

## COUNTRY PROFILE: RUSSIA

September 2004

### COUNTRY

**Formal Name:** Russian Federation (Rossiyskaya Federatsiya).

**Short Form:** Russia.

**Term for Citizen(s):** Russian(s).

**Capital:** Moscow (Moskva).

**Other Major Cities:** Chelyabinsk, Kazan', Moscow, Nizhniy Novosibirsk, Omsk, Rostov, St. Petersburg, Samara, Ufa, Volgograd, and Yekaterinburg.

**Independence:** Russia officially marks its independence on June 12, 1991, the date of the Russian Republic's declaration of sovereignty from the Soviet Union.

**Public Holidays:** Official holidays are New Year's (January 1–2), Orthodox Christmas (January 7), Women's Day (March 8), Orthodox Easter Monday (variable), May Day (May 1–2), Victory Day (May 9), Independence Day (June 12), Peace and Harmony Day (November 7, formerly October Revolution Day), and Constitution Day (December 12).

**Flag:**

Three equal-sized horizontal bands of white (top), red, and blue.



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### HISTORICAL BACKGROUND

**Early History:** Kievan Rus', which was founded in the late ninth century, was the first state established on the territory of modern Russia. In 988, Orthodox Christianity was declared the official religion of this state, which maintained close relations with the Byzantine Empire. In the thirteenth century, a weakened and fragmented Kiev was overrun by a Mongol invasion. The Mongol occupation, which lasted until 1480, provided the conditions for a new state, Muscovy, to emerge and eclipse Kiev. Under a series of strong rulers, by 1600 Muscovy had consolidated a large portion of what later was European Russia. The concurrent decline of the Byzantine Empire led to a longstanding claim that Moscow was the "Third Rome," and an independent Russian Orthodox Church emerged in 1589.

**The Romanovs:** In 1613 Muscovy ended a period of political and economic hardship by naming as tsar Mikhail Romanov, whose family would rule Muscovy and then Russia for the next 300 years. After a series of weak rulers, Peter I emerged at the end of the seventeenth century as a powerful force for change. In a series of wars, political reforms, and extensive contacts with the

West, Peter laid the foundation of the Russian Empire as a world power open to foreign cultural influences. The eighteenth century ended with another powerful monarch, Catherine II, who further expanded the empire and attempted political and social reform. By the first half of the nineteenth century, Russia was one of the most influential countries in Europe. However, Russia did not share the advances of the Industrial Revolution, and the institution of serfdom further hindered social and economic progress in this period.

**Revolution and Formation of the Soviet Union:** Throughout the nineteenth century, Russia was governed by autocratic rulers who suppressed revolutionary ideals imported from the West. Major reform programs in the 1860s and at the turn of the century failed to address Russia's most acute problems. In 1914, when Russia became a major participant in World War I, the economic gap between Russia and Western Europe had grown and so had dissatisfaction with the monarchy. Combined with those conditions, the stress of the war effort allowed the radical Bolshevik Party, led by Vladimir I. Lenin, to overthrow the provincial government that had displaced the tsar in 1917. At the conclusion of a bloody, four-year civil war, Russia began a 70-year period of one-party rule as the major constituent part of a new entity, the Soviet Union. At the outset, that union included Ukraine, Byelorussia, and three Transcaucasian republics; the ruling party was known as the Communist Party of the Soviet Union (CPSU).

After an initial period of confusion and experimentation, in 1927 the Soviet Union came under the control of Joseph V. Stalin. Stalin's regime became steadily more repressive in the 1930s and locked the national economy into a rigid system of state control, with five-year plans prescribing the performance of every economic sector and heavily emphasizing heavy industry. By 1939 the Soviet Union had been transformed from a primarily agricultural country into a world industrial power. From 1941 until 1944, the Soviet Union fought German invading forces in World War II, losing millions of Russian lives. After the war, the Soviet Union and the United States emerged as the world's major economic and ideological rivals in what soon came to be called the Cold War. In the early years of that confrontation, the Soviet Union gained control of all of Eastern Europe and developed a nuclear bomb. The death of Stalin in 1953 led to some domestic liberalization under Nikita Khrushchev, but the ideologically based confrontation with the West continued until the fall of the Soviet Union in 1991.

Under Leonid I. Brezhnev, party leader from 1964 until 1982, major agreements brought some relief of Cold War tensions, but an 11-year Soviet occupation of Afghanistan (1979–89) minimized their effect. The accession of Mikhail S. Gorbachev as CPSU first secretary in 1985 brought major changes in domestic and international policy. Gorbachev liberalized economic, political, and media policies and fostered closer relations with the West. By 1991, however, the inherent weaknesses of the Soviet Union brought about the collapse of its East European empire and then the union itself. When the union ended, the former Russian Republic became a separate country, the Russian Federation, under the leadership of Boris N. Yeltsin.

**The Russian Federation:** In nine years as president of Russia, Yeltsin oversaw a chaotic transformation that ended the dominance of communism and brought irregular reforms in the economic, political, and social realms. Although the constitution of 1993 made the executive the dominant branch of government, Yeltsin struggled with the legislative branch over many issues. Economic reform was undermined by corruption and public suspicion as Russia nominally

moved toward a free market system. Judicial reform was piecemeal and ineffective. Relations with the West, which began the 1990s in close concert, soured somewhat over issues such as expansion of the North Atlantic Treaty Organization (NATO), Russia's ongoing conflicts with the Republic of Chechnya, and Russia's opposition to the United States-led war in Iraq. A new concentration of executive power began with the presidency of Vladimir V. Putin (elected in 2000), who sought to restore Russia's regional power while maintaining relations with the West.

## GEOGRAPHY

**Location:** Russia occupies much of easternmost Europe and northern Asia, stretching from Norway to the Pacific Ocean and from the Black Sea to the Arctic Ocean.



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**Size:** 17,075,200 square kilometers, the largest country in the world.

**Land Boundaries:** Russia's land boundaries extend 21,139 kilometers: Azerbaijan (284 kilometers), Belarus (959 kilometers), China (3,645 kilometers), Estonia (290 kilometers), Finland (1,313 kilometers), Georgia (723 kilometers), Kazakhstan (6,846 kilometers), the Democratic People's Republic of Korea (North Korea) (19 kilometers), Latvia (217 kilometers), Lithuania (227 kilometers), Mongolia (3,441 kilometers), Norway (167 kilometers), Poland (432 kilometers), and Ukraine (1,576 kilometers).

**Disputed Territory:** Russia has unresolved territorial disputes with China over several small islands at the confluence of the Amur and Ussuri rivers; with Japan over the southernmost four Kuril Islands; with Lithuania over access to Russia's geographically separate Kaliningrad Province; and with other Caspian littoral states over control of offshore resources. Some border segments with Georgia, Estonia, and Latvia have not been accepted by both parties.

**Length of Coastline:** 37,653 kilometers, bordering the Arctic, Atlantic, and Pacific oceans.

**Maritime Claims:** Russia claims a 200-nautical-mile exclusive economic zone, 12-nautical-mile territorial sea, and jurisdiction over the continental shelf to a 200-meter depth or to the depth of resource exploitation.

**Topography:** European Russia is dominated by a broad plain, with low hills west of the Urals. The Urals, considered the boundary between European and Asian Russia, stretch from the Arctic island of Novaya Zemlya to the border of Kazakhstan. East of the Urals is the vast West Siberian Plain, then the Central Siberian Plateau. East of the Central Plateau is the Lena Plateau. Russia's southern border with Mongolia and its entire Pacific coast are marked by mountain ranges. The border with China is defined by the Amur River valley. Siberia contains vast coniferous forests, to the north of which is a broad tundra zone extending to the Arctic Ocean. The southwestern border is marked by the uplands of the northern slope of the Caucasus Mountains. About 10 percent of the country is swampland; about 45 percent is forested.

**Principal Rivers:** Russia's principal rivers are the Amur, Irtysh, Lena, Ob', and Volga. The Irtysh, Lena, and Ob' flow northward across Asian Russia into the Arctic Ocean. The Volga is the longest river in Europe.

**Climate:** The climate of Russia's vast territory ranges from temperate to Arctic continental. Winter weather varies from short-term and cold along the Black Sea to long-term and frigid in northern Siberia. Summer conditions range from warm on the steppes to cool along the Arctic coast. Much of Russia is covered by snow for six months of the year, and the weather often is harsh and unpredictable. In European Russia, the average annual temperature is 0°C; the average in Siberia is lower. The precipitation in most areas is low to moderate. The northwest, North Caucasus, and Pacific Coast receive the highest amounts of precipitation.

**Natural Resources:** Russia possesses a vast variety of natural resources, many of which are located far from industrial processing centers. The fuel resources that supported development of industrial centers in European Russia have been depleted, necessitating reliance on coal, natural gas, and petroleum from Siberian deposits. However, Russia still has an estimated 6 percent of the world's oil deposits and one-third of the world's natural gas deposits, making it a major exporter of both commodities. In 2004 oil extraction reached a new post-Soviet high, placing Russia close to Saudi Arabia as the world's largest producer. Rich deposits of most industrially valuable metals, diamonds, and phosphates also are found in Russia.

Russia's northerly location limits available agricultural land, which is concentrated in the area between the Black and Caspian seas, along the borders of Ukraine and Kazakhstan, and in southern and western Siberia. Poor soil and short seasons restrict agricultural production in the European north to livestock. Erosion has depleted soil quality in many farming areas. Siberia contains nearly 50 percent of the world's coniferous forests, but Russia's forest management has declined sharply in recent years, and commercial clear-cutting is reducing the forest stock at a rapid rate. Coastal and river waters have supported an extensive fishing industry, which also is threatened by pollution and poor regulation.

**Land Use:** Some 7.5 percent of Russia's land is classified as arable, 48 percent is forested, and 0.1 percent is planted to permanent crops.

**Environmental Factors:** Largely because Soviet-era industrial, energy, and agricultural policies ignored environmental protection, many sectors of Russia are considered environmentally hazardous. Most major industrial centers have poor air and water quality, and air quality in all urban centers is substandard. The Caspian and Black seas, the Sea of Azov, the Volga River, and Lake Baikal are areas of severe water pollution. Industrial nodes in the Kola Peninsula and the Urals emit especially large amounts of air pollutants, and increased numbers of vehicles, using unleaded gas, exacerbate air pollution. Agricultural soil quality is reduced by erosion and overgrazing, and unrestricted harvesting reduces natural forests. Unsafe disposal of radioactive materials pollutes coastal water, rivers, and terrestrial areas. Russia's 12 operational RBMK-type nuclear reactors are considered unsafe. Official environmental protection has declined since the early 1990s. In 2000 the Putin government abolished Russia's Environmental Protection Committee (which earlier had lost its ministry status) and the Federal Forest Service.

**Time Zones:** Russia's territory includes eleven time zones. Moscow is three hours ahead of Greenwich Mean Time.

## SOCIETY

**Population:** In July 2004, Russia's population was an estimated 143.8 million, a decrease of 2.7 million since 1989. That total made Russia the seventh most populous country in the world. Of the total, 73 percent live in cities and towns and 27 percent live in rural areas, a ratio that has remained stable since 1989. Some 89 million people (61 percent of the population) were of working age in 2002. About one million residents of Russia are citizens of other countries. In 2003 the rate of immigration was 0.9 person per 1,000 population. That year the emigration rate increased by 50 percent.

**Demography:** In 2004 the average age was 37.7 years, an increase of three years since 1989, indicating a steadily aging population. Only 14 percent of the population was below 15 years of age. Life expectancy was 59.9 years for men, 73.3 for women; 53.4 percent of the population was female. The birthrate was 9.6 per 1,000 population; the death rate was 15.2 per 1,000 population. Infant mortality was 17.0 per 1,000 live births, and the average number of children per woman of childbearing age was 1.3.

**Ethnic Groups and Languages:** According to the 2002 census, the largest ethnic groups were Russians (representing 80 percent of the total), Tatars, Ukrainians, Bashkirs, Chuvash, Chechens, and Armenians, each of which accounted for at least 1 million residents. The official language is Russian; approximately 100 other languages are spoken.

**Religion:** The official state religion is Russian Orthodoxy, with which the government has a unique relationship. About 75 million Russians belong to that faith, but the fastest growing religion is Islam, professed by about 20 million. Other religions are Roman Catholicism, 1.3 million; Judaism, estimated at between 400,000 and 550,000; and Jehovah's Witnesses, 131,000. Religious activity increased markedly following the collapse of communist rule in 1991, but limitations have remained. A 1997 law set requirements that religions be registered, putting unrecognized groups at a disadvantage.

**Education and Literacy:** According to the 2002 census, 99.5 percent of the population above age 10 was literate. The constitution guarantees the right to free preschool, basic general, and secondary vocational education. Nine years of basic general education is compulsory, from age six until age 15. After exclusive state operation of the education system in the Soviet era, many private education institutions appeared in the 1990s. The education budget fell drastically in the 1990s, although the Putin administration has restored it somewhat since 2002. Curriculum reform has been incomplete, and the teaching profession suffers from low pay and loss of quality individuals. In 2000 some 965 institutions of higher learning were in operation. Unlike the Soviet period, about half of higher education students pay fees and/or entrance bribes.

**Health:** Health care is free in principle, but in practice adequate treatment increasingly depends on wealth, and private health care is increasingly sought. Doctors are poorly trained and

inadequately paid, and hospitals generally are in poor condition. There is a persistent shortage of nurses, specialized personnel, and medical supplies and equipment. The hospital system suffers decaying infrastructure and long waiting lists. Distribution of facilities and medical personnel is highly skewed in favor of urban areas, especially politically sensitive cities. Russia's high ratio of hospital beds to population—12.1 to 1,000 in 1998—is because outpatient care is not emphasized as much as in the West. In 2001 there were 4.7 doctors per 1,000 inhabitants. The poor quality of air and water in many areas and the prevalence of heavy smoking and alcohol use exacerbate the overall poor health of the nation. Preventive health care is a low priority. In 2001 some 0.9 percent of individuals between ages 15 and 49 were reported to be afflicted with human immunodeficiency virus (HIV) or acquired immune deficiency syndrome (AIDS), but that percentage rose steadily in the ensuing years. In 2004 experts estimated as many as 2 million cases of HIV.

**Welfare:** In the 1990s, economic transition and the end of Soviet-era public welfare forced more Russians into poverty as state social support programs failed to meet the social needs of a new economic system. Because the post-Soviet pension system, Russia's largest expenditure for social safety, has not been adequate to provide for retirees, many workers are forced to postpone retirement. In 2002, before a pension reform increased benefits, the average monthly pension was US\$45. In 2003 an estimated 27 percent of the population fell below the minimum subsistence level of US\$73 per month. Most welfare agencies are run at local or regional rather than national levels, but they suffer from inadequate funding and corruption. No agency ministers specifically to the homeless, whose number has grown since 1991. The Fund for Social Support, which maintains a number of social assistance programs, has suffered from corruption scandals. Most enterprises provide an extensive social safety net for their workers, including maternity leave, child allowances, housing, paid vacations, and medical care. Private charities do not function as freely or as actively as in the West.

## ECONOMY

**Character and Structure:** Since 1991 Russia's economy has undergone major changes as the result of the rejection of the Soviet state planning system and the adoption of various elements of free-market commerce. The highly structured Soviet system, nominally following the standards of five-year plans, was succeeded by ambitious restructuring aimed at encouraging private enterprise. However, large sectors of the state-owned enterprise system, especially those in energy, transportation, communications, and heavy industry, remained under government control. In the mid-1990s, government privatization plans were undermined by corruption, which concentrated significant economic resources in the hands of a well-connected elite rather than effecting true redistribution. In 2002 an estimated 25 to 40 percent of the gross domestic product (GDP) derived from "informal" economic activity, and organized crime plays a significant role in many types of enterprise. In the 1990s the relative importance of the economic sectors changed significantly. Between 1991 and 2002, the share of the GDP derived from retail trade and services increased from 36 percent to 54 percent, as the share of agriculture decreased from 14 percent to 5 percent. In the same period, the GDP contribution of industry dropped from nearly 50 percent to 31 percent. Large enterprises continue to dominate the economy to the detriment of small and medium-sized enterprises, which in 2002 contributed only 10 to 15

percent of GDP. The industrial sector is dominated by heavy industry, particularly fuels and energy (20 percent of output) and metallurgy (17 percent of output). High-technology and consumer goods production are minor constituents, and light industry contributes only 2 percent of total output.

**Gross Domestic Product (GDP):** In the first five post-Soviet years (1992–96), Russia's GDP fell by an aggregate 37 percent. The indicator rose in 1997, then fell steeply as Russia suffered a major economic crisis. Then, boosted mainly by vigorous sales of oil and gas followed by government tax reforms and improved investor confidence, Russia's GDP began a five-year trend of expansion that continued in 2003. In 2003 Russia's GDP was US\$372 billion, an increase of 7.3 percent over the 2002 figure, having increased by at least 4 percent every year since the economic crisis of 1998. Per capita GDP increased in 2003 by 7.4 percent, to US\$9,749. In 2003 the services sector contributed 59.8 percent, the industrial sector 35 percent, and the agricultural sector 5.2 percent.

**Federal Budget:** In the period 2000-2003, Russia's federal budget showed surpluses each year. In 2002 federal revenues totaled US\$70.3 billion, and expenditures totaled US\$65.1 billion, providing a surplus of US\$5.2 billion. In 2003 the budget showed a surplus of US\$6.8 billion, amounting to 1.6 percent of GDP. The surplus was based on revenues of US\$83.1 billion and expenditures of US\$76.3 billion. Tax revenues tripled between 1999 and 2002. Following the tax reform of 2002, tax revenues for the first half of 2004 were estimated at US\$66 billion, more than the amount for the entire year 2002.

**Inflation:** In the first half of the 1990s, hyperinflation was a major economic problem, as the annual rate reached 2,500 percent in 1992. After price stabilization brought the inflation rate down to 11 percent in 1997, the financial collapse of 1998 and subsequent currency devaluation raised inflation that year to 84.5 percent. Since that time, inflationary pressure has remained a sensitive policy issue, although rates have receded significantly. In 2003 estimates of the inflation rate varied from 12 to 15 percent.

**Agriculture:** Russia's agricultural potential, limited by climatic and soil factors to 32 percent of the country's land area, has been further depleted by policies such as overly intensive farming, over-use of chemicals, and inappropriate crop choice. In the post-Soviet era, failure to effectively convert collective farms to private ownership has further limited production. Limited sale of agricultural land was approved only in 2002. In the 1990s Russia's agricultural production fell sharply. The output of every major crop—sugar beets, potatoes, grains, vegetables, and sunflower oil—dropped by 50 percent or more, and livestock herds also shrank significantly. Output increased somewhat beginning in 1999, but Russia has remained a net importer of food. Farm infrastructure has declined sharply, and farmers lack funds to purchase key inputs. Federal and subnational jurisdictions still subsidize agriculture heavily instead of developing incentives for independent entrepreneurship. In 2003 grain remained the largest crop, occupying more than 50 percent of cultivated land. Other key crops were sugar beets, sunflower seed, and vegetables.

**Forestry:** About 45 percent of Russia's land is covered by forests, and Russia is a major exporter of timber. However, wasteful Soviet timber policies have caused the industry to move steadily eastward into Siberia and the per-hectare output of Russia's forests to fall far behind

outputs elsewhere. In the post-Soviet era, exploitation by foreign timber companies in Siberia has expanded rapidly without adequate licensing and control. In 2002 Russia's exports of sawn logs totaled US\$1.5 billion, and exports of other timber products totaled US\$3 billion.

**Fishing:** In 1991 the Soviet Union was the world's fourth largest producer of fish. Production has declined steadily since that time because of inefficient privatization of the industry and pollution in certain fishing areas. However, fish exports increased through that period, driving the export share of the total catch to 80 percent in 2001.

**Mining and Minerals:** Russia's diverse mineral resources have given it a strong position in the world markets for many products. Of particular economic importance are diamonds, where in 2003 Russia accounted for one-quarter of world production; nickel (20 percent); cobalt (20 percent); platinum (40 percent); and aluminum (12 percent). The economic slump of the early 1990s caused overall production to decrease and the proportion of exports to increase. The coal industry, forced by depleted resources to more northerly and less economical sites, remains a key industry in some regions but requires large-scale restructuring. Russia still is second only to the United States in coal reserves, however. The oil and gas industries, among the largest in the world, provide key export commodities, although transport within the country and conflicts over the energy sector's structure have provided obstacles. The oil industry underwent a major restructuring in 2003–04.

**Industry and Manufacturing:** After 1991 Russia's industrial sector continued to rely heavily on defense industries and heavy manufacturing, despite an evident need for diversification. At the end of the Soviet era, Russia's manufacturing infrastructure was decaying and energy intensive, although it produced (and continues to produce) a wide range of chemical, metallurgical, and machine-building products, communications and transportation equipment, and ships. Lacking Soviet subsidies and captive markets, the industrial sector in the 1990s was not competitive with those of other countries. Shortages of investment and human capital were other disadvantages leading to a drastic decrease in production, which by 1998 was only 45 percent of the 1990 level. Especially hard-hit in this period were the consumer goods and metallurgy industries. Light industry, of which textiles is the main component, remained in decline because of its outdated infrastructure and inability to compete on the world market. After a sharp decline in the 1990s, production in the defense sector increased significantly beginning in 1999; restructuring of that chronically obsolete sector has concentrated on high-technology items. Increased foreign sales and some increases in domestic military spending have spurred growth. In 2003 the estimated industrial growth rate was 7 percent. Major industrial nodes are located in the Ural Mountains, the Kola Peninsula, the Moscow and St. Petersburg areas, and in cities along the Volga River.

**Energy:** Russia possesses abundant resources on which to base its energy industries, making it a net exporter of electric power and the largest producer of energy in the world. Increasingly, Russia has used this position as a geopolitical lever to enhance its influence in the states of the former Soviet Union and to influence world energy prices. Estimates vary, but in 2003 the oil and gas industry contributed as much as 25 percent of GDP. Power stations utilize a variety of fuels and energy sources: petroleum, coal, and natural gas (providing 66.3 percent of the total); hydroelectric power stations (17.2 percent); and nuclear power stations (16.4 percent). Plans call



for substantial increases in hydroelectric production in the Far East. Energy supply problems include wasteful practices in all phases of production and supply; long distances between sites of fuel supply and power generation and between sites of power generation and consumption; a nuclear power infrastructure that is dangerously outmoded; and ownership uncertainty and tax pressure on key oil and gas enterprises. A 2003 law aimed to substantially restructure the energy sector, including substantial privatization and elimination of the Unified Energy System, the state-run agency that dominates the industry. The favored status of that monopoly has slowed reform, however.

**Services:** Russia's services sector has expanded rapidly in the post-Soviet era, contributing nearly 60 percent of GDP in 2003. Financial services have expanded especially fast during that period. Banking remains highly concentrated and dominated by the state-run Sberbank. Bank reform has not yet expanded the basic services offered or attacked Sberbank's dominant position. Protectionist laws have discouraged the activity of foreign banks in Russia. Although stock trading grew rapidly in the mid-1990s, stock sales have not been an important source of investment funds for Russian enterprises since the setback of the 1998 financial crisis. The insurance industry also grew rapidly in the 1990s, but in the early 2000s it occupied a substantially less significant position than in Western economies, and foreign participation has been limited by restrictive laws.

In the post-Soviet era, retail services have grown rapidly, expanding annually in value by 9.5 percent between 2000 and 2002. However, retail outlets are concentrated in the major cities. Most of Russia lacks adequate retail outlets, and even Moscow has much less retail activity than comparable capitals. Outside Moscow and St. Petersburg, outdoor markets are the predominant type of retail outlet.

The tourist industry has grown significantly since the mid-1990s, although activity is concentrated in large cities where Western-owned hotels predominate. Less expensive accommodations have developed slowly. In 2002 a government tourism development plan aimed at easing tourist access and increasing promotion and investment in the industry.

**Labor:** In 2003 Russia's labor force was estimated at 71.5 million individuals. Some 65 percent of workers were employed in services, 22.7 percent in industry, and 12.3 percent in agriculture. The official unemployment rate was 8.4 percent, although because of incomplete registration the actual figure was believed to be considerably higher. Unemployment is distributed unevenly through the country: in 2003 Moscow had only 1.3 percent of its work force unemployed, while regions dependent on failing industries have been far above the national average. In 2003 the republics of Kalmykia and Tyva reported rates of more than 21 percent unemployment. Russia also has a high level of underemployment. In 2003 the minimum wage, which had been officially estimated to cover only 22 percent of basic living costs, was raised from about US\$15 to about US\$20 per month. In 2003 an estimated 10 percent of the work force earned less than US\$25 per month.

**Foreign Economic Relations:** The improvement of Russia's foreign trade and foreign investment positions has been a central policy of the Putin administration. In May 2004, Russia took a major step toward its most important goal in foreign trade, to attain membership in the

World Trade Organization (WTO), when the European Union (EU) signed agreements with Russia on bilateral trade and market conditions. Similar agreements were expected with Russia's other major partners, preparatory to full membership. In the post-Soviet era, Russia has maintained strong trade relationships with several states of the Commonwealth of Independent States (CIS), especially Belarus, Ukraine, and Kazakhstan. By 2004, however, trade with CIS nations had declined steadily to 17 percent of the total as trade with the countries of the EU increased to 50 percent of the total, based on increasingly favorable conditions. During the entire post-Soviet era, Germany has been Russia's highest-volume partner in both imports and exports, accounting for 14.3 percent of imports and 7.5 percent of exports. China, the United States, and Italy also each account for at least 5 percent of both imports and exports. China and India are the chief customers of the defense industry.

**Trade Balance:** Devaluation of the ruble in 1998 improved Russia's export situation and began an annual trend of trade surpluses. In 2003 exports were valued at US\$134.4 billion, led by petroleum products and natural gas, which accounted for more than half the total. Imports were valued at US\$74.8 billion, led by machinery and equipment, consumer goods, and medicines.

**Balance of Payments:** In 2003, all items in Russia's current account except merchandise trade were in deficit, but the overall current account balance was US\$39.1 billion. Large-scale capital flight, a major problem in the post-Soviet era, continued to affect the balance of payments in 2003, totaling a negative US\$2.7 billion—the lowest total in several years. In 2003 the balance of portfolio investment was negative US\$6 billion, while foreign direct investment showed a balance of negative US\$100 million.

**External Debt:** In 1991 Russia assumed the Soviet Union's outstanding debt of US\$67.5 billion, but by 1997 additional borrowing had doubled that figure, and international creditors rescheduled the debt several times between 1995 and 2001. Since 2001, creditors have increased pressure for repayment because of Russia's favorable trade balance and increasing foreign-exchange reserves. In late 2003, the external debt totaled US\$164.4 billion.

**Foreign Investment:** Compared with the size of Russia's economy, foreign investment levels have remained very low throughout the post-Soviet era. The reasons for this have been an unfavorable tax system, corruption, the lack of production-sharing agreements in the fuel sector, and overall economic uncertainty. The United States has been the largest foreign investor in Russia, accounting for about one-third of the investment total between 1991 and 2000. A significant development in 2003 was British Petroleum's decision to invest US\$6.7 billion in Russia's petroleum industry.

**Currency and Exchange Rate:** Russia's currency is the ruble. Between 2000 and 2004, the value of the ruble has remained steady at around 31 per US dollar.

**Fiscal Year:** Calendar year.

## TRANSPORTATION AND TELECOMMUNICATIONS

**Overview:** In the post-Soviet era, Russia's transportation infrastructure has continued the process of deterioration that began in the last years of Soviet governance. The systems also suffer from a Soviet administrative design ill-suited to a market economy: modes of transportation are vertically integrated, placing control of all aspects, from equipment production to station administration, under the same authority. That handicap, together with the long distances covered by roads and railroads, adverse climatic conditions, and the stress of the post-Soviet transition, places Russia in need of massive overhauls in all aspects of its transportation system.

**Roads:** In 2003 Russia had 920,000 kilometers of roads, of which 359,000 were paved but none of which could be classified as a Western-style trunk highway. Estimates vary on the percentage of Russia's freight and passengers carried by roads, the highest being 60 percent of the freight and 70 percent of the passengers. An estimated 40 percent of rural villages are not connected to a paved road. In 1999 an estimated 43 percent of federal roads (which account for 46,000 kilometers and half of the country's trucking volume) did not meet minimum quality standards because of broken surfaces, poor marking, and poor lighting. The road crisis is exacerbated by steady increases in vehicle volume. Although in 1999 the government estimated that US\$3 billion was needed to upgrade the system to meet international standards, federal financing decreased annually in the late 1990s. The Roads of Russia program, established in 1998, has aimed at large-scale restructuring, including conversion of some federal roads into privatized toll roads. In 2004 the program had laid road building plans through 2025, with early phases concentrating around Moscow.

**Railroads:** Railroads also are a vital economic link, particularly important for hauling coal, coke, ferrous metals, ores, chemicals, fertilizers, grain, and timber products. The railroads also account for 38 percent of passenger transport. In 2003 Russia had 86,000 kilometers of rail line, nearly all of which was broad gauge, including 48 percent electrified. An additional 30,000 kilometers of designated rail line served industries. Although the government has recognized the need to restructure this system to keep it competitive with the improving road system, Russia's railroads have remained a state monopoly. The system is divided into 17 regional railroads, which have a contractual relationship with the Ministry of Railways. Restructuring plans call for the creation of separate state enterprises for constituent services such as repair shops, parts production, and passenger service, as an intermediate step toward eventual privatization. Priority projects are improved telecommunications and traffic control and modernization of rolling stock.

**Ports:** The breakup of the Soviet Union deprived Russia of 51 of the 92 marine ports to which it had access prior to 1991, necessitating reliance on other former Soviet countries for a large share of its seagoing commerce. Remaining Russian port capacity is not sufficient for the current level of foreign trade. The most important ports are St. Petersburg and Kaliningrad on the Baltic Sea and Magadan, Nakhodka, Vladivostok, and Petropavlovsk on the Pacific Ocean. Two major ports, Murmansk and Arkhangel'sk, are closed by ice part of each year. The Pacific ports are located far from European industrial and population centers. The main Black Sea port is Novorossiysk, where demand far exceeds capacity. Much infrastructure such as port cranes and loading machines is in poor condition and does not meet current international standards. Major deficiencies exist in freight forwarding systems, cargo processing terminals, integration of land

and sea transport services, computerization of cargo flow, and cargo processing services. Government programs to improve port capacity have come under particular pressure from the oil industry's need for expanded port capacity, and that industry largely determines port development policy. However, programs have been delayed because of funding problems.

**Inland Waterways:** Some 95,900 kilometers of total water routes serve the Russian River Fleet, linking the Baltic, Black, and Caspian seas and the Arctic Ocean. Some 60,400 kilometers of the system have night navigation capability, and 16,900 are man-made navigation routes. The main European waterway is the Volga-Don system, which connects the major river ports of Nizhny Novgorod, Kazan', Samara, Volgograd, Astrakhan', Saratov, and Rostov with the Caspian Sea and the Black Sea. The system links the Don and Volga rivers by the 60-kilometer Volga-Don Canal. Expansion of inland water commerce has been hindered by shallow water and weather conditions. (The Volga-Don Canal is closed for several months in winter.)

**Civil Aviation and Airports:** Air travel decreased sharply in the 1990s; in 2001 passenger kilometers were less than 40 percent of the 1990 total. In 2003 an estimated 50 percent of planes had been in service for more than 15 years, as the civil aviation industry's output dropped to nearly zero in the late 1990s. Safety concerns arose from the aging fleet and the genesis of some 400 small airlines from the previous monopoly Aeroflot company. Despite losing its monopoly, Aeroflot remained the largest carrier in 2004, offering flights to 54 countries from the hub city, Moscow. The number of airports also declined in the early 2000s. Estimates of the total number of operational, hard-surface airports ranged from below 500 to 585. In 2003 some 56 airports had runways longer than 3,000 meters, and 201 had runways between 2,500 and 3,000 meters. Major international airports are located in Moscow, St. Petersburg, Rostov, Yekaterinburg, Novorossiysk, Krasnoyarsk, Irkutsk, Khabarovsk, and Magadan.

**Pipelines:** Because of the vital role of oil and natural gas in the national economy and the need to move those commodities over long distances, pipelines occupy a critical position in the national transportation system. The system includes 46,800 kilometers of trunk pipelines, 395 oil pumping stations, and 868 storage facilities. The overall pipeline system includes 135,771 kilometers for natural gas, 70,833 kilometers for oil, and 11,536 for refined products. The state-controlled Transneft' company has monopoly control of that system, although the government has proposed privatization of some parts of the pipeline infrastructure. Transneft' is divided into several regional trunk-line operating companies. Several major new pipeline projects have been proposed to expedite transport to critical ports such as St. Petersburg, Murmansk, and Novorossiysk, relieving overloaded lines designated for export. Infrastructure maintenance is complicated by permafrost and climatic conditions.

**Telecommunications:** In the 1990s, Russia's telephone system underwent a major transition, as more than 1,000 companies gained licenses to provide services. The number of private lines increased sharply during that period, although long waiting periods remained the norm. The government's goal is to add 50 million fixed lines by 2010. Major improvements in recent years include increased access to digital lines (mainly in urban centers) and major infrastructural improvements. The demand for main line service remains unmet, and service outside urban centers is inadequate, however. In 2002 the ratio of telephone lines to inhabitants, 23 per 1,000, was substantially lower than in Eastern Europe. Digital trunk lines now connect St. Petersburg on

the Baltic with Khabarovsk in the Far East and Moscow with Novorossiysk on the Black Sea. Some 60 regional capitals offer modern digital systems. Driven by slow installation of conventional lines, cellular phone use has increased dramatically since 2000. Moscow easily leads Russia's regions in both conventional and cellular phone use. A major development may be privatization of Svyazinvest, the state holding company that controls most of Russia's telecommunications industry, including the long-distance monopoly Rostelkom.

Partly because of difficulties with the telecommunications infrastructure, Internet use has grown more slowly in Russia than elsewhere. The scarcity of home computers and high fees are other obstacles. Estimates vary from 6 million to 18 million Internet users; in urban centers, especially Moscow, use has increased dramatically in recent years. Other centers of high use are Irkutsk, Krasnodar, Nizhniy Novgorod, Novosibirsk, Vladivostok, and Yekaterinburg. Corporate accounts comprise about two-thirds of Internet use.

## GOVERNMENT AND POLITICS

**Political System:** Russia is a democratic federation of subnational jurisdictions, each of which has its own government. At the national level, the Constitution of 1993 calls for three branches of government—the executive, legislative, and judiciary—but it does not provide equal powers to each. In that system, the president of Russia has formidable powers as head of the armed forces and the Security Council. Those powers include the authority to appoint a wide variety of government officials without an effective oversight or check. The houses of the bicameral legislative branch have offered only weak opposition because of their constitutional position and because effective opposition parties do not exist. The judiciary, a rubber-stamp branch of government under the Soviet system, has moved only slowly to assert an independent authority. President Vladimir Putin has used this structure to enhance the power of his office and dominate the government.

**Executive Branch:** The president, who is the head of state, serves a maximum of two four-year terms. The president appoints the prime minister (who is head of the government), the head of the Central Bank of Russia, and the chairman of the highest judicial body, the Constitutional Court. Those nominations require confirmation by the Duma, the lower house of parliament (the Federal Assembly), although the president may dissolve the Duma if it fails three times to confirm a nominee for prime minister. A wide variety of other top-level presidential nominations, however, require no approval from the legislative branch. The president also issues decrees without such approval. Putin, who was elected in 2000 and re-elected in 2004, has further improved his position by introducing changes that limit the power of the two houses of the Federal Assembly and through the plurality of his party in the Duma. There is no vice president; if the president is incapacitated, the prime minister succeeds him until a new election is held.

In 2004 the Government, headed Prime Minister Mikhail Fradkov, included 15 ministries, some of which are important policy-making centers. The three “power ministries”—Internal Affairs, Defense, and the Federal Security Service—are concerned with domestic and international security. The Ministry of Finance is the center of national economic policy making, and since

2000 the Ministry for Economic Development and Trade, which merged several Soviet-era ministries, has assumed a powerful economic policy position under German Gref. On many issues, the last two ministries are considered a counterweight to the “power ministries.” Also included at “cabinet level” are the director of the Federal Security Service, the director of the Foreign Intelligence Service, the chairman of the Central Bank of Russia, and the procurator general, who is the chief prosecutor.

**Legislative Branch:** The Federal Assembly is divided into two houses, the Federation Council (178 members) and the State Duma (450 members). Members of both houses serve four-year terms. The houses have differing responsibilities; the Duma has the more powerful role of primary consideration of all legislation. Although the Federation Council has the power to review and force compromise on legislation, in practice its role has been primarily as a consultative and reviewing body. In the 1990s, the Federation Council was made up of the heads of government and the legislatures of the 89 subnational jurisdictions into which Russia is divided. In 2000 Putin increased his control of the Federation Council by replacing ex-officio membership with a separate appointment process. The Duma election of December 2003 gave a strong plurality to Putin’s United Russia Party, which gained three times as many votes as the second-place Communist Party of the Russian Federation. The Duma can vote no-confidence in a sitting government, but the president can ignore the vote and dissolve the Duma if a second such vote is taken within three months. Changes in the constitution require a two-thirds vote in the Duma. In 2004 the United Russia Party had 222 seats; the Communist Party, 53 seats; the Liberal Democratic Party of Russia, 38 seats; and the Motherland bloc of regional parties, 37 seats.

**Judicial Branch:** The judicial branch has gained an independent role very slowly in the post-Soviet era. The federal judicial institutions are the Constitutional Court, the Supreme Court, and the Superior Court for Arbitration. Judges of those courts serve for life. All federal judges are appointed by the Federation Council on recommendation of the president. The 19-member Constitutional Court passes judgments on compliance with federal law and the constitution and settles jurisdictional disputes between state bodies. The 23-member Supreme Court rules on matters of civil, criminal, and administrative law. It heads the appeals system that begins with courts of general jurisdiction and includes district and regional courts. The specialty of the Superior Court for Arbitration is settling commercial disputes.

**Provincial and Local Government:** Russia is divided into 89 subnational jurisdictions, each of which has two representatives in the Federation Council. However, those jurisdictions vary widely in size, composition, and nomenclature. They include 21 republics, 49 oblasts (provinces), 6 territories, 10 autonomous regions, 1 autonomous oblast, and 2 cities (Moscow and St. Petersburg) with separate oblast status. The 10 autonomous regions and the autonomous oblast are part of other subnational jurisdictions. Within the 89 jurisdictions, the next-largest jurisdictional level is the *rayon*, which is approximately equivalent to a county in the United States. Pressure exists for reconfiguration of this unwieldy and decentralized system; a step in that direction was the establishment in 2000 of seven federal districts: Central, Far East, North Caucasus, Northwest, Siberia, Urals, and Volga. The president appoints the chiefs of those districts, improving Moscow’s control of subnational jurisdictions.

**Judicial and Legal System:** Although Russia has committed itself to thorough reform of the rubber-stamp Soviet judicial system, progress in that direction has been slow. The Ministry of Justice administers the judicial system, naming judges and establishing courts below the federal level. However, in the 1990s many judges remained from the Soviet system, and the judiciary became a roadblock for reform programs such as privatization and improved human rights. The independence and professionalism of judges is damaged by the minimal pay they receive, and funding of the judicial system has been problematic. Prosecutors have retained disproportionate power, and a very high percentage of criminal cases result in convictions. Under pressure from the European Union, Russia has not applied the death penalty since 1996, although it retains legal standing as a punishment. Beginning in 2004, jury trials are held for the most serious offenses in all jurisdictions except Chechnya. A new Criminal Procedure Code went into effect in 2001. In recent years, procedural irregularities have been observed in well publicized criminal trials.

**Electoral System:** Suffrage is universal and the minimum voting age is 18. The president and members of the State Duma are elected by direct ballot to four-year terms. The last presidential election (normally held in March) was in 2004; the last parliamentary election (normally in December) was held in 2003. Half (225) of the Duma deputies are elected as representatives of parties gaining more than 5 percent of the vote, in proportion to the percentage of the vote gained. The other half are elected from single-member constituencies. The presidential election includes a runoff between the top two vote-getters if no candidate gains a majority on the first ballot. Direct elections also choose legislatures at the subnational levels, although the president has the power to dissolve such legislatures and force the holding of new elections. Chief executives at those levels are appointed by the president.

**Political Conditions and Parties:** Aside from the Communist Party, a remnant of the Soviet era, Russia has had few political parties with national followings. In the immediate post-Soviet years, a wide variety of new parties espoused either some type of Western-style democratic and free-market reform or retaining some form of the strong central government inherited from Soviet times. Parliamentary elections of the 1990s generally fragmented and weakened the reform parties, although Duma legislation in that period most often was the result of compromise. In that period, party configurations changed rapidly as groups merged and split. In 2001 the United Russia Party was formed, giving the Putin administration an effective voice in the Duma; that party's triumph in the 2003 parliamentary election enhanced Putin's position. In that election, the failure of any reform party to exceed the 5 percent minimum diminished the already weak political voice of the reform opposition. The major reform parties are Yabloko and the Union of Rightist Forces. The Liberal Democratic Party of Russia has a nationalist agenda that includes abolition of the federal system and reestablishment of the Soviet Union.

**Mass Media:** After strict state control during most of the Soviet era, substantial media diversification began in the late 1980s, and during the Yeltsin presidency (1991–2000) most issues were discussed openly in the press and in the broadcast media. However, as wealthy entrepreneurs concentrated media resources, nonpartisan reporting became increasingly rare. Television, which was privatized and expanded rapidly in the 1990s, is the chief source of news for most Russians. Virtually all households have a television set. The role of the broadcast media has been problematic during the Putin presidency. Since 2000 the Putin administration has

exerted strong pressure on independent television outlets in an effort to recentralize the media after the diversification of the 1990s. By 2004 all opposition television news programming had been forced off the air, and topics such as the Chechnya conflict are treated from the government perspective only. The two largest national channels, ORT and Russia, are state-owned and reach more than 95 percent of Russia's territory. The government owns the two most powerful radio stations, Radio Mayak and Radio Rossiya. As the broadcast media have expanded, circulation of newspapers has decreased because of production costs and competition from television. Three new publications, *Kommersant*, *Nazivisimaya Gazeta*, and *Novaya Gazeta*, have appeared since 1991. Besides them, the major national newspapers are *Argumenty i Fakty*, *Izvestiya*, *Komsomol'skaya Pravda*, *Moskovskiy Komsomolets*, *Moskovskiy Novosti*, *Pravda*, and *Trud*. The major news agencies are ITAR TASS, RIA Novosti (both government owned), and Interfax. Since 2001 several print journalists have been attacked or killed, allegedly because of their writings.

**Foreign Policy:** In the post-Soviet era, Russia's foreign relations have gone through several stages. In the early 1990s, Russia sought friendly relations with virtually all countries, especially the West and Japan. By the mid-1990s, a nationalist faction discouraged relations with the West in favor of renewed influence in the "Near Abroad" (the territory of the former Soviet Union) and closer ties with China. The two contradictory approaches have defined Russia's foreign policy since that time. In the mid-1990s, the expansion of the North Atlantic Treaty Organization (NATO) and the first of two conflicts with the Republic of Chechnya strained relations with the West. The September 11, 2001, terrorist attacks realigned Russia with the United States, but new strains came from the continuation of the second Chechnya conflict, Russia's support of Iran's nuclear program, and Russia's failure to support the U.S. invasion of Iraq in 2003. Meanwhile, Russia improved its position in the Near Abroad by strengthening relationships with Armenia, Azerbaijan, Kyrgyzstan, and Tajikistan and maintaining bases in Moldova and Georgia. Progress was made toward membership in the World Trade Organization. The Putin Administration has attempted to balance expansion in the Near Abroad with preservation of positive relations with the West, which has looked with disfavor on Russia's nationalistic ambitions.

**Membership in International Organizations:** Russia is a member of numerous international organizations, including the Association of Southeast Asian Nations (ASEAN, as a dialog partner), the Black Sea Economic Cooperation Pact, the Commonwealth of Independent States, the Council of Baltic States, the European Bank for Reconstruction and Development, the Group of 8 (G-8), the International Atomic Energy Agency, the International Bank for Reconstruction and Development, the International Civil Aviation Organization, the International Criminal Police Organization (Interpol), the International Federation of Red Cross and Red Crescent Societies, the International Labour Organization, the International Maritime Organization, the International Monetary Fund, the International Organization for Migration (as an observer), the NATO Partnership for Peace, the Nuclear Suppliers Group, the Organization for Security and Cooperation in Europe (OSCE), the Paris Club, the Shanghai Cooperation Organization, the United Nations Committee on Trade and Development, the United Nations High Commission for Refugees, the United Nations Industrial Development Organization, the United Nations Institute for Training and Research, the United Nations Security Council, the Universal Postal Union, the World Health Organization, and the World Trade Organization (as an observer).



**Major International Treaties:** Russia is a signatory to numerous multilateral treaties, including the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Convention on Long-Range Transboundary Air Pollution; Convention on the International Trade in Endangered Species of Wild Flora and Fauna; Convention on the Prevention of Marine Pollution by Dumping Wastes and Other Matter (London Convention); Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction; Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and on Their Destruction; International Convention for the Regulation of Whaling; International Tropical Timber Agreement; Montreal Protocol on Substances that Deplete the Ozone Layer; Ramsar Convention; Treaty Banning Nuclear Weapons Tests in the Atmosphere, in Outer Space, and Under Water; Treaty on the Non-Proliferation of Nuclear Weapons; United Nations Convention on the Law of the Sea; and United Nations Framework Convention on Climate Change. As of August 2004, Russia was considering signing the Kyoto Protocol to the United Nations Framework Convention on Climate Change. Russia also has signed a number of bilateral arms control treaties with the United States on the limitation of strategic arms, anti-ballistic missile systems, and underground nuclear weapons tests and on the elimination of intermediate-range and shorter-range missiles.

## NATIONAL SECURITY

**Armed Forces Overview:** The main branches of Russia's armed forces are the ground forces, navy, air forces, and strategic missile force. In 2004 Russia had 960,000 active military personnel and about 20 million reservists. Of the active-duty personnel, about 330,000 were conscripts and 100,000 were women. Some 321,000 personnel were in the army, 155,000 in the navy, 184,000 in the air forces, and 100,000 in the strategic missile force. Russia has an ongoing military reform program that is to include streamlining and professionalization of all units—goals widely recognized as necessary to meet Russia's post-Soviet military needs. However, troop dissatisfaction and low funding have hampered expansion of this program beyond individual units. The ongoing Chechnya conflict has damaged morale throughout the military. Domestic defense forces are divided into six military districts, and the navy is divided into five fleets.

**Foreign Military Relations:** In 2003 Russia reached agreements with Kyrgyzstan and Tajikistan solidifying Russian military aid and military presence in those countries, and a treaty with the Association of Southeast Asian Nations includes a security partnership section. India, the top customer of Russia's defense industries, plans extended military cooperation with Russian forces after large-scale bilateral naval exercises in 2003. Russia and Ukraine held a joint naval peacekeeping exercise in 2003, the fourth such exercise since 1997. In 2004 joint Theater Missile Defense exercises were held in Russia with the United States, to evaluate the interoperability of NATO and Russian systems. The NATO-Russia Council provides Russia input into NATO policies, with the goal of alleviating stress over NATO expansion eastward. Russia is a signatory of the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction. Russia receives aid from the United States, the United Kingdom, and the European Union for destruction of its chemical weapons in accord with the Chemical Weapons Convention. The

Multilateral Nuclear Environmental Programme in the Russian Federation provides for European assistance projects in nuclear waste disposal.

**External Threat:** The stepwise expansion of NATO into Eastern Europe and the three Baltic states of the former Soviet Union has caused irritation in Russia, some of which has been alleviated by participation in the NATO-Russia Council and by a NATO promise not to deploy nuclear weapons in the new member countries.

**Defense Budget:** Russia's military outlays are difficult to assess. *The Military Balance* estimated the total military-related expenditure for 2002 at US\$50.8 billion. Expenditure increases for 2003 were estimated at about 30 percent, yielding a total for that year of US\$66 billion.

**Major Military Units:** The Strategic Deterrent Forces include 149,000 troops, of which 100,000 are strategic missile force troops and the remainder are assigned from the army and the navy. The strategic missile force is divided into three rocket armies. The naval portion of the strategic deterrent forces has 13 operational nuclear submarines. The army has 8 tank divisions, 19 motorized rifle divisions, 4 airborne divisions, 6 machine gun and artillery divisions, 5 artillery divisions, 7 special forces brigades, 15 surface-to-surface missile brigades, 19 surface-to-air missile brigades, 5 antitank brigades, 18 independent artillery brigades, and 13 independent infantry brigades. The air force is divided into 2 commands with 7 tactical and air defense armies totaling 49 regiments.

**Major Military Equipment:** The strategic missile force has 735 launchers and 3,159 nuclear warheads. The 13 nuclear submarines have a total of 216 missiles. The army has 21,870 main battle tanks, 11,275 armored personnel carriers, 20,746 artillery pieces, 200 surface-to-surface missiles, and 2,670 surface-to-air missiles. The navy has 35 tactical submarines, 1 aircraft carrier, 7 cruisers, 14 destroyers, 10 frigates, 60 mine warfare vessels, 22 amphibious vessels, and 88 patrol and coastal combat vessels. The navy also has 288 combat aircraft. The air forces have 908 fighters, 606 bombers and ground-attack fighters, 214 reconnaissance aircraft, 318 military transport aircraft, and about 1,700 helicopters.

**Military Service:** For conscripts, the term of service is from 18 to 24 months. In recent years, the quantity and quality of recruits have dropped dramatically because of the Chechnya conflict, low pay, and adverse service conditions. Although the goal of reform is to create an all-volunteer military, conscription remains an important source of manpower.

**Paramilitary Forces:** A total of 409,100 individuals are on active paramilitary duty. This total includes 140,000 in the Federal Border Guard Service, 151,000 troops of the Ministry of Internal Affairs, about 4,000 in the Federal Security Service, and 50,000 railroad troops. The Federal Protection Service, including the Presidential Guard Regiment, includes 10,000 to 30,000 troops.

**Military Forces Abroad:** In 2004 Russian forces were stationed in several countries of the former Soviet Union: Armenia, Georgia, Kyrgyzstan, Moldova, Tajikistan, and Ukraine. Russia has provided troops for several United Nations peacekeeping groups: the Interim Administration Mission in Kosovo; the Mission for the United Nations Referendum in Western Sahara; the Mission in Ethiopia and Eritrea; the Mission in Sierra Leone; the Mission of Support in East

Timor; the Monitoring, Verification and Inspection Commission (in Iraq); the Observer Mission in Georgia; the Observer Mission in the Democratic Republic of the Congo; and the United Nations Truce Supervision Organization.

**Police:** Russia's civilian police force, the militia, falls under the Ministry of Internal Affairs. The militia is divided into local public security units and criminal police. Security units are responsible for routine maintenance of public order. The criminal police are divided into specialized units by type of crime. Among such units are the Main Directorate for Organized Crime and the Federal Tax Police Service. The latter agency now is independent. Since its establishment, the militia has been plagued by low pay, low prestige, and a high corruption level. A bill under consideration in 2004 would create an independent Federal Criminal Police Service, including branches for economic and tax crimes, drug trafficking, and organized crime and corruption. Local police would be financed by local and regional funds. The autonomous Federal Security Service, whose main responsibility is counterintelligence and counterterrorism, also has broad law enforcement powers.

**Internal Threat:** Increasingly sophisticated national and transnational criminal organizations are extremely active throughout Russia, especially in the Far East, Yekaterinburg, Moscow, and St. Petersburg. Criminal organizations control the trafficking of a wide variety of commodities. In urban centers, protection rackets prey on legitimate business. Russia is a vital link in narcotics smuggling from Afghanistan to Western Europe. Important factors in crime are government and police corruption, a growing domestic narcotics market, a weak judiciary, ineffective border controls, and the open, chaotic nature of post-Soviet commercial activity. In recent years, Russia's financial institutions have suffered a drastic increase in computer crimes.

**Insurgency and Terrorism:** In 1999 a series of bomb attacks in population centers was attributed to Chechen separatists, leading to resumption of conflict between Russian forces and Chechen guerrillas. In 2001 Russia strongly supported U.S. actions in response to the September 11 attacks, a position that brought the countries closer. In 2002 Chechen terrorists took about 600 Russians hostage in a Moscow theater, sharpening Russia's anti-Chechen and antiterrorism policy. Terrorist attacks that continued between 2002 and 2004 killed an estimated 500 people, and in 2004 Chechen president Aslan Maskhadov vowed to increase the scale of terrorist attacks on Russia.

**Human Rights:** The constitution of 1993 guarantees broad freedoms of speech, assembly, fair trial, and the press, as well as protection against deprivation of liberty and inhumane punishment. However, in practice many of those guarantees have been withheld. Human rights observers have reported the use of torture in prisons and against prisoners in the Chechen conflict. Prison conditions in general are harsh, and the death rate among prisoners is very high. Arbitrary arrest and detention are frequent, and pretrial detention often is lengthy. Ongoing, unrestricted use of force by troops against civilians in the Chechen conflict has been documented, despite restrictions on press coverage. Some religious groups have faced regional government restrictions under a 1997 law that regulates religious practice. Instances of prejudice and violence against Jews, Muslims, and other minorities have been frequent. Recent national elections have been conducted fairly, but government control of the media has been criticized during campaigns. The treatment of displaced persons in the Chechen conflict has come into question.

Nongovernmental organizations have felt pressure and occasional violence if they take controversial positions. Crimes against women, including domestic violence and trafficking, are frequent.