

CIS:

Situation Report

CIA/CPAS

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*Moscow has ordered CIS military forces out of areas of conflict in Armenia and Azerbaijan; Russia and Ukraine have reached a currency agreement but are competing to sell arms to Iran.*

**CIS Forces Withdraw From Armenia and Azerbaijan**

CIS Commander in Chief Shaposhnikov has ordered the withdrawal of CIS forces along the border between Armenia and Azerbaijan and of the motorized rifle regiment in Stepanakert, according to press reports. The US defense attache reports that the regiment will be moved by road and that any equipment that cannot be removed will be destroyed. Press reports also indicate that Armenian militants are attacking the village of Shusha, the last major Azeri stronghold in Nagorno-Karabakh.

Comment: The withdrawals probably reflect Yel'tsin's decision to cease trying to impose a buffer between the two states because of the slim hope for a peaceful settlement and fears that CIS units will be increasingly drawn into the fighting. The Stepanakert regime probably will be transferred to its division's home garrison in Gyandzha—100 km away—and movement by road would allow it to take most of its equipment, although it also would be exposed to Azeri attacks. Following earlier setbacks, the fall of Shusha could lead to the ouster of Azerbaijani President Mutalibov.

**Ukrainian Arms to Iran**

Ukraine has agreed to provide Iran with "excess" tanks and artillery in exchange for oil over the next five years.

Ukraine's Minister for the Defense Complex and Conversion will lead a delegation to Iran to negotiate details of the arrangement. Press reports indicate that Russia also has been trying to sell Iran arms—including advanced aircraft and T-72 tanks and production technology—for hard currency.

Comment: Ukraine, which now depends on Russia for 90 percent of its oil, needs alternative sources. Kiev wants to sell Iran mostly older equipment, but it is competing with Russia and may have to include a significant amount of modern hardware, although it will give first priority to its own security needs and the limitations of its industry to meet future military requirements.

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