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## *Fact Sheet: Russia and U.S. Assistance*

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### U.S.-RUSSIAN RELATIONS

During the summit meeting in Moscow, January 12-15, 1994, President Clinton and President Yeltsin reaffirmed the fundamental importance of U.S.-Russian cooperation based on the Charter of American-Russian Partnership and Friendship, the Vancouver Declaration, and existing treaties and agreements. They noted that the relationship between the U.S. and Russia has entered a new stage of mature strategic partnership based on equality, mutual advantage, and recognition of each other's national interests. From this perspective, they reviewed the full range of bilateral and international issues. The two Presidents are convinced that the U.S. and Russia will continue to consolidate their partnership and together promote global stability, peace, and prosperity.

Additionally, the two Presidents, with President Kravchuk of Ukraine, signed a Trilateral Statement providing for the transfer of all nuclear weapons in Ukraine to Russia for dismantlement and specifying prompt compensation by Russia to Ukraine for the highly enriched uranium in transferred nuclear weapons.

Presidents Clinton and Yeltsin also agreed to de-target the strategic nuclear missiles under their command by May 30, 1994, and this has been done.

During their summit meeting in Vancouver, Canada, April 3-4, 1993, Presidents Clinton and Yeltsin agreed on a new package of bilateral economic programs to address Russia's immediate humanitarian needs and contribute to its successful transition to a market economy and democracy. The economic package announced at the Vancouver summit totaled \$1.6 billion for Russia.

In September 1993, Congress passed a \$2.45-billion assistance package for the New Independent States (NIS) which included a \$1.8-billion bilateral package, initially announced during the summit meeting of the Group of Seven (G-7) industrialized countries in Tokyo in July 1993. The funding supports seven categories of assistance: private sector development, a special privatization and restructuring fund, trade and investment, democracy initiatives, humanitarian assistance, energy and environment, and support for troop withdrawal and housing. About two-thirds of the approved \$2.45-billion assistance package will be directed to Russia, while the remaining one-third will be disbursed among the other 11 New Independent States.

The fiscal year 1995 Foreign Operations Bill is nearing completion, and \$850 million will be appropriated to support assistance programs in the NIS once it is signed into law.

The accomplishments of the Moscow, G-7 Tokyo, and Vancouver summits built upon the wide range of specific agreements on political, security, and economic issues reached during the June 1992 U.S.-Russia summit in Washington, DC (see *Dispatch*, Vol. 3, No. 25, June 22, 1992).

The United States has pledged active American support for the Russian people as they pursue their course toward democratic institutions and a free market economy. The cornerstone of the continuing U.S. partnership with Russia and the other NIS has been the Freedom for Russia and Emerging Eurasian Democracies and Open Markets (FREEDOM) Support Act, enacted in October 1992, which directly addresses their political, economic, and military transformation.

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Through 1993, U.S. assistance provided to Russia has been about \$1.6 billion in humanitarian assistance and \$355 million in technical assistance (not including nuclear weapons dismantlement—see below, “Military Issues”). The focus of U.S. assistance to Russia is support for Russia’s transition to a market economy, transition to democracy, and the provision of humanitarian assistance.

**Assistance To Support Transition to a Market Economy.** The U.S. Government has been at the forefront of delivering privatization assistance to Russia since October 1992. The U.S. Agency for International Development’s (USAID) privatization assistance program focuses mainly on:

- Creating privatization policies, programs, and transactions to move government-owned assets—such as trucks, factories, or small enterprises—into the hands of private owners; and
- Developing a complementary infrastructure, to include the creation of laws and regulations, a viable stock exchange, regulatory agencies, and business support organizations—all of which help to safeguard the commercial viability of privatized enterprises.

The thrust of these two initiatives helps create a business environment which is transparent, fair, predictable, and encourages foreign and domestic investment.

On September 28, 1993, USAID signed a grant agreement to initiate the Russian-American Enterprise Fund. The U.S. plans to capitalize the fund with more than \$300 million in foreign assistance appropriations over the next three years. It will focus \$40 million on activities in the Russian Far East. Given the resource-rich Far East and the importance of the Pacific Rim, this will help catalyze the region’s vast business potential, including joint ventures with American firms. The fund, which is managed by a private board of directors, has authority to make loans and equity investments and offer technical assistance to promote new private businesses and entrepreneurs in Russia, with special emphasis on the promotion of small and medium-sized enterprises. It uses U.S. Government capitalization to attract other resources for private-sector development in Russia.

In addition to privatization assistance, technical assistance and training programs also have been provided in small business development and management; export marketing; market economy; securities market and exchange operations and regulations; banking; auditing; finance; budget management; tax policy; revenue forecasting; agricultural and agribusiness development; food systems restructuring; energy management, pricing, regulation, and efficiency; highway rehabilitation and maintenance; telecommunications development; design of a geological database project; gas distribution; nuclear reactor safety; coal mine safety; petroleum trade; defense conversion; land titling; land use planning; review of draft housing policy law; housing development, reform, management, and finance; insurance and health care financing; health regulation; hospital administration; and vaccine quality control, manufacturing, and monitoring techniques.

Eight medical partnerships have been established between U.S. institutions and Russian institutions in Moscow, Dubna, Murmansk, St. Petersburg, Vladivostok, and Stavropol. Funding for grain and potato storage facilities has been provided. Peace Corps volunteers are working in Russia with a focus on small enterprise development. A U.S.-Russia Joint Commission for Agribusiness and Rural Development was established in March 1994. The commission will channel funds generated by the sale of donated U.S. commodities to support private and social initiatives in rural communities throughout Russia.

The Eurasia Foundation is a privately managed grant-making organization established with USAID financing to support NIS activities in economic and democratic reform. Funding of \$4

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million has been provided to U.S. private voluntary organizations to enhance the capabilities of indigenous non-governmental organizations in Russia to foster volunteerism.

In response to the \$6-million Russian Officer Resettlement Initiative announced during the Vancouver summit, a pilot project for construction of 450 housing units and training for demobilizing officers returning from the Baltics and elsewhere began in September 1993. U.S. teams visited Moscow in October and November 1993 to meet with Russian officials to initiate design of a follow-on project to provide an additional 5,000 housing units for demobilizing and retired Russian officers through direct construction and voucher programs. This program was announced by President Clinton at the 1993 G-7 summit. Construction is scheduled to begin in late summer 1994.

**Assistance To Support Transition to Democracy.** Technical assistance and training programs provided on the rule of law have included legislative drafting; judicial restructuring, including jury trials; criminal law reform; U.S. legal and judicial systems; federal, state, and local court systems; an adversarial court system; mock jury trials; judicial exchanges; labor relations; conflict resolution; legislative drafting; constitutional reform and the draft Russian constitution; food and drug legislation; and law-making for democracy. A USAID rule of law program for Russia was launched in early 1994 with the opening of a Moscow office to coordinate programs. Programs in public administration have included local self-government, parliamentary exchange, promotion of civilian involvement in military affairs, municipal management and finance, municipal education, business involvement in city government, and intergovernmental fiscal management. Programs in media have included American media, independent press and broadcast media, publishing, editing, marketing, advertising, legal aspects of advertising, legal aspects of publishing, station management, communications, and copyright legislation. The U.S. Information Agency has signed Worldnet rebroadcast agreements with more than 50 national, local, and independent television stations throughout Russia.

In the area of political process development to support free and fair elections, the U.S. has provided technical assistance and training to political parties in preparation for the December 1993 parliamentary elections, as well as assistance in election law analysis and encouragement of voter participation through media activities and public dialogue, training of Russian monitoring teams, and has worked with the Russian Central Election Commission and provided support for electoral administrations.

U.S. technical assistance has been provided to teachers and national and regional administrators in the form of seminars and consultations in the areas of education, civics, American studies, long-distance learning methods, new methodologies in the instruction process, strategies for adding social sciences and humanities to the curriculum of Russian technical colleges, the development of a management training curriculum for the manufacturing and industrial base (including a faculty exchange and an internship program), higher education reform, and community colleges. U.S. educators also are teaching English at universities and higher schools of learning. Many Russian students and scholars have participated in higher-education exchange programs. Books and articles on free market economy and democracy have been translated, published, and distributed.

**Humanitarian Assistance.** Much of the U.S. Government's humanitarian assistance effort has been conducted under Operation Provide Hope, which was officially launched in January 1992. Three phases have been completed and involved the delivery of Department of Defense (DoD) excess food, medicines, and medical supplies to Russia and other destinations using DoD transportation assets (including contracts with private shipping entities). Under these phases, the U.S. has delivered an estimated \$48.8 million worth of food and more than \$97 million worth of medicines, medical supplies, and equipment to Russia. Recent additional deliveries of DOD excess medical equipment and supplies included two 1,000-bed hospitals to Moscow, 40,000 pounds of

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medical supplies worth \$1.2 million to Yakutsk, and \$3.8 million worth of medical supplies to the Russian Far East.

- *The USAID Emergency Medicines Initiative* drew upon a \$10-million appropriation to purchase emergency medicines for the New Independent States. For Russia, this fund has been used to purchase more than \$16,000 worth of pharmaceuticals, primarily leukemia drugs, that were delivered to Khabarovsk in November 1992.

- *Public Health and Nutritional Surveillances*—The Atlanta-based Centers for Disease Control (CDC) has been working with Russian Ministry of Health departments and other organizations since October 1992 to study the availability of health care resources, to identify early warning indicators of disease, and to strengthen existing health and nutrition information systems. The CDC also has assessed the Russian nutritional surveillance system and worked with the Russian Institute for Nutrition in designing a nutrition survey.

- *Food Assistance*—Separate from the food deliveries made under Operation Provide Hope, the U.S. Department of Agriculture (USDA) has three supply initiatives to provide food assistance to Russia. USDA provided more than \$250 million in grant food aid to Russia in Fiscal Year (FY) 1993 for a variety of commodities, including rice, corn, baby food, wheat and wheat flour, whole dry milk, and peanuts and peanut products. The U.S. also has provided donations of corn (\$29 million) and feed wheat (\$24.7 million) to Russia in FY 1993.

In 1992, USDA provided Russia with 68,485 metric tons of commodities worth \$52.5 million under the Food for Progress program, and 39,365 metric tons of food worth about \$75 million under the Section 416(b) program. (Transportation costs were included.)

In FY 1994, the U.S. expects to provide 14,510 metric tons of commodities, valued at \$13.7 million, through three U.S. private voluntary organizations (PVOs), under the Food for Progress program. An additional 15,130 metric tons of food aid, valued at 28.5 million, will be provided through four U.S. PVOs under the Section 416(b) program.

- *Special Commodities*—Under separate programs, the U.S. Government purchased more than \$75 million worth of commodities which were distributed by nine U.S. private voluntary organizations to further their charitable work with vulnerable populations, especially women and children.

In 1993, the U.S. provided \$371,880 for migration capacity-building, including emergency support, resettlement, and reintegration of forced migrants in Russia; \$50,000 was provided for direct assistance projects for returning migrants. These funds were contributed to the International Organization for Migration.

A second component of the U.S. humanitarian assistance effort has been donations by the private sector. Under the Medical Assistance Initiative, the non-profit organization Project HOPE was authorized to solicit, collect, and distribute medicines and medical supplies within the New Independent States. Since the announcement of this initiative in February 1991, Project HOPE has shipped more than \$50 million worth of medical items to more than 50 locations in Russia.

Working through non-profit contractors, U.S. private voluntary organizations have their donated humanitarian assistance items transported by the U.S. Government. In 1992 and 1993, about 18,730 tons of food, medicines, and medical supplies were delivered to more than 150 cities in Russia. The value of these shipments was more than \$54 million. Also in 1993, the U.S. provided funding for the airlift of medicines and medical supplies valued at \$10 million to five locations in Russia.

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**Multilateral Cooperation.** In 1993, the U.S. and Russia's other bilateral creditors rescheduled about \$15 billion of Russia's debt service payments. This debt rescheduling regularizes Russia's arrearages with the U.S. and other official creditors and gives the Russian Government time to implement economic reforms.

At the 1992 Munich summit, the U.S. and other members of the G-7 announced a \$24-billion package to support Russia's macroeconomic reforms. The package included \$11 billion in bilateral financing, \$4.5 billion in International Monetary Fund (IMF) and World Bank loans, \$2.5 billion in debt referral, and a \$6-billion currency stabilization fund. The G-7 has provided more than \$12 billion in bilateral financing, and the World Bank granted Russia a credit of \$600 million as a "rehabilitation loan" to finance critical imports in the consumer sector and a \$70-million loan to improve social services. In August 1992, the IMF approved a first tranche [i.e., portion] of \$1 billion for Russia (disbursed in July 1993) under the Systemic Transformation Facility. In March 1994, agreement was reached for release of a second, \$1.5 billion tranche. Russia's access to much of the \$24-billion package, including the fund to help stabilize the ruble, depended on the conclusion of a full-scale IMF stand-by program, which Russia and the IMF have yet to conclude.

On June 8, 1994, Russia signed an agreement with the Organization for Economic Cooperation and Development (OECD) which will provide policy guidance and technical assistance on a wide range of structural reform issues, such as competition law and policy.

**Bilateral Economic Issues.** Current U.S. bilateral trade with Russia is about \$3 billion. Although American companies are the largest investors in Russia, total U.S. investment is estimated at only \$400 million. At Vancouver, Presidents Clinton and Yeltsin made bilateral trade and investment growth a major priority. Implementation centers in the U.S.-Russia Business Development Committee (BDC), which was established at the June 1992 summit and is now co-chaired by U.S. Commerce Secretary Brown and Russian Deputy Prime Minister Shokhin. The BDC is the primary vehicle to help identify and remove impediments to trade and investment. In October 1993, Russia received GSP [Generalized System of (Tariff) Preferences] status. More than \$440 million of Russian goods will benefit. The U.S. also will support Russia's application to become a member of the General Agreement on Tariffs and Trade (GATT) and plans to provide a resident GATT adviser to the Russian Government.

Under the leadership of Vice President Gore and Prime Minister Chernomyrdin, the U.S. and Russia are advancing bilateral cooperation through six working committees known collectively as the Gore-Chernomyrdin Commission (GCC). Progress continues at the working level on a range of specific issues in the fields of science and technology, business development, space, energy policy, environmental protection, and defense diversification. The last GCC meeting was held in June 1994 in the U.S.

The Export-Import Bank (Eximbank) has approved more than \$240 million in loan guarantees and insurance for transactions in Russia. In July 1993, Eximbank signed an Oil and Gas Framework Agreement with Russia under which secured credit guarantees of about \$2 billion will be extended to support capital equipment exports for the rehabilitation of Russia's energy sector. In March 1994, Eximbank approved its first transaction under the framework, a \$231 million credit for Permneft, an oil production association. Eximbank has received more than \$750 million in additional Russian Government approved applications that are eligible for support under this framework agreement.

The Trade and Development Agency and the Commerce Department's Special American Business Internship Training Program also have programs in Russia. The U.S. will open four American business centers in Russia this year to help U.S. and Russian companies do business with each other.

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In addition, the U.S. and Russia signed an agreement at the June 1992 summit which grants reciprocal most favored-nation status and offers strong intellectual property rights protection. At the same time, the two countries signed two other treaties. The Treaty for the Avoidance of Double Taxation, which entered into force in January 1994, provides relief from double taxation, assurance of non-discriminatory tax treatment, cooperative efforts between officials to resolve potential problems, and the exchange of information between tax authorities to improve compliance with tax laws. The Bilateral Investment Treaty, when ratified by the Russian parliament, will guarantee the right to repatriate ruble profits in hard currency, non-discriminatory treatment for U.S. investments, effective compensation in case of expropriation, and international arbitration in the event of a dispute between a U.S. investor and the Russian Government.

**Military Issues.** The U.S. and Russia have begun to define a new security partnership emphasizing cooperation in the interest of strategic stability, nuclear safety, the dismantlement of nuclear weapons, the prevention of the proliferation of weapons of mass destruction and their delivery systems, and enhanced military-to-military contacts. In Lisbon on May 23, 1992, the United States signed a protocol to the START I Treaty with Russia, Belarus, Kazakhstan, and Ukraine—those states on whose territory strategic nuclear weapons of the former Soviet Union were located—making the four states party to the treaty and committing all signatories to reductions in strategic nuclear weapons within the seven-year period provided by the treaty.

On November 4, 1992, Russia ratified START but stipulated that it would not exchange its instrument of ratification until the other three states accede to the nuclear Non-Proliferation Treaty as non-nuclear weapons states. On January 3, 1993, the U.S. and Russia signed the Treaty between the United States of America and the Russian Federation on Further Reduction and Limitation of Strategic Offensive Arms (START II), which reduces overall deployments of strategic nuclear weapons on each side by more than two-thirds from current levels and will eliminate the most destabilizing strategic weapons—heavy intercontinental ballistic missiles (ICBMs) and all other deployed multiple-warhead ICBMs.

Following ratification by Russia and the other NIS, the Conventional Armed Forces in Europe Treaty entered into force on November 9, 1992. This treaty establishes comprehensive limits on key categories of military equipment—such as tanks, artillery, armored combat vehicles, combat aircraft, and combat helicopters—and provides for the destruction of weaponry in excess of these limits.

On September 8, 1993, the U.S. and Russia signed a memorandum of understanding on defense cooperation that institutionalized and expanded relations between defense ministries, including through a broad range of military-to-military contacts and joint training for peace-keeping. Based on the January 14, 1994, agreement between Presidents Clinton and Yeltsin, as of May 30, 1994, the strategic nuclear missiles of each country were no longer targeted.

On April 10, 1992, the Deputy Secretary of State certified that the Russian Federation had met the criteria required under the Soviet Nuclear Threat Reduction Act, commonly known as the “Nunn-Lugar Act,” for financial assistance to safely dismantle and destroy nuclear and chemical weapons and to convert defense industries to civilian pursuits. In January 1993, the U.S. delivered the first set of emergency equipment for use in the transport, storage, and dismantlement of nuclear weapons. Additional deliveries of equipment and assistance are being made to further a number of Nunn-Lugar projects. Overall, the U.S. has agreed to provide nearly \$500 million in Nunn-Lugar assistance to Russia.

On March 3, 1994, the International Science and Technology Center opened in Moscow through the efforts of the founding parties—the U.S., the European Union, Japan, and Russia. With Nunn-Lugar funding, the U.S. provided \$25 million for the center, which is designed to prevent the proliferation of technology and expertise related to weapons of mass destruction by

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providing peaceful employment opportunities to scientists and engineers formerly involved with such weapons and their delivery systems.

## POLITICAL CONDITIONS

In free elections in June 1991, Boris Yeltsin was elected President of the Russian Federation. His mandate was strengthened in a national referendum in April 1993, in which a majority of Russian voters expressed their support for President Yeltsin, for his economic reform program, and for early elections to a new parliament.

By the fall of 1993, politics in Russia had reached a state of stalemate between President Yeltsin and the parliament. The parliament had succeeded in blocking, overturning, or ignoring the President's initiatives on drafting a new constitution, conducting new elections, and making further progress on democratic and economic reform.

In a dramatic speech on September 21, 1993, President Yeltsin dissolved the Russian parliament and scheduled national elections for December 12, 1993. Fifty-four percent (58 million) of registered voters participated in the elections. Two houses of the new Russian parliament were elected on that date—the upper Federation Council (170 members) and the lower State Duma (450 members). Members of both houses serve for two-year terms.

After the December elections, Duma members organized themselves into “factions.” As of late May 1994, political faction membership was reported as follows:

- Russia's Choice, 75 members;
- New Regional Policy, 66 members;
- Liberal-Democratic Party of Russia, 60 members;
- Agrarian Party, 52 members;
- Communist Party, 45 members;
- December 12, 38 members;
- Unity and Accord, 30 members;
- Yabloko, 27 members;
- Women of Russia 23 members;
- Democratic Party of Russia, 15 members;
- Russian Path, 15 members; and
- Other, 3 members.

The parliament has been more moderate and effective than had been predicted after the December elections. The opposition, a diverse group, aims for a unified position but remains divided over key political and economic issues and whether to participate in mainstream politics.

In recent months, President Yeltsin has called for national reconciliation and attempted to create a broad consensus on Russian domestic, economic, and foreign policy. He plans to use this consensus to continue to push for reform, but must also take into account Russian voters' call for increased attention to social needs and Russian “prestige.”

In early 1994, hoping to solidify this nascent [i.e., beginning to develop] political consensus, President Yeltsin issued a “Memorandum on Civil Peace and Accord,” which calls for a two-year period of political peace to allow the government to concentrate on economic revival. On April 28, 1994, more than 100 political parties, regional leaders, trade unions, and social organizations endorsed the document. To date, more than 400 groups and prominent individuals have endorsed it. The “Memorandum” was intended to isolate extremists in Russian politics and establish fundamental ground rules for political competition. Russian politics has been relatively calm in

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1994. Pro-reformers and anti-reformers alike are positioning themselves for the December 1995 parliamentary and June 1996 presidential elections.

## FOREIGN RELATIONS

On December 27, 1991, Russia assumed the seat formerly held by the Soviet Union in the UN Security Council. Russia also is a member of the Conference on Security and Cooperation in Europe (CSCE) and the North Atlantic Cooperation Council. It signed the North Atlantic Treaty Organization's Partnership for Peace initiative on June 22, 1994. On June 24, 1994, Russia and the European Union (EU) signed a partnership and cooperation agreement which provides for, *inter alia*, political dialogue at all levels, possible talks in 1998 on a free-trade area, EU support for eventual Russian accession to the General Agreement on Tariffs and Trade (GATT), and EU assistance on nuclear safety, restructuring state-run enterprises, and economic efficiency.

Russia has played a constructive role in mediating international conflicts through its co-sponsorship of the Middle East peace process and its support of UN and multilateral initiatives in the Persian Gulf, Cambodia, Angola, and the former Yugoslavia. Russia has affirmed its respect for international law and CSCE principles. It has accepted UN and/or CSCE involvement in instances of regional conflict on its periphery, including the dispatch of observers to Georgia, Moldova, Tajikistan, and Nagorno-Karabakh.

## ECONOMIC OUTLOOK

The Russian Federation comprises roughly three-quarters of the territory of the New Independent States, more than one-half of the population, and 60 percent of the total gross domestic product. Agricultural production, chiefly grain and potatoes, accounts for more than one-half of that of the NIS. Russia is rich in energy sources, such as oil and natural gas (two-thirds of which come from Siberia), as well as coal.

The Russian economy is experiencing a wrenching contraction as it moves from a command economy to a free market system. GDP decreased by 12 percent in 1993 (an improvement from the 19 percent drop in 1992). Agricultural production, chiefly grain and potatoes, accounted for more than one-half of that of the NIS: it declined by 6 percent in 1993. Industrial output fell by 16 percent and the rate of investment fell by 15 percent in the same year. Official unemployment was only 1 percent of the 71 million work force in 1993 (excluding the estimated 4-5 million who work reduced hours or are on voluntary leave).

Inflation rose to a peak of 30 percent in January 1993. It has fluctuated at double-digit rates since then as the government has pursued various economic policies (such as raising interest rates, cutting food subsidies, and delaying debt payments) with limited success. As of early 1994, the inflation rate was estimated at 10 percent.

Russia's trade balance was positive in 1993, primarily as a result of lower grain import requirements, higher import duties, and reduced use of Western trade credits. The government has rescheduled its official debt payment obligations but has been unable to do so with its commercial creditors. It has increased official foreign exchange reserves to about \$5 billion in 1993 (to some extent due to non-payment of commercial creditors). Capital flight remains a serious problem.

Russia has made significant headway in privatizing many economic sectors. About 50 percent of GDP is now produced in the market economy. As of March 1994, about 15,000 large state enterprises had sold shares to the public through auctions; more than 80,000 small firms had been transferred to the private sector. There are 270,000 private farms. Although private and reorganized state/cooperative farms are increasingly productive and efficient, privatization has not yet generated efficiency gains in industry. About 30 percent of state-owned housing (about 8

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million dwellings) had been turned over to private individuals by the end of 1993. However, state-subsidized rents and utilities discourage individual home ownership.

Consumers make 70 percent of their purchases in the private sector to take advantage of better selection, quality, and service. Food availability and real per capita income have improved or stabilized, but social welfare problems, such as increased crime and health care shortages, are serious. Also, the gap between rich and poor has widened; about one-third of the population lives below the official poverty level.

## ENVIRONMENTAL ISSUES

The Russian Government has inherited serious environmental problems. Air pollution and inadequate supplies of uncontaminated water have affected the health of the population and contributed to increased infant mortality rates. Radioactive pollution—generated by military nuclear testing and unsafe nuclear power plants, institutes, and laboratories—is especially dangerous.

At the April 1993 Vancouver summit, the U.S. and Russia announced their intention to expand joint work in the area of environmental protection. They agreed to coordinate joint ecological measures and support for financing these programs.

In cooperation with the international community, Russia works to develop sound environmental policies. It has established a Ministry of Environment and has introduced a pollution fee system by which taxes are levied on air and water emissions and solid waste disposal, with the resulting revenues channeled to environmental protection activities. Russia also aims to develop regional cooperation among the NIS on transborder environmental problems.