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## 1. CIS OVERVIEW

### \* Russian State Duma "Council of Compatriots" to be Established

BUSINESS WORLD (29.6.1995): The constituent congress of the State Duma Council of Compatriots will be held on July 6 and July 7 as was determined by the congress organizing committee at its session on Wednesday, July 28. The session was held under the auspices of the State Duma Committee for CIS Affairs and Connections with Compatriots. Chairman of the committee Konstantin Zatulin stated that the council's creation is an attempt to facilitate an organizational framework for Russian communities abroad. "Russia needs a kind of representation of these communities", he said. The decision on the council's establishment was adopted by the Duma on April 5, 1995. ("Compatriots and Duma", release by the press service of the Duma Committee for the CIS affairs and connections with compatriots, p.1).

### \* Russia's Fuel Sales to CIS Partners

COMMERSANT-DAILY (4.7.1995): According to the Russian Ministry for Cooperation with the CIS States, from January- June 1995, Russia supplied to the former-USSR countries 13.8 million tons of oil, 44 billion cubic meters of natural gas, 269,600 tons of gasoline, 1.1 million tons of diesel fuel and 270,600 tons of mazut. Preliminary data shows that compared with the same period of 1994, the sales of Russian crude oil fell by 15%, and mazut sales fell by 80%.

The major consumer of Russian fuel is Ukraine, which received 5 million tons of oil, 32 billion cubic meters of natural gas, 99,000 tons of gasoline, 459,000 tons of diesel fuel and 157,000 tons of mazut. Ukraine's debt to Russia amounted to 16.2 trillion rubles as of early May, 1995.

The second largest fuel consumer and debtor is Belarus, with 5.5 million tons of oil and 7.2 billion cubic meters of natural gas supplied in January-June 1995. Belarus's debt to Russia is 2.4 trillion rubles, including 2.3 trillion for gas, 2.3 billion rubles for oil and 0.5 billion rubles for oil products. ("Former USSR Countries Received 13.8 million Tons of Oil From Russia in January-June 1995", p.9).

## 2. UKRAINE

\* Cabinet Reshuffled

COMMERSANT-DAILY (5.7.1995): On Tuesday, July 4, President Leonid Kuchma signed a decree outlining a radical reshuffling of the cabinet. Retaining their posts are the Ministers of Foreign Affairs (Gennady Udovenko), Finance (Pyotr Germanchuk), Defense (Valery Shmarov, who has lost his post as a deputy prime minister), State Property Fund (Yuri Enuikharov), and minister without portfolio (Valery Pustovoitenko).

Of the Prime Minister's six deputies, three are new persons. Former head of the Dnepropetrovsk regional council Pavel Lazarenko was appointed First Deputy Prime Minister. Vasily Durdinets became a Deputy Prime Minister in charge of security and emergency situations, and the head of the Coordinating Committee under the President for fighting corruption and organized crime. Vasily Durdinets, age 58, was first deputy head of the Coordinating Anti-corruption Committee, former deputy minister of the interior and parliament vice-speaker in 1994.

Anatoly Kinakh, age 41, was appointed Deputy Prime Minister in charge of industries. He was the former head of Nikolaev regional council and the presidential representative in the Nikolaev region in 1992-1994. Roman Shpek, also age 41, former Minister of the Economy and member of the presidential council on economic reform, was appointed Deputy Prime Minister in charge of economic issues.

Ivan Kuras and Pyotr Sabluk were appointed as the Prime Minister's deputies in charge of humanitarian problems and the agrarian complex respectively. Former head of State Customs Committee Yuri Kravchenko was appointed Minister of the Interior. Former Minister of Interior Vladimir Radchenko now heads the Security Service.

Vasily Gureev, former deputy Minister of the Economy, became the minister of the same ministry. Valeri Mazur, a former Deputy Industry Minister, was appointed minister. Former Deputy Prime Minister and Minister of Foreign Economic Relations Sergei Osyka was appointed Minister of Foreign Economic Relations and Trade. ("New Persons in Ukrainian Government" by Svetlana Sukhova, p.4).

SEGODNIA (5.7.1995): Observers noted that Victor Pinzenik, who was considered the organizer and inspirer of the economic reform in Ukraine, is absent in the new cabinet. Well-known economist Pinzenik, who was Deputy Prime Minister in two cabinets, was placed in charge of economic reform problems. After Leonid Kuchma became President, he appointed Pinzenik First Deputy Prime Minister, which invited sharp criticism from the leftist factions in the parliament. Nevertheless, another reformer Roman Shpek was promoted to the higher post so that certain continuity in the economic policies can be expected. ("President Leonid Kuchma Reshuffles Cabinet" by Konstantin Parishkura, p.1).

\* President Leonid Kuchma Visits Germany

SEGODNIA (4.7.1995): President Kuchma arrived in Germany for a three day visit on Monday, July 3. The main focus of the negotiations with

German leaders are include problems facing bilateral economic cooperation.

Agreements on scientific cooperation and the protection of investments are

prepared to be signed. The latter agreement is of special importance for Ukraine, since foreign companies are reluctant to invest in the Ukrainian economy due to the uncertainty of local legislation. The agreement on the prevention of double taxation is to contribute in settling the problem.

Kuchma will seek increased German investments in Ukraine and further support for market reforms in the country. The question of the Chernobyl nuclear power plant's closure will be discussed together with Western aid for the modernization of Ukrainian electric power stations.

In an interview published in Die Welt on July 3, Kuchma called upon Western countries to render assistance to Ukraine. He warned that without such assistance, the Ukrainian economy will be ruined. "If the West wants to see a united Ukraine with a strong economy, it must help us", Kuchma stated. "It is high time for the West to give up the stand of a passive observer and to start an active political dialogue with Ukraine" he said.

Kuchma acknowledged that the breaking of economic ties with Russia dealt a heavy blow to Ukraine, and lamented that Western markets are still

closed for Ukrainian commodities. President Kuchma confirmed that Ukraine intends to remain a non-aligned country, remarking that "it is a long way to NATO. It is one thing to wish something, and quite another thing to make real steps in the desired direction". ("President of Ukraine Arrived in FRG" by Konstantin Parishkura, p.4).

COMMERSANT-DAILY (4.7.1995): Since 1992, the Federal Republic of Germany has invested over DM 2.5 billion in Ukraine, including various kinds of aid. Germany is the third or fourth largest foreign trade partner

for Ukraine (after Russia, Turkmenistan, and possibly, China) with trade turnover in 1994 equal to US\$1.5 billion. Four major German banks have their branches in Kiev, and numerous joint ventures have been established.

As for the problem of the Chernobyl nuclear power plant, Ukraine is prepared to close it if the West pays at least 50% of the estimated \$4.4 billion expenditures. ("Toasts Are Prepared, It Remains To Raise Glasses" by Victor Zamyatin, p.4).

#### \* Economic Priorities Determined

BUSINESS MOSCOW NEWS (1995, No.23): The Ukraine cabinet has approved a strategy of regulating investment activities in the context of the market-style transformation of the national economy. Under the concept, the government will render investment support mainly to those branches that are considered economic priorities, including the fuel complex, power

and resource saving technologies, consumer's goods and export commodities production, the agricultural complex, the medical and microbiological industries, and dealing with the Chernobyl nuclear plant. ("Economic Priorities For State Support Determined", p.18).

#### \* New World Bank Credit

BUSINESS MOSCOW NEWS (1995, No.23): During the next two weeks to come, the Ukraine government will receive US\$70 million more of the second \$250 million tranche of the World Bank rehabilitation loan. Kiev has already exhausted the first tranche, and the second one was rendered in May 1995 to be used exclusively for supporting the payment balance.

A World Bank mission recently visited Ukraine to estimate the efficiency of the bank's loans. The mission met several leading figures in the Ukrainian government in charge of economic problems. According to a source in the Ukraine World Bank office, the mission is inclined to give a positive evaluation on the process of reforms in Ukraine. It has started discussions on rendering the second World Bank loan for the structural adjustment of the Ukrainian economy. The amount will be approximately \$400 million, to be rendered in December 1995. ("Ukraine Government Will Receive \$70 Million More of the Second \$250-Million Tranche of WB Rehabilitation Loan", p.18).

#### \* Roots of Conflict in Crimea

IZVESTIA (5.7.1995): After pogroms in Feodosia and Sudak, the intensity of conflicts in the region is even increasing. The essence of the developments can be easily explained as continuing rivalry for the redistribution of spheres of influence between the old criminal groupings in Crimea and the new-coming Tatar groups.

According to some unidentified source, the latter arrive predominantly from Uzbekistan and are developing the drug trade. To make use of the already established criminal structures, they use the banner of "national liberation struggle". ("Mafia Clashes in Crimea May Develop Into Interethnic Conflicts" by Nikolai Semena, p.2).

MOSKOVSKIY KOMSOMOLET (29.6.1995): It is no secret that at one time, Ukraine literally urged the Crimean Tatars to return to their historic motherland. They were offered houses, jobs and autonomy. Kiev needed Tatars to counterbalance the pro-Russian majority of the Crimea population. The Crimea Tatars became the stronghold of pro- Ukrainian sentiment in the region.

A key aspect of the Ukraine-Tatar ties was the understanding that the Tatars will be rewarded for their support. Therefore, the graver the conflict between the pro- Moscow Crimea government and Kiev, the closer the Tatars were to Kiev. But after a compromise was recently found between Kiev and Simferopol, the Tatars failed to obtain any of the promised rewards. ("Turned Into Scapegoats" by Yelena Korotkova, p.2).

#### \* Crimean Parliament Speaker Dismissed

SEGODNIA (6.7.1995): On July 5, by a total of 54 votes out of 98, the Crimean parliament dismissed its speaker Sergei Tsekov. Both candidates for the post nominated by the "Russia" faction and the Agrarian faction fell short of the required number of votes. The next voting is due to take place on July 6. ("Crimea Without Speaker", p.1).

### 3. BELARUS

#### \* President Suspends Withdrawal of Strategic Missiles from Belarus

IZVESTIA (6.7.1995): The Belarus military unilaterally stopped issuing permission for the transportation of Russian SS-25 missiles and technical equipment from Belarus territory. They also banned Russian trains earmarked for transporting the missiles back to Russia from entering Belarus.

Initially, 9 regiments of the Russian SS-25 strategic missiles with 81 mobile launchers were deployed in Belarus. 7 regiments with 63 launchers have already been withdrawn while the remaining 2 regiments with 18 launchers were scheduled to leave Belarus in July 1995. By late 1995, Belarus was to become nuclear free.

The withdrawal was suspended on the order of President Alexander Lukashenko. According to some sources, he said that the decision on the withdrawal -- which was taken by the former leaders of Belarus -- was a major political mistake. Belarus and Russia are becoming closer along all lines, and their complete unification is already in sight. Therefore the missiles are to remain where they are.

Lukashenko's sudden decision came as a shock for Russian missile commanders due to the fact that missile units need massive supplies and large infrastructure -- things which have already been dismantled. In addition to this, under the existing international treaties Russia as well as the other nuclear powers is not entitled to have nuclear weapons outside its national frontiers.

Observers believe that the real reasons underlying Lukashenko's stand is the inability of the Belarus government to finance the facilities remaining in Belarus and to provide jobs for Belarus citizens now working at the Russian military facilities. The facilities' annual maintenance cost is estimated at 14-15 billion rubles.

The Commander-in-Chief of the Russian Strategic Missile Forces, Colonel-General Igor Sergeev, stated that one should not over dramatize the situation. "We are trying to solve it in a quiet way, using common sense and good relations we have with Belarus leaders", Sergeev said. "I expect that the missiles will be withdrawn by the end of 1995, while a compromise shall be achieved on the other problems", he added.

("President Lukashenko Suspended Withdrawal of Russian Strategic Forces From Belarus" by Victor Litovkin, pp. 1, 2).

#### \* President Lukashenko to Abolish Privileges

SEGODNIA (30.6.1995): President Alexander Lukashenko declared that it is his intention to abolish the whole system of social privileges currently in effect in Belarus. At present, three to four million people enjoy privileges such as city transport, communal services, and telephone and medical services at either reduced charges or for free.

To abolish the system, Lukashenko must amend at least 20 laws. In fact he intends to solve the problem by presidential decree, which is a doubtful method from a legal point of view, but one which nevertheless sometimes brings sufficient economic effects.

Many experts in Belarus believe that Lukashenko's plan to abolish the privileges proves that he is pretty sure about his position as the president and does not fear to risk the support of millions of voters. ("Alexander Lukashenko Does Not Fear To Lose Presidential Chair" by Valentin Zhdanko, p.8).

#### \* President Criticizes Generals

SEGODNIA (29.6.1995): President Lukashenko accused Belarus senior officers of conducting illicit commercial activities, including selling weapons and other military equipment abroad. He refuted the argument that these activities were aimed at improving the disastrous economic situation of the armed forces. "They plundered the army", the President said.

Several weeks ago Lukashenko dismissed Defense Minister Anatoly Kostenko and appointed former General Staff Chief Lieutenant-General Leonid Maltsev as acting minister. The President is very critical about the bills submitted by Russia for educating Belarus officers (there is a monthly fee of \$500 for a person in military colleges, except air colleges where the fee is \$900). "We must not pay to Russia and we shall not pay", Lukashenko said to his generals. "We are protecting Russia from the West. In case of a conflict, we will have to defend more of Russia than of ourselves. ("Alexander Lukashenko Inspected His Army" by Valentin Zhdanko, p.8).

#### \* Belarus Faces Economic Problems

SEGODNIA (5.7.1995): Summing up the results of his one year of presidency, Alexander Lukashenko usually refers to the fact that the monthly inflation rate fell from 50% in January 1995 to 3% in June. The Belarus ruble's exchange rate has also remained stable for six months.

But another promise made by the President during the election campaign -- that is facilitate the revival of all enterprises -- remains unfulfilled. Production is still decreasing, which is partly due to the national currency's stability. Many enterprises are losing foreign markets, including the largest tractor, motor and refrigerator plants.

Producers demand that the President give up his tough financial policy and issue favorable credits, as well as permit the ruble's free exchange rate. Nevertheless, Lukashenko refuses to meet these demands,

saying that there will be no return to inflation and devaluation. He sees the restoration of the system of strict responsibility at all levels as the only way out from the difficult economic situation. "It was computed that just by eliminating slackness at all levels of management we would be able to raise productivity by one quarter", Lukashenko asserts. ("Inflation Is Curbed, and There Will Be No Return To It" by Valentin Zhdanko, p.8).

#### 4. MOLDOVA

##### \* Political Situation in Moldova

COMMERSANT-DAILY (5.7.1995): The next meeting between Moldova President Mirchea Snegur and Trans-Dniester leader Igor Smirnov is scheduled for Wednesday, July 5. However, experts doubt if the Trans-Dniester authorities will be prepared for a compromise before the general elections in Russia. They have obtained promises of support from the leftist parties and movements in Russia should the latter win the elections.

President Snegur quit from the ruling Agrarian Democratic Party of Moldova on June 26, accusing his former party mates of doubting both the economic reforms conducted since 1992 and the policy of integrating Moldova into the Western economy. It is rumored in Kishinev that Snegur is creating his own organization called the National Renaissance Party.

There are only two real rivals for Snegur: speaker Pyotr Luchinsky and Prime Minister Andrei Sangeli. Of those two Luchinsky is the more experienced, with his background as the leader of the Moldova Young Communist League, second secretary of Tajikistan Communist Party and first

secretary of the Moldova Communist party. However, he already lost to Snegur during the speaker elections in 1989. Besides, only persons who resided in Moldova during last 10 years are eligible for nomination as candidates for the presidency, which is not the case with Luchinsky.

The Party of Social Progress was established in Moldova in early June. Luchinsky has not joined it yet, but local observers believe that it

was created specially for him. Andrei Sangeli became the leader of the Agrarian Democratic Party after Snegur left it. If he succeeds to preserve

his positions, then Moscow would probably put its bets on him. He is known

for his pro-Russian economic orientation and is very vocal about the withdrawal of Russian troops. Moscow's attitude may have a decisive influence upon the results of the presidential elections. If Russia supports Sangeli, it would provide him with the support of the socialist "Unity" bloc, which has the second largest faction in the parliament, and the Communists. ("Kishinev and Tiraspol Speak Through Moscow" by Ilya Bulavinov, p.4).

##### \* Two Currencies Established in Trans-Dniester



COMMERSANT-DAILY (6.7.1995): On Wednesday, July 5, Moldova National Bank President Leonid Talmach and chairman of the Trans-Dniester Bank board of directors Vyacheslav Zagriadsky signed an agreement providing for the parallel circulation of the Moldova leu and Trans-Dniester ruble in Trans-Dniester. The Moldova National Bank representative said that under the agreement, the Moldova leu will be used both for cash and clearing operations.

Until now, leus were used only by a number of industrial enterprises and on the black market, along with US dollars and Russian rubles.

Moldova

bankers fear that with the introduction of the leu as a parallel currency in Trans-Dniester, its exchange rate may fall. ("Leu And Coupon Will Have Parallel Circulation in Trans-Dniester", p.5).

## 5. GEORGIA

### \* Conference Held on Abkhazia Settlement

IZVESTIA (30.6.1995): The conference "Present Situation and Prospects of a Georgia-Abkhazia Settlement", held under the auspices of the CIS Interparliamentary Assembly in St.Petersburg, ended on Wednesday, June 28.

Both Georgian and Abkhazian participants agreed that the two entities must

form a single state. However, Georgia wants it to take the form of a federation, while Abkhazia wants to have a confederation. The two sides also did not agree on procedures dealing with the return of Georgians to their homes in Abkhazia. ("Abkhazia and Georgia Failed to Achieve Consent In Petersburg", p.1).

### \* Sukhumi Denies Chechnya Rebel Bases Located in Abkhazia

IZVESTIA (30.6.1995): Abkhazian Deputy Prime Minister Yuri Voronov denied allegations from Georgian sources that special bases exist on Abkhazian territory for training terrorists and mojahadeen rebels from the Middle East in preparation for being sent to Chechnya. The head of the UN military mission in Abkhazia put it more mildly, saying that he has no information on the existence of such bases. ("Sukhumi Denies Terrorist Bases at Its Territory", p.1).

## 6. ARMENIA

### \* General Elections and Referendum Forthcoming in Armenia

SEGODNIA (5.7.1995): The territory of Armenia is divided into 150 one-seat electoral districts. 1,369 candidates will be running for

parliamentary seats, while the remaining 40 seats will be contested by  
570

candidates nominated by 13 public and political organizations.

The bloc "Constitution" -- led by the ruling Armenian National Movement and consisting of six parties and political movements -- is the most organized force participating in the campaign. The bloc's economic program is similar to the government-made five-year program. One of its main elements is the creation of a socially-oriented market economy in Armenia, which envisages social protection for the population. During the next three years to come, real wages in the state sector are expected to rise fivefold, while 400,000 jobs with an average US\$100 monthly wage are to be created before the year 2000. Housing will be provided for refugees from the earthquake zone and free medical services for citizens with low incomes.

In contrast, opposition parties are only partly united. In 90 districts they have a single candidate, while in 60 districts the candidates of the parties united in the opposition alliance "Cooperation For Justice" will mutually compete. ("Now Up to the People" by Hamlet Matevosian, p.8).

#### \* Turkish Delegation Visits Armenia

SEGODNIA (4.7.1995): An official Turkish delegation headed by Gyurbuz

Chapan, head of the Esenyurd community administration in Istanbul, visited

Armenia recently at the invitation of Yerevan Mayor Vagan Khachatrian. Correspondents of major Turkish newspapers joined the delegation together with historian Taner Akcham, who recently took part in commemorating the Turkish anti-Armenian genocide victims in 1915.

The delegation met with President Ter-Petrosian and handed over to him messages from the President and Prime Minister of Turkey. Observers in

Yerevan especially noted that the delegation paid tribute to the genocide victims memorial and laid flowers at the eternal fire at the memorial.

Several days before the visit, it became known that the Erzurum Vilayet (region) in Turkey is creating a free economic zone, which means that the frontiers with Armenia and Georgia are to be opened. The zone's creation was initiated by Turkish business members of the Erzurum Chamber of Trade and Industry. Armenia and Georgia are also considered as transit zones from Russia and Central Asia. ("Turkey and Armenia Intend to Cooperate" by Hamlet Matevosian, p.4).

#### \* IMF Credit For Armenia

FINANSOVYE IZVESTIA (1995, No.47): The IMF's board of directors approved the decision to render Armenia a US\$63.5 million standby credit for a three year period. The interest rate is not yet set and will be fixed according to the IMF balance on an annual basis. In case of positive balance, the credit may be interest-free, below or equal to the minimum rate set at the London deposit market. ("IMF Rendering \$65 Million Credit to Armenia", p.1).

## 7. AZERBAIJAN

### \* President Aliev Supports Yeltsin

COMMERSANT-DAILY (1.7.1995): Azerbaijan President Geidar Aliev, who is on visit in Bucharest, stated on June 30 that Azerbaijani leaders support measures taken by the Russian President to stabilize the situation

in Russia in the context of the Chechnya and Budionnovsk events. ("Aliev Supports Yeltsin", p.5).

### \* National Front Declares Itself a Political Party

SEGODNIA (29.6.1995): A few days ago the Azerbaijan Popular Front convened its third congress and declared itself a political party. Abulfaz

Aliev was proclaimed as the party leader. (As of late Abulfaz Aliev is no longer referred to as Elchibey, which literally means "the leader of the nation"). Local observers do not consider the congress to be an event of major significance, as they believe that front has lost its former leading role within the national movement.

Of the 287 participants of the congress, one third protested the front's transformation into a party. Several social organizations are intending to quit the front. One of the front's immediate goals is to take

part in the general elections, where some of its veterans will be nominated as independent candidates.

As a political party, the front is not giving up the struggle for the

unification of south Azerbaijan, which is now a part of Iran, and North Azerbaijan. Abulfaz Aliev declared that in two or three years the Azerbaijanians of both territories will be united in a mighty monolithic Turkic state. Abulfaz Aliev called upon seven political organizations illegally operating in south (Iranian) Azerbaijan to join their efforts with almost 40 political and social organizations in North Azerbaijan fighting for the unification of the motherland. The representatives of the

said seven organizations were present at the congress.

However, it is this policy that may deprive the new party of legal status, as Azerbaijani legislation forbids any activities which might damage national security. Lawyers are qualifying the APF slogans as being hostile to the neighboring state and extremely dangerous for Azerbaijan itself. ("Azerbaijan Popular Front Declares Itself Political Party" by Arif Useinov, p.7).

### \* Azerbaijan-Turkey Bank Opened

COMMERSANT DAILY (30.6.1995): The co-founders of the new bank AzerTurkBanky are the Turkey state-owned bank T.C.Ziraat Bankasi and the Azerbaijan Agrarian-Industrial Bank. The new bank's authorized capital is US\$1 million, with both parties holding a 50% stake. Mamed Musaev,

chairman of the AzerTurkBanky Board of Directors, stated that the bank will facilitate foreign investments in Azerbaijan and the efficient selection of projects for investments. Bank experts representing both sides will select projects that are most profitable both for Azerbaijan and the bank. ("Joint Azerbaijan-Turkey Bank Opens in Baku", p.5).

## 8. KAZAKHSTAN

### \* President Nazarbaev Discusses Draft Constitution

COMMERSANT-DAILY (1.7.1995): Speaking to the Kazakhstan Peoples Assembly on Friday, June 30, President Nursultan Nazarbaev stated that the draft Constitution is a kind of a treaty between the people and authorities. Under the new Constitution, the Kazakh language shall remain the official (state) language. At the same time, the Russian language shall enjoy a status equal to that of Kazakh in state agencies and local municipal bodies. Granting official status for the Kazakh language is not an attempt to undermine the status of Russian, but a means to prevent the disappearing of the Kazakh language and to raise it to the level of Russian, Nazarbaev stressed. ("Kazakhstan President Achieved Consent With People", p.5).

### \* Alpha Bank Affiliate Opens in Kazakhstan

COMMERSANT-DAILY (4.7.1995): The official opening of the Russian Alpha Bank affiliate, with authorized capital US\$1.5 million, was held on Saturday, June 30 in Alma-Ata. Alpha Bank President Andrey Rappoport stated that the affiliate will support the trade expansion of the Alpha trade and financial group into Kazakhstan.

The Alpha Eco joint stock company, which is the major member of the group, will supply sugar to Kazakhstan. Alpha Bank will also serve the Karaganda group of coal mines to accelerate their foreign trade payments and to give financial support to investment programs, predominantly in the tea processing and coal industries.

Alpha Bank (Kazakhstan) is the first bank in Kazakhstan with 100% Russian capital to render its services only to corporate entities. In order to open its affiliate, the bank had to overcome strong resistance from the Kazakhstan Central Bank and local bankers who had formed a cartel to prevent Alpha Bank from entering the currency exchange. They fear that the Russian bank will win major corporate clients. The Alpha Bank president believes that similar branches will be established in other Central Asian capitals. ("Alpha Bank Penetrating Central Asia Markets" by Yelena Kuznetsova, p.5).

## 9. KYRGHYZSTAN

### \* President Akaev on Economic Situation

BUSINESS WORLD (29.6.1995): President Askar Akaev addressed a broadened session of the Kyrghyzstan government. He said that the national economy is in a disastrous state, "like a car on the brink of a precipice". No signs of financial stabilization can be found, and the budget deficit reaches 18.3% of the GDP. The real rate of decline in industrial production in 1995 is 26%, which is worse than in 1994. The fall in agricultural production is 10%.

The president stressed that although there is macroeconomic progress in terms of a low inflation rate and a stable exchange rate for the sohm (national currency), the government has failed to achieve financial stabilization.

Only 60% of the planned tax revenues are entering the budget. "Although over 100 industrial enterprises do not operate, not one of them was declared bankrupt", said the President, who demanded that 46 of these enterprises be declared bankrupt and inefficient managers be replaced.

According to Akaev, the privatization of state property has failed to lead to economic restructuring, while industry is failing to find markets for its production. The President attributed the situation to the fact that no real modernization has taken place in the industrial sector, while the government does not facilitate exports, which in 1995 fell by 1.5 times as compared to 1994. "Kyrghyzstan is completely dependent upon imports, which constitute 68% of the market operations in the country", Akaev said. Kyrghyzstan is also becoming exclusively a raw materials producer. ("Economy in Disastrous Condition", p.2).

#### \* Foreign Investments in Gold Mining

FINANSOVYE IZVESTIA (1995, No.47): On July 7, Kyrghyzstan President Askar Akaev and representatives of the Canadian firm CAMECO will sign an agreement on financing a gold extracting Kyrghyz-Canada joint venture. The amount to be invested is US\$360 million. Several major international banks and financial companies will finance the project. Chase Manhattan Bank will secure the \$140 million syndicate loan. The remaining \$220 million will be invested by CAMECO (\$45 million of its own capital and \$45 million borrowed from shareholders), the European Bank for Reconstruction and Development and International Financial Corporation (\$40 million each), and the Canadian Export Development Corporation (\$50 million).

Kumtor is one of the world's largest gold deposits, possessing 16.6 million ounces of gold reserves. With the current world price being about \$390 per ounce, its reserves' value is \$6.5 billion, with production costs running at \$165 per ounce. The extractable reserves are 9.3 million ounces, with a market value of \$3.627 billion.

Production will start in 1997 with an initial annual output of 400,000 ounces (gross income at least \$150 million), reaching 500,000 ounces by 1998. ("Foreign Investments In Gold Mining Will Stimulate Kyrghyz Economy" by Yen Pride, p.2).

## 10. UZBEKISTAN

### \* Unity Movement Revived

SODRUZHESTVO (30.6.1995): The popular movement Byrlyk (Unity) was widely known during the initial stages of perestroika, which favoured the uniting of all Uzbekistan citizens irrespective of their ethnic origin for the sake of national prosperity. The movement faded after its leaders deviated from the initial goals.

However, the Byrlyk movement has been revived with the official registration of its successor, the Popular Unity movement. The movement members, including those sitting in its leading bodies, represent different ethnic groups. The first issue of the "Byrlyk" newspaper is proclaiming "internationalism" as the ideology of the new social movement.

The newspaper articles are both in Russian and in Uzbek. ("Byrlyk" Is "Unity" by Rustem Tell, p.3).

## 11. TURKMENISTAN

### \* First Turkmenistan-Russian Bank Established

COMMERSANT-DAILY (30.6.1995): The Turkmenistan Central Bank issued a license for the first joint Turkmenistan- Russia bank, Russian Credit. Co-founders of the bank are major Turkmenistan enterprises, including the power and fuel technology corporation Kuvvat, the State Commodity Exchange, the joint-stock commercial bank Turkmenistan and others. ("First Joint Turkmen-Russian Bank Founded in Turkmenistan", p.5).

### \* Gas Contract Signed With Iran

COMMERSANT-DAILY (30.6.1995): Negotiations between the presidents of Turkmenistan and Iran in Tehran ended on Wednesday, July 4 with the signing of an agreement on the supply of 8 billion cubic meters of Turkmenistan natural gas to Iran before 1997. President Saparmurad Niyazov

stated that the contract is the first step in implementing a project of delivering natural gas from Turkmenistan to Europe through Iran.

A new 2,500 km-long gas pipeline will connect the Turkmenistan and Iran gas systems and will start to function within two years. The project's cost is about US\$6 billion. The source and method of financing are not yet reported.

Turkmenistan, which possesses the world's third largest natural gas deposits, is constantly experiencing financial difficulties, because its main purchasers (Ukraine, Georgia, Armenia, and others) are insolvent, running up debts reaching hundreds of millions of dollars. Therefore President Niyazov is attempting to utilize the oil and gas pipelines of

neighboring Iran for channeling Turkmenistan gas to the European markets. Iran in turn is interested in gaining a stronger position in Central Asia.

The two presidents reiterated their stand that a new legal status for the Caspian Sea needs to be defined as soon as possible, stressing that the development of natural resources in the region is not possible before its status is worked out. They favored further negotiations among the coastal states in order to reach consent on the pressing legal issues, and refuted any interference by foreign countries. The presidents agreed on Iran's rendering of assistance in constructing highways linking Ashkhabad-Mary (Merv) and Ashkhabad-Badzhgiran along the Turkmenistan-Iran border. ("Iran and Turkmenistan Signed Contract on Gas Deliveries" by Elmar Murtazaev, p.8).

## 12. TAJIKISTAN

### \* Enrollment for Border Guards Deemed Unsatisfactory

TRUD (5.7.1995, p.1): General Pavel Tarasenko, commander of the Russian border guards group in Tajikistan, expressed his extreme dissatisfaction with the results of enrollment of Tajik youth for the forces under his command. He stressed that thus far the enrollment plan has been fulfilled only by 60%, even though its achievement was expected in June.

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