 100 people in the building at the time of the explosion.

Accounts differed as to



A TV grab shows the site of a bomb attack that destroyed the headquarters of Russia's security service in Magas on Monday. — AFP

whether the truck had been driven by a suicide bomber or parked outside the building. Mr. Yakhya Khadziyev, a spokesman for the Ingush interior ministry, said three people died in the hospital and that 24 were injured. He said preliminary information suggested the truck

had been driven by a suicide bomber. But Mr. Abukar Kostoyev, a deputy security minister in Ingushetia, said the truck appeared to have been parked at the time of the attack.

Russia's NTV television showed a tangle of metal that appeared to be the ex-

ploded vehicle lying in a clump near the building. Wooden paneling and other materials lay scattered on the ground.

There was no immediate claim of responsibility for the blast, and officials called it a terrorist act but did not say who they believed was behind it.

What is the FSB?

The Federal Security Service, the main successor of the KGB, had been leading the Russian campaign against Chechen rebels, but recently handed control over to the Interior Ministry, in what officials said was a sign that Chechnya was becoming stable.

16 SEP 2003

Nine feared dead as Russia N-sub sinks

Moscow, Aug. 30 (Reuters): A Russian nuclear-powered submarine sank in stormy Arctic seas today as it was being towed into port for scrapping and up to nine servicemen were feared dead, defence officials said.

The officials said the K-159 sank onto the seabed 170 metres down in the Barents Sea, but they ruled out the possibility of an ecological threat since the vessel's nuclear reactors were shut down in 1989 when it was decommissioned. An environmental pressure group, however, said water was likely to seep into the reactors and that radiation levels in the area would have to be watched closely.

In Italy, President Vladimir Putin, who suffered badly in political fall-out from the sinking of another nuclear submarine the *Kursk* in the Barents three years ago, vowed a thorough investiga-

tion. "Of course, all reasons for the tragedy will be established," he told reporters on board the missile cruiser *Moskva* off Sardinia where he is on a visit.

Navy chief-of-staff Viktor Kravchenko said the K-159 — like the *Kursk* — would be raised. "At the moment we are considering the various ways of raising (the submarine). We will definitely raise it so that it can be destroyed," he said in televised comments.

The bodies of two servicemen were recovered shortly after the incident, which happened in an early morning storm. One officer was rescued alive from the crew of 10 on board when the accident happened at midnight GMT.

Kravchenko was pessimistic about finding the seven missing sailors alive, given heavy seas and a water temperature of 10

degrees Celsius. "Unfortunately, the hopes of finding alive the missing are very slight," he said, though a sea and air rescue operation continued.

Kravchenko, in a televised exchange with defence minister Sergei Ivanov, said both reactors had been switched off on the K-159 in 1989 and "put into a nuclear safe condition".

"At this site, the radioactive level is normal," he said.

Navy spokesman Igor Dygalo said all weapons, including torpedoes and rockets, had also been removed from the vessel when it was decommissioned.

Norwegian environmental group Bellona, which has long studied Russia's nuclear arsenal, blasted Moscow for allowing the ageing hulk to be towed in rough seas and said new disasters were likely because of poor security.

EXTREMISM IN RUSSIA

Instruction And Education The Best Way To Deal With The Problem

By SERGEI MELKOV

Russia 1
516
In recent years, Islamic terrorism has been constantly talked about all over the world. The image of a Muslim, as depicted by the media and some politicians, is now firmly associated in the public mind with that of a terrorist. For countries with extensive Muslim populations, such as Russia, this situation is potentially dangerous. The feeling of being a social pariah pushes some people towards extremist ways, while the problem of terrorism, rather than being solved, intensifies.

Task of the state

The task of the state, it therefore seems, is to prevent its Muslim citizens from feeling like outcasts and not to push them to extremes. How is this to be achieved and how should the state work with its Muslim community? Most conservative estimates put Russia's Muslim population at 12.5-15 million. And, voluntarily or not, due to the unending conflict in Chechnya and regular terrorist attacks across Russia, they feel uncomfortable, because the bulk of the Russian population associates these acts of terror with Muslims in general, not wanting to see who is really to blame and who is behind these acts.

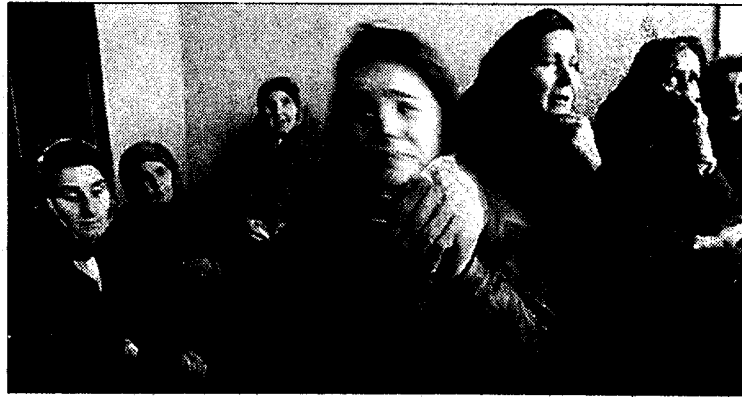
Both Muslims and all other citizens of the country pursue political interests and they are impossible to ignore. If a state hinders the establishment of Muslim parties, extremist organisations will gladly fill the niche. Russia will need several decades and perhaps even longer to find a painless solution to this problem. The state must make a close study of the Muslim community (*umma*), while the *umma* must for its part open dialogue with the state. Islam is hard, if not impossible, to control from outside. The hierarchy in Islam is absolutely different

The author is head of Russia's council for strategic and sociological programmes and is associated with Ria Novosti

from Russian Orthodoxy. The Russian Orthodox Church is built mainly as the state, ie on the principle of subordination. In Islam, on the other hand, much of the clout is held by spiritual tutors who may hold no office. In other words, the spiritual link prevails over the organisation one in Islam. The issue, therefore, is what kind of tutors

translations, which had no commentaries, as a call for extremism, ie, any text needs explaining and must be adapted to the country where it will be read. What is natural in Saudi Arabia may be unacceptable in Russia.

So we again return to the lack of specialists who can evaluate some or other books and adapt them to Russia's realities. A gen-



will they be, and what was the society which socialised them, politically and otherwise.

It ought to be noted that future leaders of the Muslim community should be educated in Russia, preferably within the region where they are to work. By way of experience, some young Muslims were sent to Arab countries for additional training, but this practice was found to be ineffective. The point is that different countries and different regions cultivate their own kind of Muslim law/*mazhab* and a person who received training abroad can find it hard working with Russian Muslims.

Scotching the Saudi model

Another problem is translating Islamic literature. Recently, the Russian Justice Ministry has asked Russian Islam specialists, as well as religious leaders, to assess study aids on Islam written abroad and translated into Russian. The Ministry and some of the academics judged some

eration of new spiritual leaders is still on its way and the state, if it wants to keep the situation in hand, should take part in creating Muslim educational establishments and training a religious cadre. The state should formulate an educational policy for Muslim organisations. Russian Muslims want future community leaders to get not only religious, but also secular schooling. Here state political, organisational and financial support is needed.

Some little steps have been taken in this direction. At the end of last year the Council of Muftis contacted the Academy of the State Service under the Russian President to train Muslim clerics. The Muslims' Religious Boards (DUM in Russian initials) could help the authorities to work with the regions. Major attention should also be paid to DUM's co-operation with the army. The Russian Orthodox Church signed a co-operation agreement with the Defence Ministry in 1994, whereas Russia's Muslims

still cannot do this. But problems with Muslim servicemen cannot be resolved by officers without the clergy. Indeed, although there is no relevant agreement with the Defence Ministry, muftis are not refusing to cooperate with military units that go to them for help. In Soviet times special propaganda units existed within political bodies. In areas of troop deployment these units were responsible for liaison work between the military, the population and local bodies of authority. Their staff knew the local languages, traditions and religious specifics.

Know regional specifics

Now these structures are incorporated into the Main Intelligence Directorate of the General Staff, with a slightly different emphasis. Moreover, in the Soviet period, officers in military districts in Muslim areas (Tajikistan and Transcaucasia) were issued with booklets explaining how to conduct themselves in Muslim society to avoid insulting locals either with a gesture or a word. No one is concerned with such matters nowadays. And this does not promote closer contacts between the army and the population.

The mistakes in training officers and men are especially painful in Chechnya. In order to work in that region, one should know its specifics, and this goes not only for the army, but also for civilian officials. It is already apparent that the conflict in Chechnya cannot be resolved by military methods only. True, the terrorists need to be eliminated, but at the same time attention should be paid to work with the local population, because neither conscripts nor contract soldiers can do without the local population's support in Chechnya. In short, before solving the problem of extremist tendencies and their spread in Muslim society, as in any other society, the state should first solve the task of understanding this society.

2 2 AUG 2003

SAVING THE CHECHEN PEACE PROCESS

THE RUSSIAN PRESIDENT, Vladimir Putin, has demonstrated commendable courage and determination in the face of another terrorist attack in the breakaway province of Chechnya. He has reiterated the resolve of his Government to continue the pacification programme for the region that has been torn for more than a decade by a bloody civil war spearheaded by Islamic fundamentalist groups with support from outside. Friday's suicide bombing in a military hospital in North Ossetia, adjacent to Chechnya, was the latest in a series of attacks in the past three months that has sought to derail a peaceful settlement of the conflict. Mr. Putin, who won the 2000 Russian presidential election riding on the success of his hardline policy in Chechnya, secured overwhelming support for a new constitution for the province in a widely acclaimed referendum this summer. Provincial presidential elections are due to be held in October under the new constitution that promises greater autonomy for Chechnya within the Russian Federation. Moscow has announced an amnesty for participants in the conflict. In an attempt to gain credibility for the process, early last week Mr. Putin handed over control of the Chechen campaign from the army to the local police.

Last week's truck bomb, for which no group has yet claimed responsibility, is part of the rebels' answer to the pacification programme. The explosion that razed a military hospital in Mozdok in the neighbouring province was the most vicious in recent months in terms of the target and the message it delivered. Dozens of soldiers injured in the treacherous battlefields of Chechnya and medical workers treating them were killed in the attack. Mozdok was witness two months ago to a change of guerilla tactics when a woman suicide bomber at-

49-10
tacked a military bus. This attack and the one last month when women guerillas struck during a Moscow rock concert were a return to a method that came to light three years ago, when the first Chechen woman bomber blew herself up and destroyed an army truck. But this tactic, successfully employed in other conflict regions of the world, has failed to win popular sympathy in Russia. After the initial concern over the overwhelming use of force to end the rebellion and possible violation of human rights under the Yeltsin presidency, the Russian public has welcomed the zero-tolerance policy stance of Mr. Putin.

Facing re-election next year, Mr. Putin needs to demonstrate that he can deliver the Chechen peace or at least effectively defuse the ticking Chechen bomb. He is pledged to pulling out most of the Russian army once the October election for a Chechen President provides formal proof of normalisation. It is nearly a decade since Moscow launched its first military campaign to bring the secessionist region under control. Mr. Yeltsin signed a peace agreement when the campaign was proving to be too costly and unpopular. The *de facto* independence ended in 1999 when the rebels, with funds and material support from outside, sought to extend their drive for territory. Mr. Putin, then Prime Minister under Mr. Yeltsin, launched the second campaign. Since then the Russian military has lost more than 4,000 lives, while it claims to have killed about 15,000 Islamic rebels. With terrorists under pressure all over the region following the American-led campaign, Mr. Putin has the opportunity to bring a measure of peace to the Chechen region nestling in the folds of the Caucasus. He cannot let this latest bomb attack pull him back from the path to peace.

THE HINDU

6 AUG 2003

THE RUSSIAN ECONOMY

Need To Reduce Share Of State Spending

By ANDREI ILLARIONOV

^{Russia}
①
In his recent Address to the Federal Assembly President Vladimir Putin set the task to double the gross domestic product within the coming decade. What does it actually mean? To attain this goal, an average annual growth of GDP should be not below 7.2 per cent. This is easy to understand. But things become a bit more complicated as we begin to think what mechanisms are to be used to ensure economic growth at this rate.

The goal of doubling GDP is quite tangible. This is seen, first, from the practice of the 68 countries that over the past 50 years have managed to double their GNPs within a decade. Second, the actual GDP growth rate in Russia in 1999 to 2003 by an average of 6.2 per cent is encouraging.

Real incomes

Economic growth in this country in the first months of this year, as compared to the same period of 2002 looks most attractive. There has been a GDP growth by 7.1 per cent and a considerable increase of industrial output and a rise of the real incomes of the population by more than 14 per cent. It is safe to say that we witness an economic boom in Russia today.

However, even this gives us no grounds for complacency. Russia's real place in the world today is far from the way it is sometimes described. Even if we compare the GDP growth rate in Russia over the past four years with the same in the US and China, it appears that Russia, lagging behind China, has surpassed the US by a broad margin. But if we look at the cumulative GDP increment within these four years, the result will be different due to the modest proportions of the Russian economy.

Comparing the main figures for Russia's territory, population and GDP with corresponding figures for the US and China, one can see that the only thing in which we outstrip them is territory. As to the size of the population, ours is half of that of the

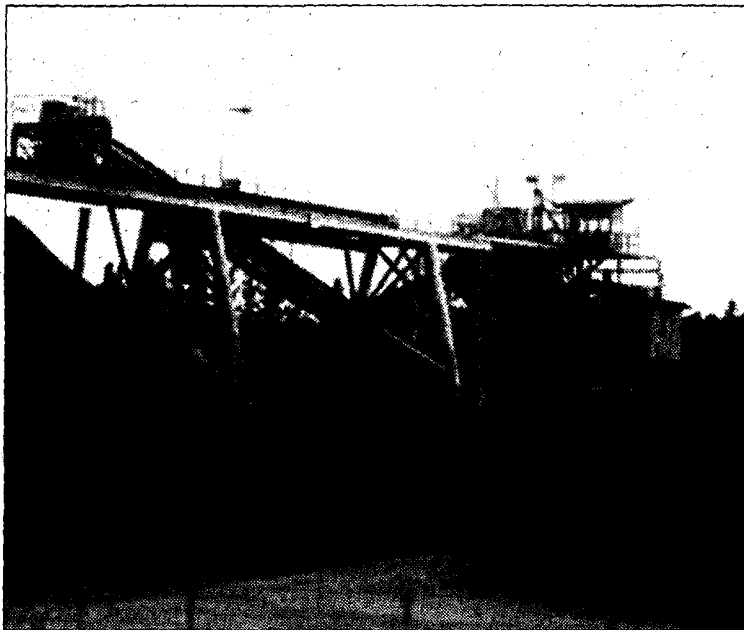
The author, an economic adviser to the Russian President, writes for RIA Novosti

US and is 88.9 per cent smaller than that of China. As to GDP and the purchasing capacity parities of national currencies, they are about 88.9 per cent smaller than in the US and 82.5 per cent than in China.

There are two factors influencing our economic growth rate. One is the luck factor, or a fav-

cent more goods and services.

In the past four years, sums equalling nine to 13 per cent of GDP were received in Russia from abroad. Part of this money is a pure grant equalling six to nine per cent of GDP and it automatically increased the size of GDP. In this way the economic growth in Russia in the past



ourable economic situation. The other is a policy pursued by the authorities. It is a factor of purposeful actions.

Luck factor

Let us look at the luck factor. It is in the proportion between the prices of goods that Russia exports and the prices of goods that it imports. The money gained as a result is "a grant received from the world economy". For instance, when a Russian exporter sells, say, a ton of oil for \$240 instead of \$80 he got for it before, he has far more money, which he can spend on importing (provided all the other conditions remain equal) three times as many goods (in their physical volume). But in case the prices of imported goods are going down simultaneously, then this pure grant from the world economy is increasing. Thus, for the received \$240 for the same ton of oil he can buy not 200 per cent more but 250 or even 300-per

years was caused not only by home factors, but also by foreign ones. Economic growth is possible only when a national economy is competitive. Competitiveness can be limited mainly by high costs of conducting economic activities which are caused, in the first place (though not only) by the size of the non-market sector. Among the elements of the non-market sector are the state sector, the monopoly sector and the real exchange rate of currency.

Let us concentrate on one element — the share of the state sector in the Russian economy. In the past 40 years the OECD member countries have demonstrated that the size of the state sector measured as a share of state spending in GDP and the rate of economic growth have a negative relationship. In other words, the larger the share of the state sector in a country's economy, the lower, as a rule, is its economic growth rate.

This tendency is observed not only in advanced countries but also in the countries with transitional economies. The greater the share of financial resources redistributed through the budget, the lower, as a rule, is the rate of economic growth. Whenever the share of all state spending in the countries with transition economies exceeded 40 per cent of GDP, practically nowhere and never were the rates of economic growth positive.

To better understand this regularity, the example of China in the past 25 years would be most clarifying. The highest rates of economic growth in China were reached in the mid-1990s, when the share of state spending in GDP was minimal — about 14 per cent (compared to 36 per cent in 1979). And in the past few years, when the share of such spending in GDP began to increase, the economic growth rate somewhat declined, though it continues to be quite impressive to this day.

Best results

The best results for the past 12 years in Russia were achieved from 1999 to 2001, when the share of state expenses was 33 per cent of GNP — economic growth then exceeded seven per cent. Finally, in 2002, when the share of state spending in GDP reached 37 per cent, economic growth rate went down to 4.3 per cent. To maintain annual economic growth at the eight per cent level for a long time, Russia has to keep the share of state expenses in GDP at a level of 20 per cent to 22 per cent.

In other words, the best policy for a state is to reduce gradually the share of state spending in GDP. Precisely such a policy holds out the prospect of attaining the biggest size of GDP and of per capita state spending on the main items in a middle-term perspective. Reduction of the share of state expenses down to 20 per cent of GDP may be the first step towards a Russian economic wonder, a step to doubling GDP within the coming years, and a condition for achieving a high rate of economic growth in a middle-term perspective.

6 AUG 2003

Putin and Chechnya

By Vladimir Radyuhin

THE RUSSIAN President, Vladimir Putin, will press on with his peace plan for Chechnya despite the latest bomb attack, which killed 16 and wounded almost 60 at a rock concert in Moscow on Saturday. Hours after the attack, carried out by two women suicide bombers, the Kremlin made it clear that presidential elections in Chechnya will go ahead as planned on October 5.

Mr. Putin's peace blueprint calls for shifting responsibility to a pro-Moscow local administration and a 12,000-strong Chechen police to pacify the insurgency-torn Chechnya. Moscow is willing to grant Chechnya broad enough economic and political autonomy to deprive separatists of a reason to fight.

Fighting in Chechnya has been going on since 1994 with a three-year break from 1996-1999 when Russia pulled out its forces from the region in the face of massive anti-war feeling across the country. In October 1999, Russian troops returned to Chechnya after a rebel attempt to occupy a neighbouring region and a series of apartment bombings in Russian cities.

In contrast to the 1996 peace deal, which Boris Yeltsin signed with rebel leaders recognising Chechnya's *de facto* independence, this time Mr. Putin has refused to talk to the rebels, blamed for a series of terrorist attacks in and outside Chechnya. Instead, he has placed his trust in the ability of the Moscow-installed

interim leader, Akhmad Kadyrov — who was the rebels' chief mufti in the first Chechen campaign — to persuade the militants, with the help of Russian money, to lay down arms while the military and security forces hunt down die-hard separatists. Weary of the war, which has claimed tens of thousands of lives, Chechens overwhelmingly voted in a referendum in March to approve of a new constitution that restored Chechnya's status as an autonomous republic of the Russian Federation, that it had been prior to the declaration of 'self-styled' independence by Chechen separatist leaders in the early 1990s.

To facilitate peace in Chechnya, the Russian Parliament last month declared amnesty for rebels who agree to lay down arms by September 1. Russia has also been pumping in billions of roubles for the economic rehabilitation of oil-rich Chechnya.

However, the odds against peace are high. Even though the rebels' ability to conduct large-scale combat operations has been crippled,

troops have stolen at least 25,000 tonnes of oil from the pipelines of Chechnya's monopoly oil operator, Grozneftegaz, in the first six months of this year.

Mr. Kadyrov, the Kremlin-backed favourite to win the presidential elections, may not be not the right man to promote national reconciliation, given his ruthless suppression of political opposition. But apparently, Mr. Putin feels that Mr. Kadyrov is the best choice to keep the situation in Chechnya in control as Russia pulls out the bulk of its forces in keeping with the peace plan.

Mr. Putin desperately needs to wind up the Chechen campaign which helped catapult him to presidency in 2000, but has since become a ticking time bomb. The President, who won the hearts of voters with the promise of crushing rebel resistance, must demonstrate that he can deliver if he wants to win a convincing mandate for a second term next June.

Keeping the conflict in Chechnya simmering is an ideal instrument for many in the Russian power elite who want Mr. Putin to perpetuate the system of corrupt capitalism created under his predecessor.

Mr. Yeltsin, in which a handful of super-rich tycoons sit on privatised oil and other mineral resources, while the vast majority of Russians sink in abject poverty. To win a free hand to reform the system, Mr. Putin must defuse the Chechen bomb.

Mr. Putin, who won the hearts of Russian voters with the promise of crushing Chechen resistance, must demonstrate that he can deliver if he wants to win a convincing mandate for a second term next June.

intensity of hatred generated by years of fighting. A new generation, which has seen only death and violence, has come up in Chechnya.

The war has long become a gold mine for both sides. Rebels get money from foreign Islamic funds for each 'successful' attack on federal troops. They earn much more by running an illegal oil business and from racketeering local officials responsible for disbursing federal money. The Russian military reportedly does much the same. It has also been accused of detaining people at random and demanding ransom from their relatives for their release.

Last year, Mr. Putin sacked the top military commander in the region, Gennady Troshev, who failed to put an end to large-scale oil theft in the region. But the situation has not improved since. Officials have reported that rebels and federal

MOSCOW / ONE BOMBER WAS ETHNIC CHECHEN

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Putin vows to wipe out terrorism

Russia

By Vladimir Radyuhin

MOSCOW, JULY 7. The Russian President, Vladimir Putin, vowed today that Russia would not succumb to terrorism and denounced Chechen rebels as the most dangerous part of international terrorist networks.

"No country in the world bows to terrorists and Russia will not do so either," Mr. Putin said two days after a twin suicide bomb attack killed and wounded scores of people at a rock concert in Moscow. No one has so far claimed responsibility for the attack, but one of two female bombers was identified as an ethnic Chechen.

"Today, after the latest spate of terrorist acts, we can say that the bandits active in Chechnya are not simply connected with international terrorist organisations, they are an integral, maybe the most dangerous part, of the international terrorist cobweb," the Russian leader said in televised remarks at a meeting with key cabinet ministers on Monday. In a telephone conversation on Sunday night Mr. Putin and the U.S. President, George W. Bush, "stressed the need for further consolidation and coordination of efforts in the fight against the common enemy — international terrorism," the Kremlin press service said.

Authorities have scaled down the initial estimate of those killed in Saturday's blasts from



A woman places flowers at the site of Saturday's blast, in Moscow on Monday. — AP

20 to 15, including two suicide bombers. Out of 59 people hospitalised with various injuries, 38 remained in hospital on Monday, including five whose condition was described as "very grave." The attack forced Mr. Putin to cancel a tour of Azerbaijan, Uzbekistan and Malaysia. Moscow will observe a day of mourning on Tuesday for the victims of the suicide bomb attack, the first in the Russian capital. Over the past six months more than 200 died in

suicide attacks in Chechnya and neighbouring regions. The Russian President said the terrorist attacks were aimed at wrecking political settlement in Chechnya and called for wiping out their perpetrators. "We must pluck them out from the basements and caves where they are hiding and destroy them." Under a peace plan devised by Moscow Chechnya is to elect a President in October and to acquire broad political and economic autonomy.

8 JUL 2003

THE HINDI

10-12
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CHECHNYA / BID TO END INSURGENCY Russia ①

Putin sets presidential poll for Oct. 5

By Vladimir Radyuhin

MOSCOW, JULY 5. The Russian President, Vladimir Putin, set presidential elections in Chechnya for October 5 in an effort to shift responsibility for restoring peace in the separatist region to Chechens themselves.

The Russian leader signed a decree on Saturday after a meeting with the pro-Moscow interim administration head, Akhmad Kadyrov, who is tipped to win the election. The polls will be held on the basis of the Chechen Constitution approved in a March referendum.

The Constitution recognised Chechnya as an integral part of Russia and called for broad autonomy for the region. By another decree signed on Friday, Mr. Putin put the Interior Ministry in charge of ensuring law and order in Chechnya as of September 1. So far, the campaign to quash separatist rebels has been spearheaded by the Federal Security Service.

The idea is to gradually pull out the army from Chechnya and pass on the responsibility for pacifying the insurgency-torn region to 12,000-strong Chechen police, which are part of the Interior Ministry. Chechen rebels, sidelined by Moscow in its peace initiatives, have continued their guerrilla war against Russian forces, blowing up army vehicles and killing and wounding



The Russian President, Vladimir Putin (right), chairs a meeting with the presidential administration and Ministers in Moscow on Saturday. — AP

federal troops and local police. Following presidential elections, Chechnya will sign a treaty with Moscow determining how much autonomy it will have while remaining part of Russia — a question at the heart of two wars fought in Chechnya since 1994.

6 JUL 2003

SEE FINDS

Blast-hit Putin wants Chechen amnesty

London, May 15

RUSSIAN PRESIDENT Vladimir Putin on Thursday sent a Bill to Parliament offering an amnesty to Chechen rebels.

He said it would be "an act of humanism... aimed first of all at creating additional conditions for the establishment of peaceful life in the Chechen Republic".

The offer comes in a week that has seen at least 75 people die in two suicide bomb attacks.

On Wednesday, a woman detonated explosives strapped to her waist in the midst of thousands of Muslim pilgrims, killing herself and at least 15 others in an apparent attempt on the life of Chechnya's Moscow-backed chief administrator. She was identified as the 46-year-old widow of a man allegedly shot by



Vladimir Putin
Truce offer

Russian troops in 1999.

Akhmad Kadyrov, the chief administrator, was not hurt in the attack but two of his bodyguards were injured, said Major

General Ruslan Avtayev, head of the Ministry of Emergency Situations in Chechnya. In all, 16 people were killed, including two who died in a hospital overnight, Maj Gen Avtayev said. The attack wounded 143 people, of whom 43 were in grave condition, he said.

Russian state television reported that 26 people had been killed and TVS said the toll was 30. It was not possible immediately to reconcile the conflicting numbers. Earlier this week, suicide bombers detonated a truck filled with explosives at the edge of a Chechen government compound, killing 59.

Putin said the amnesty offer would apply to those rebels who had laid down their weapons over the decade ending on August 1 this year, but would not cover foreigners or Russian citi-

zens who were guilty of murder, kidnapping, rape or other especially serious crimes.

Earlier this spring, Putin told Chechens in a televised address that their approval of a Kremlin-backed constitution would boost the chances of parliamentary passage of an amnesty for former rebels. The constitution, which confirms that Chechnya is part of Russia but leaves open the question of how much autonomy it will have, was approved by a wide margin, according to official results.

The Kremlin has tried to portray its three-and-a-half-year-old war in Chechnya as part of the international campaign against terrorism, and has accused foreign terrorist groups of funding attacks and training.

The Guardian

16/5
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16/5

16 MAY 2003

THE HINDUSTAN TIMES

40 killed in Chechnya suicide attack

Moscow, May 12 (Reuters): Two suicide bombers drove a truck full of explosives into a government complex in Russia's rebel Chechnya today, killing 40 people in the deadliest attack since the Kremlin's March poll to keep the region in its grip.

The blast in Znamenskoye, in the relatively peaceful north of the territory, wounded about 100 other people, seven weeks after a constitutional referendum that anchored the Muslim region firmly in Russia.

But a defiant President Vladimir Putin vowed not to let such attacks derail the Kremlin's peace plan.

"We can not allow anything like this to happen, nor will we," he told government ministers.

Soldiers guarding the administration building, which also housed the local FSB security services, opened fire on the truck but it smashed through barriers before exploding in a fireball only metres short of the main building.

The powerful blast, in a border area north of the regional capital Grozny that has long been under Moscow's control, gutted the building and destroyed eight village houses.

"Forty people have been killed in the blast," a spokesman for Chechnya's interior ministry said. Some 100 people were hurt, justice officials in Chechnya said. Dozens of local residents and rescue workers struggled to free people trapped under fallen masonry and woodwork. Officials said two people had been pulled alive from the rubble.

Most of the casualties were police guarding the complex and villagers living nearby, television reports said. It was assumed the two rebels driving the truck — said by the local interior ministry to be suicide bombers — were killed in the explosion. A top regional official blamed fighters loyal to fugitive rebel leader Aslan Maskhadov. But a Maskhadov spokesman said his men had played no part in the attack.

In Moscow, a gas explosion ripped through a restaurant today, injuring 10 and setting it ablaze, city police said. "An explosion occurred in a restaurant. According to preliminary information, it was caused by gas," the police said.

13 MAY 2003

THE TELEGRAPH

IN CHECHNYA, A WELCOME FALLOUT

9/9
10-10
Rumor ①

EVEN AS WAR clouds were gathering ominously over Iraq, there were intimations of peace in another hot spot triggered primarily by America's need at that juncture for friends and allies. There is no guarantee that peace is on the way but after 12 years of a bloody civil war, the population of Chechnya in the Russian Federation has the promise of a respite from terrorist violence and killings. In a referendum in which more than 50 per cent of the population in the breakaway region participated, there was overwhelming support for a new Constitution that will return the province to Russia. The vote, held on March 23, was called by Moscow to approve a political blueprint for Chechnya that promised a degree of autonomy under a regional constitution. The Kremlin hailed the referendum as a resounding success and the Russian President, Vladimir Putin, declared that the vote had resolved "the last serious problem related to Russia's territorial integrity". Not everyone within his own country agreed with his verdict, but few would doubt that this was one big step in the effort to bring some peace to a region torn apart by a terror campaign led by Islamic radical groups.

Mr. Putin, who won the presidential election riding on the success of his hardline policy in Chechnya, received a major boost to his referendum campaign when the U.S. included three Chechen militant groups in the list of international terrorist organisations hardly a week before the vote was scheduled to take place and, not insignificantly, on the eve of the war on Iraq. Moscow had been seeking such a declaration for a long time, its case strengthened in the wake of the war on terror that followed the September 11 attacks in New York and Washington. The three groups which the U.S. chose to declare as terrorist were directly involved in the capture of over 800 hostages in a theatre in Moscow in October last year that ended in a blaze of gunfire when Russian forces stormed the venue.

It was a controversial action by Moscow that again had the stamp of Putin the Pragmatist. If Washington's decision flowed from its urgent need for friends and allies, Moscow was ready to welcome the beneficial fallout from the impending war. For several months, Russia had been warning of the danger of the terror campaign spreading, pointing out that the rebels were running training camps in the region bordering Georgia. When Washington's endorsement came, the world's attention had been diverted to Iraq.

Separatist groups, which boycotted the referendum, called it a political farce and human rights groups in Europe criticised Moscow for staging a major election in a region still roiled by war and by atrocities by both the militants and the Russian security forces. Mr. Putin, who has admitted that his soldiers might have committed "mistakes", has promised to pull out most of the army once the follow-up measures on the referendum were in place. It is nearly a decade since Moscow launched its first military campaign in Chechnya in 1994 to bring the secessionist region under control. Boris Yeltsin signed a peace settlement within two years when the campaign was proving to be too costly in terms of men and material. The *de facto* independence ended in 1999 when Chechen rebels began to extend their campaign of violence and Mr. Putin, then Prime Minister, launched the second conflict. His hardline stance towards the separatist rebels won him the presidency within months. The campaign has cost the Russians more than 4,000 lives, with the military claiming to have killed about 15,000 rebels. Caught in the crossfire, civilians have died in countless number. Mr. Putin has said that his battle against the militants is a battle for the international community. He will gain wide support if he follows up the referendum with the initiation of the political process so that the Chechen region in the folds of the Caucasus can gain a measure of permanent peace.

8 APR 2003

THE HINDU

USA may plant WMDs: Russia

MOSCOW, March 26. — Russia today said the USA could fabricate evidence of Iraq allegedly hiding its weapons of mass destruction in an effort to justify the attack against Iraq.

Foreign minister Mr Igor Ivanov said in the Russian parliament that Moscow was not going to trust Washington and London on their claims of finding evidence of WMDs in Iraq. "The final assessment of their origin (presence of WMDs in Iraq) can be given only by international inspectors."

Earlier, similar apprehensions were voiced by former deputy chief of the Russian Defence Staff and Iraqi ambassador in Moscow Mr Abbas Khalaf following US statements that it would produce the evidence of Iraqi WMDs.

Mr Ivanov also said Russia should not ratify a key nuclear disarmament treaty with the USA until the two sides resolve their differences over Iraq. "We need to ratify the treaty, but right now is not the best moment."

He rejected the coalition's claims against Iraq that the military conflict was a war of liberation. "It has become more and more clear that the claims are far from reality..." — PTI

27 MAR 2003

THE STATESMAN

IRAQ / BUSH APPEAL FAILS TO SWAY PUTIN

Russia vows to block war resolution

Russia (W)

HRD-19
8/3

By Vladimir Radyuhin

MOSCOW, MARCH 7. Russia has reiterated its resolve to block the United States-British war resolution on Iraq, despite mounting pressure from Washington.

The Russian President, Vladimir Putin, told the U.S. President, George W. Bush, that Moscow was determined to press for a peaceful settlement of the Iraqi crisis.

Mr. Bush called the Russian leaders overnight to try and soften Russia's rejection of the war option hours ahead of a U.N. debate on Iraq.

However, he failed to sway Mr. Putin. "The Russian side reaffirmed its consistent position in favour of a peaceful solution: It was stressed that all means exist for such a solution and these can be strengthened and augmented if U.N. inspectors require it," the Kremlin press service said in a statement.

Moscow also said today it would not support a compromise resolution mooted by Britain if it were just a ploy to win approval for war against Iraq.

"We believe that a military operation would be a tragic mistake and we are against it," the Russian Deputy Foreign Minister, Georgy Mamedov, told a press conference in Moscow.

At the same time, he said Russia was ready to discuss the British proposal "if it is aimed at finding a political solution."

A senior U.S. diplomat today repeated Washington's threats to punish Russia if it vetoed the U.S.-backed resolution.



(From left) The United Nations Secretary-General, Kofi Annan, the Director-General of the International Atomic Energy Agency, Mohammed ElBaradei, the Secretary-General of the Arab League, Amr Moussa, the chief weapons inspector, Hans Blix, and the Tunisian Foreign Minister, Habib Ben Yehia, prior to their meeting at the U.N. headquarters in New York on Thursday. — AP

The diplomat told the Interfax news agency that "there would be inevitable costs attached to a veto." A day earlier, another unnamed American diplomat said the U.S. could block Russia's accession to the World Trade Organisation, retain cold-war trade restrictions against Russia and lock it out of post-war Iraq.

Reuters reports:

The call between Mr. Bush and Mr. Putin coincided with U.S. Senate ratification yesterday of a treaty intended to reduce the nuclear arsenals of the two countries.

A Russian Foreign Ministry

statement welcomed approval of the treaty signed last year in Moscow by Mr. Putin and Mr. Bush and praised the document as a "landmark agreement in terms of real and radical nuclear disarmament".

It said that once it was ratified by Russia's Parliament, the treaty would become "an important factor of strategic stability and global security".

Foreign Ministers from all major countries were expected to attend the new Security Council debate devoted to a new report on progress made by U.N. inspectors in seeking out dangerous weapons in Iraq.

8 MAR 2003

SEE FINDO

Russia for continued inspections

By Vladimir Radyuhin

MOSCOW, MARCH 3. Russia will press for continued weapons inspections in Iraq when the Security Council meets to debate the inspectors' report later this week.

A spokesman for the Russian Foreign Ministry said Russia would stick to its unwavering position that the Iraq crisis must be resolved through "politico-legal means only." Commenting on the first three-month report of the U.N.

Monitoring, Verification and Inspection Commission (UNMOVIC) in Iraq to be presented on March 7, the spokesman, Alexander Yakovenko, said the report "has only strengthened our conviction that inspections should continue to ensure full implementation of the (U.N. Security Council) resolutions on Iraq by politico-legal methods only."

Earlier the Interfax news agency quoted a Russian diplomat as describing the UNMOVIC report as "fairly balanced and

oriented towards continuation of inspections in Iraq."

The diplomat said that Russia, France and Germany would push for the adoption of their memorandum which calls for U.N. inspectors to be given another three months. The three countries, which have submitted the memorandum as an alternative to the U.S.-British 'war' resolution, regard it as "a roadmap for an Iraqi settlement," the Russian diplomat told Interfax.

4 MAR 2003

Russia moots 'package deal'

By Vladimir Radyuhin

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MOSCOW, JAN. 12. Russia has proposed a package deal for North Korea to resolve the crisis triggered by Pyongyang's withdrawal from the nuclear Non-Proliferation Treaty. A three-point plan calls for North Korea to reverse its decision to pull out of the NPT in exchange for international security guarantees and a resumption of humanitarian and economic aid to Pyongyang.

Russia aired the plan a day after the North Korea crisis was discussed in Moscow between the Russian President, Vladimir Putin, and the visiting Japanese Prime Minister, Junichiro Koizumi. A spokesman for the Russian Foreign Ministry said on Sunday that the Russian plan provides, first of all, for the Korean Peninsula to remain a nuclear-free zone and for all sides to honour their obligations under the NPT and other international accords, including the 1994 agreement between the United States and North Korea. Secondly, Russia proposes bilateral and multilateral dialogues that should result, among other things, in security guarantees to North Korea. And thirdly, the plan calls for a revival of humanitarian and economic assistance programmes to North Korea. Russia also opposed France's proposal to call an emergency meeting of the U.N. Security Council to discuss the North Korea standoff. The Russian Foreign Ministry spokesman described the proposal as "premature" because bilateral and multilateral contacts



The Japanese Prime Minister, Junichiro Koizumi, pays respects during a ceremony at Khabarovsk in Russia's far-east on Sunday for the Japanese who died in this place in 1945-1956.

with Pyongyang "are far from having exhausted their potential."

Russia's Foreign Minister, Igor Ivanov, discussed the Russian plan on Saturday in telephonic conversations with his opposite numbers in the United States, China, France and South Korea. He was quoted as saying that the crisis could be only resolved through "a package solution: taking into account the interests of all parties involved."

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Moscow submits 'package plan' to North Korea

SEOUL, JAN. 19. A top Russian envoy submitted a plan on resolving the North Korean nuclear standoff to leaders in Pyongyang on Sunday, while the United States said it was willing to consider a wide range of aid to end the dispute.

Russian Deputy Foreign Minister Alexander Losyukov told Russia's Itar-Tass news agency that he expected a response on Monday to the so-called "package plan," which calls for security guarantees and resumption of economic aid to North Korea in return for a commitment to keep the Korean Peninsula nuclear-free.

Mr. Losyukov arrived in Pyongyang on Saturday as part of the international bid to bring a diplomatic solution to the crisis over North Korea's decision to reactivate facilities that could be used to make nuclear

bombs. The Russian diplomat said the dialogue was "very active and substantive, while the situation at the talks is very warm, friendly and constructive," Itar-Tass reported.

Diplomatic efforts elsewhere were also stepping up Sunday with the U.S. Assistant Secretary of State, James A. Kelly, in Japan to coordinate policies on North Korea and U.S. Undersecretary of State, John Bolton, in Beijing for similar talks.

At a welcoming reception for Mr. Losyukov in Pyongyang, North Korea's First Vice-Minister of Foreign Affairs, Kang Sok Ju, thanked Russia for sending the diplomat, saying it stemmed from Russia's "goodwill stand to settle the present situation on the Korean peninsula at any cost," according to Pyongyang's state-run Korean Central News Agency. In Seoul, the U.S. Am-

bassador, Thomas Hubbard, said the United States intends to take the lead in defusing the crisis but wants other nations to play a large role.

His comments, made on a Sunday morning talk show, came amid mounting international pressure for Washington to engage North Korea in direct talks. In previous days, South Korean President-elect, Roh Moo-hyun, urged Washington to "actively" take part in dialogue, while Mr. Losyukov characterized the crisis as mainly a problem between North Korea and the United States.

"We don't see North Korea as exclusively a U.S. problem," Mr. Hubbard told South Korea's largest broadcaster, KBS. "Its nuclear threat is not just a threat to the United States, it's a challenge to the entire international system." — AP

Russia wins new Iraqi contracts

By Vladimir Radyuhin

MOSCOW, JAN. 19. Undaunted by the United States countdown for a war against Iraq, Russia has moved to consolidate its position in the Iraqi oil market, winning new contracts and patching up a rift caused by Baghdad's cancellation of a key oilfield deal with a Russian company.

Grateful to Russia for its staunch opposition to a possible U.S. military attack on Iraq and an early winding up of the weapons inspections, Baghdad awarded major contracts to Russian companies for development of the al-Rafidain oil field in southern Iraq, the exploration and development of block four in the Iraqi western desert, and started talks on more contracts.

The deals were sealed on the heels of a high-profile visit to Baghdad by the Russian Deputy Foreign Minister, Alexander Matlashov, who strongly called for extending United Nations inspections in Iraq. "It is of principle importance that January 27 is not seen as a cut off date after which all possibilities for pursuing an Iraqi settlement would be closed," the Russian envoy said in Baghdad. "The international inspectors must have as much time as they need to clear all concerns." Russia's First Deputy Energy Minister, Ivan Matlashov, who led a delegation of Russia oil majors to Iraq, said that apart from oil contracts the sides had discussed "a bill worth reconstruction of Iraqi power stations. He also said the talks had given new hope that the West Qurna oil field could be restored to the Russian oil company Lukoil.

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