

**PROJECT ON BUSINESS AND POLITICS IN THE
MUSLIM WORLD**

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By: (Ilam Khan)

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This is the summary of the (**Russia**)

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Articles Reviews # 123 , 1 & 2.

Articles Reviews:

1. Putin's Russia and the Enlarged Europe.

BY ROY ALLISON, MARGOT LIGHT, AND STEPHEN WHITE

The Russian foreign relations with Europe, as Russia thinks it should be according to their soviet era. Russia has direct relations with the former dominions but still Russia is deprived as a member of Europe's tow prominent institutions, NATO and European Union. Why Russia is not a member of these institutions, the writer made an analysis in this Article, and the elite political and public attitude towards these institutions. It is now in their foreign policy discussion.

2. The Cambridge History of Russia.

EDITED BY RONALD GRIGOR SUNY.

Almost 27 authors have been written on Russia from 1917 revolution to Putin's era, including well-known leaders like, Stalin. In addition to Russian politics, these authors also discussed the economic and social issues during 20th century. And there are chapters on science and technology, culture, and foreign policy. The most reflective lesson written by Suny, "on the way Westerners have read Russian and Soviet history from one era to the next". This book tells about the Russian early history to 1689.

Summary of the Report:

Political Issues:

Polish govt. spokesman accuses Russian cops of looting after Kaczynski crash (Update)

Gras told journalists Sunday that three Russian special purpose police unit (OMON) officers illegally used the bank card of top Polish official Andrzej Przewoznik who also died in the crash.

Russia Seeks Tighter Ties With Germany

Germany is Russia's most important trading and political partner. But the global financial crisis led to a sharp fall of trade last year, according to the Committee on Eastern European Economic Relations, an organization of German business representatives. German imports from Russia fell by 30 percent, to €20.4 billion, or \$25 billion; German exports to Russia fell by 36 percent, to €25.8 billion.

Europe Tends To Torment Russians with Visas Forever

[Russia](#) Many Russians have to book their place in the line to consulate departments of EU countries nearly one month in advance. Visas to Russia are issued on a first-served basis. It just so happens that those Russians who want to go to Europe have to schedule their lives three months beforehand. They have to forget about everything else if they want to have a European visa

[Today: EU and Russia can face globalized world's challenges unites](#)

Russia's deputy foreign minister Alexander Grushko said prior to the summit in Rostov-on-Don that Russia was intended to discuss the questions related to the visa-free regime with the European Union, to elaborate the adequate "road map" and even determine the date when the introduction of the new visa-free regime could be possible.

Russia Says Iran Sanctions Agreed

UN sanctions against Iran over its nuclear program have been "completely agreed upon," a Russian source said, and Washington said a resolution could be passed as early as Wednesday.

Iran Warns Russia Not To Play Dangerous Games with UN's New Sanctions

Ahmadinejad stated during his speech in Turkey's Istanbul that Moscow should behave carefully as far as the decision about the sanctions was concerned. Russia should not take the decisions, which Iran may perceive as a step to take the side of Iran's enemies, Ahmadinejad stated hinting at Moscow's approval of the draft resolution.

[Russia Today: Russia against hasty measures against Iran](#)

The new sanctions stipulate the introduction of serious financial restrictions and the establishment of tough control over shipments, including the embargo on arms deliveries. Several countries, including Brazil and Turkey, do not support the resolution, but they do not hold the veto right at the UN Security Council. Constant members of the council support the resolution unanimously .

Putin arrives in Turkey for security summit, bilateral talks

A group of Russian Navy experts left Seoul on Monday after completing their assessment of the investigation that found North Korea was responsible for the sinking of the Cheonan. Russian President Dmitry Medvedev accepted Seoul's offer to send specialists at the end of May.

Iran Sanctions Won't Bar Missile Deal With Iran

Israel and the United States have urged Russia not to supply the missile systems, which would substantially increase Iran's defense capability. Russia agreed to sell the missiles in 2007 but has not yet delivered them.

UN sanctions mean Russia cannot sell S-300 missiles to Iran - officials (WRAPUP)

A Kremlin source said on Friday the sale of S-300 air defense systems fall under the new UN Security Council's sanctions against Tehran, but the Russian foreign minister said it was up to the president to make the final decision.

Economic Issue:

GDP Rises Annual 2% in May, VTB Capital Says

The economy expanded last month at the fastest pace since November 2008 as companies continued hiring and domestic demand accelerated, according to an indicator based on service and manufacturing surveys published Friday. Gross domestic product rose an annual 2 percent, recording a third month of gains, after 1.2 percent growth in April, said VTB Capital, which compiles the gauge.

Russia Fights for Global Dominance in Wheat

In the past 11 months, Russia has won 58 percent of Egypt's regular purchases of wheat, compared with 40 percent the year before, Bloomberg Businessweek reports in its Monday issue. The U.S. share of sales to Egypt, the world's biggest wheat importer, fell to 8 percent, from 13 percent over the same period, according to Egypt's General Authority for Supply Commodities.

Bright New Future: Russian Government Adopts Social Budget

Russian Prime Minister Vladimir Putin outlined details of the 2011 Russian State [Budget](#) at a meeting on economic development scenarios 2011-2013 yesterday in Novo-Ogarevo. During his delivery, three key words appeared, setting the path for the economic recovery over the next three years: compromise, costs and conservatism.

Bank St. Petersburg Misses Q1 Profit Estimates

Bank St. Petersburg, seen as an indicator of the health of midsize Russian banks, which are emerging from the worst crisis in a decade, was expected to post a net profit of 505 million rubles, according to an average forecast of nine analysts.

Countries under UN sanctions cannot join SCO – Medvedev

Foreign Minister Sergei Lavrov told the summit that Iran, which is now under a fresh round of UN Security Council sanctions over its nuclear program, cannot join the SCO but can retain observer status.

Social/ Humanitarian:

Ethnic Circassians in Caucasus Demand Autonomous Region

Hundreds of ethnic Circassians gathered over the weekend to call on federal authorities to allow their ethnic group to split off from the Karachayevo-Cherkessia republic to form their own autonomous region within the Russian Federation.

North Caucasus Violence Kills 5

A bomb exploded in a shop in an Ingush town on Friday, killing two police officers investigating the shooting of the shopkeeper there earlier in the day, Interfax reported.

The blast was the most deadly of a series of attacks in Ingushetia and Dagestan on Friday that killed five people and injured more than a dozen others.

Russia, Brazil start visa-free travel

The agreement was signed during President Dmitry Medvedev's visit to Brazil on November 26, 2008. Under the agreement, Russian and Brazilian tourists are not required visas for entry, exit, transit or stay on the territory of another state for up to 90 days within each 180-day period from the first entry.

Police prevent terrorist attack in south Russia

Sporadic terrorist attacks and militant clashes are common in Russia's volatile southern republics, where Russia has held two brutal wars against separatists in the region of Chechnya, although the Kremlin has officially ended its military campaign against separatists and terrorists there.

Vatican hopes for meeting of pope, Russian patriarch

Ties between the Moscow Patriarchate and the Vatican have been strained over accusations the Catholic Church has sought to spread its influence and convert believers in traditionally Orthodox former Soviet states since the collapse of the Soviet Union.

New National Holiday Irks Non-Orthodox Faiths

Christianization of Rus Day on July 28 won't be counted as a day off work, but it will be recognized on calendars as the country's ninth so-called "memorial holiday," which also includes Cosmonauts Day on April 12 and Constitution Day on Dec. 12.

[Russia a 'Top 5' Loser on Peace](#)

The 2010 Global Peace Index, compiled by the Sydney-based Institute for Economics & Peace, placed Russia among the last 10 countries in its annual rating and declared it as one of the "top-five fallers."

Food, Energy & Environment:

Eurasia highest volcano erupts in Russia's Far East

Eurasia's highest volcano on the Kamchatka Peninsula in Russia's Far East has shown again signs of intensified activity throwing clouds of smoke and ash into the air to a height of 2.5 kilometers.

Russian airliner makes emergency landing at Siberia airport

The Boeing 737-400 plane of the Russian air carrier Transaero circled over the city of Novosibirsk for two hours to burn extra fuel and ensure the safe landing at the departure airport.

Geo-strategic:

Germany, Russia Propose New Security Committee

Merkel and Medvedev told reporters after a meeting outside of Berlin on Saturday that constant contact between the EU and Russia on security matters needed to progress to a higher level.

Russian task force concludes anti-piracy mission off Somalia

The task force comprising the Marshal Shaposhnikov, the MB-37 salvage tug and the Pechenga tanker arrived in the Gulf of Aden on March 29 to join the anti-piracy mission in the region.

Russia's Military Weakness May Lead to USA's Aggression

Russia's aerospace security is in danger. The commander of the Russian Air Force Anatoly Kornukov and the former chief for procurement of the Russian Armed Forces Anatoly Sitnov stated that the military hardware of the Russian aerospace defense system was outdated. The nation's defense complex, which produces the weaponry for air and space defense, is in a deplorable state, the two officials said.

Detailed Report:

Political Issues:

Polish govt. spokesman accuses Russian cops of looting after Kaczynski crash (Update)

Polish government spokesman Pawel Gras on Sunday accused three Russian police officers of looting following April's Polish government plane crash in western Russia but Russia denied the accusations.

The Soviet-made Tu-154 crashed near the city of Smolensk on April 10. All 96 people on board died, including President Lech Kaczynski, his wife and senior Polish officials.

They had been due to attend a memorial ceremony for the victims of the 1940 Katyn massacre in which Soviet secret police killed thousands of Polish military officers.

"The three OMON officers who did this shameful deed were promptly detained thanks to cooperation between Poland's domestic security agency and Russian special services," Gras said.

Russia called the Polish side's statements "sacrilegious and cynical."

"Smolensk police actions [after the crash]... received a positive assessment; there were no complaints about them," Russia's Interior Ministry said in a statement Sunday.

"On May 8... acting Polish president Bronislaw Komorowski awarded four Smolensk police officers with the order 'For Merits to the Republic of Poland' for [their] work to deal with consequences of the air crash and [for its] investigation," the ministry said.

"In this connection, accusations against Smolensk police officers are the more so seen as sacrilegious and cynical," the ministry said.

Przewoznik had been the chief organizer of Katyn memorial events.

His widow told journalists that some \$2,000 disappeared from Andrzej's bank card, with the first transaction taking place on the day of the air crash, April 10, and two other transactions occurring in the following two days, also in Smolensk.

Gras said Polish law enforcement agencies informed Russia of the money withdrawal from Przewoznik's card, adding that the three OMON officers were detained shortly after the incident.

But Russia's Interior Ministry officially denied the report.

"This information does not correspond to reality. No Smolensk police officer has been detained over committing acts described in the media-circulated report," it said.

Russia Seeks Tighter Ties With Germany

By JUDY DEMPSEY

BERLIN — Chancellor [Angela Merkel](#) of [Germany](#) and President [Dmitri A. Medvedev](#) of [Russia](#) began two days of talks Friday outside Berlin, with Russia asking Germany, and German companies, to help with modernization.

Although Mrs. Merkel has put Iran, North Korea and the Middle East high on her list of issues to discuss, Mr. Medvedev has come with his own list, which includes forging even closer trade and economic ties with Germany, according to German and Russian officials.

With Russia hit by the global financial crisis and its exports falling, Mr. Medvedev has used the crisis to prepare a strategy paper aimed at modernizing the Russian economy through closer cooperation with the [European Union](#) but also at establishing a special alliance with German industry.

According to the strategy paper that was leaked by the Russian Foreign Ministry, Russia will need at least €1 billion until 2013 to upgrade its infrastructure as part of its

modernization program, but also substantial technological assistance and investments from abroad.

The paper, which was published in Russian [Newsweek](#), called for a “modernization alliance” with Germany that would go beyond the support given already by German industry and government for several major infrastructure projects.

These include the building of the Nord Stream gas pipeline that will bring Russian gas directly to Germany via a pipeline under the Baltic Sea; cooperation between the German and Russian railway companies; the involvement by Siemens, the electronics company, in building high-speed trains; and investments by Volkswagen, Daimler and [BMW](#) in the Russian automobile sector.

But an internal E.U.-Russian report issued this week concludes that the Europeans, including Germans, and the Russians have very different notions of modernization.

“When looking at the Russian and the E.U. debates on the modernization partnership, it soon becomes clear that they are comparing apples and oranges,” said Sabine Fischer, an expert on Russia at the E.U. Institute for Security Studies in Paris who was a participant at the E.U.-Russian round table that took place recently in Brussels.

“The E.U. assumes a concept of modernization that incorporates the economy as well as politics and society,” she said. “The basic assumption is that a flourishing market economy cannot exist without the rule of law, democracy and a free society.”

In contrast, the report says, the Russian leadership applies a selective approach, limiting itself to a modernization of the economy in which knowledge, technology and investments are welcome.

“The rule-of-law approach is rejected as an attempt to interfere in the internal affairs of the Russian state,” according to the E.U. report.

Germany’s government and industry agree with the European Union's assessment, but analysts said industry here was unwilling to wait until Europe and Russia can bridge the gap between their different meanings of modernization.

“Germany needs and wants Russia to modernize,” said Alexander Rahr, an expert on Russia at the German Council for Foreign Relations in Berlin. “We want to help Russia become a modern country and this is what Medvedev says as well. The big problem is the implementation of a modernization policy. You cannot do it from the top down. It must involve not only the players in the economy but the whole of society.”

Mrs. Merkel, who has established a much closer relationship with Mr. Medvedev than she had with his predecessor, [Vladimir V. Putin](#), had taken little interest in Mr. Medvedev’s call for a special alliance with Germany. But under pressure from German industry, she is expected to quiz him on how he intends to implement such a strategy.

The meetings in the renovated Schloss Meseberg, 70 kilometers, or 45 miles, north of Berlin, will be attended by just a handful of advisers from both sides.

Events include a dinner and then bilateral talks between Mrs. Merkel and Mr. Medvedev. They will resume Saturday, ending at around noon.

At earlier meetings, Mrs. Merkel, who speaks Russian, frequently, clashed with Mr. Putin over Russia's clampdown on the news media and human rights. But there is another reason for the tension. Mr. Putin often brought his dog along to the German-Russian meetings. Mr. Putin, a former K.G.B. officer who had been based in the eastern German city of Dresden during the 1990s and who is a fluent German speaker, knew that Mrs. Merkel was afraid of dogs.

Europe Tends To Torment Russians with Visas Forever

The EU-Russia summit takes place in Russia's Rostov-on-Don on June 1st. Dmitry Medvedev chairs the Russian delegation, whereas the European delegation is represented by EU President Herman Van Rompuy, the head of the European Commission Jose Manuel Barroso and foreign policy chief Catherine Ashton.

The summit takes place after the approval of the Lisbon Treaty, which replaced the EU Constitution and took the European Union to a new level of integration. The new EU Visa Code was put in effect on April 5th, which introduced uniform rules for issuing visas for entrance to all countries of the Schengen zone.

[Russia Today: EU and Russia can face globalized world's challenges unites](#)

We sincerely believe that it is about time we should find a political solution to this issue. We hope that the summit in Rostov will help us take the talks to a principally new level, Grushko said. The official added that there were no technical obstacles to cancel visas between Russia and the EU.

However, spokespeople for the European Commission said that they would not be ready to discuss any certain dates for canceling visas. European officials believe that the sides will only discuss the steps that need to be taken in this direction. They added, though, that they shared Russia's views about the abolishment of the visa regime with Russia.

For the time being, the Europeans are ready to discuss a simplified variant for issuing visas. They refer to the adequate agreement, which was put in effect three years ago. Today, the agreement embraces a narrow circle of people: members of official delegations, participants of cultural, scientific and sports exchange programs, and entrepreneurs. Now it could be possible to extend the list.

The chairman of the European Commission in Moscow, Fernando Valenzuela, was very short-spoken in his comments. He only said that Europe was expecting the appearance of favorable conditions for the introduction of the visa-free regime with Russia. He added

that it could be possible to do a lot to simplify the visa regime to make mutual journeys of Russian and European citizens easier and more comfortable.

Russia Says Iran Sanctions Agreed

09 June 2010

Reuters

Iran, meanwhile, warned Russia on Tuesday against siding with Tehran's foes in supporting the sanctions.

"The proposal on the sanctions against Iran has been completely agreed upon," said the Russian source close to United Nations Security Council talks, speaking in Moscow on condition of anonymity.

U.S. Defense Secretary [Robert Gates](#) said in London that he was confident that the Security Council would pass a resolution as early as Wednesday.

"One of the many benefits of the resolution is that it will provide a legal platform for individual nations to then take additional actions that go well beyond the resolution itself. I believe that a number of nations are prepared to act pretty promptly," Gates added. "I do not think we have lost the opportunity to stop the Iranians from having nuclear weapons."

A Western diplomat at the United Nations said a list of new Iranian individuals and firms to be blacklisted under a fourth round of sanctions had been agreed upon.

Iranian President [Mahmoud Ahmadinejad](#) admonished Russia at a news conference in Istanbul, where he was attending a summit along with Prime Minister [Vladimir Putin](#).

"There is no big problem, but they must be careful not to be on the side of the enemies of the Iranian people," Ahmadinejad said.

Putin, who said he expected to meet Ahmadinejad on the sidelines of the Conference on Interaction and Confidence Building Measures in Asia in Istanbul, said the UN resolution had been "practically agreed" but that sanctions should not be "excessive."

"We will have an opportunity to discuss these problems if my Iranian colleague will have such a need," he said.

"I hold the opinion that this resolution should not be excessive, should not put Iran's leadership, the Iranian people in a tricky situation that creates barriers on the way of development of Iran's peaceful nuclear energy," he said.

The Iranian president said a nuclear fuel swap deal agreed by Tehran with Turkey and Brazil was an opportunity that would not be repeated. The deal, which has been rejected by the West as too little too late, was intended to defuse the crisis.

Iran Warns Russia Not To Play Dangerous Games with UN's New Sanctions

Iran's Mahmoud Ahmadinejad warned Russia against the support of new sanctions at the UN Security Council. If Russia supports the sanctions against the Islamic Republic, it may become Iran's enemy. The president also threatened to pull out from the talks about the Iranian nuclear program if the Security Council approved such a resolution.

Ahmadinejad stated during his speech in Turkey's Istanbul that Moscow should behave carefully as far as the decision about the sanctions was concerned. Russia should not take the decisions, which Iran may perceive as a step to take the side of Iran's enemies, Ahmadinejad stated hinting at Moscow's approval of the draft resolution.

Russia Today: Russia against hasty measures against Iran

The president of the Islamic Republic traditionally criticized the United States of America.

"If the U.S. and its allies think they could hold the stick of sanctions and then sit and negotiate with us, they are seriously mistaken," he told a news conference.

"The Tehran declaration provided an opportunity for the United States government and its allies. We had hoped and we are still hopeful that they use the opportunity well," Mr. Ahmadinejad said. "I must say opportunities like this will not be repeated again. We were thinking that the United States President Barack Obama would make certain changes in the United States policies. We don't say that we are hopeless. We hope that he can actually get over the present conditions in the time that remains. We are ready for dialogue within the frame of justice and respect," he added.

Russia's PM Putin, who also takes part in the security summit in Istanbul, said that he would be ready to meet Ahmadinejad in Istanbul to discuss the nuclear issue. Such a meeting could be possible, if the Iranian president finds it to be necessary, Putin said.

"The President of Iran is here, and we will see each other during the work of the conference. I think we will have an opportunity to discuss the problems if my Iranian counterpart sees such a necessity," Putin said.

The Russian prime minister tried to calm the Iranian authorities down.

Putin arrives in Turkey for security summit, bilateral talks

Russian Prime Minister Vladimir Putin arrived in Turkey on Tuesday to attend the third summit of the Conference on Interaction and Confidence-Building Measures in Asia (CICA) and hold bilateral talks with top officials from Turkey and other countries.

The CICA is an inter-governmental Asian security forum, which was established in 1992 and currently comprises 18 member states, including Russia, China, South Korea and Turkey.

The summit will most likely focus on [the current crisis on the Korean peninsula](#), following the alleged sinking of a South Korean warship by a North Korean submarine.

The South Korean Navy vessel sunk on March 26 in the Yellow Sea near the disputed maritime border between the two Koreas. Forty-six sailors died.

An international investigation concluded two weeks ago that the South Korean Cheonan corvette was sunk by a torpedo fired from a North Korean submarine, but Pyongyang has denied any involvement in the sinking and the conclusions of the investigation.

Putin's spokesman Dmitry Peskov told RIA Novosti Monday that in Istanbul, Putin and his Turkish counterpart Recep Tayyip Erdogan will also discuss bilateral cooperation.

Medvedev visited Turkey's capital Ankara on May 11-12. The Istanbul talks are seen as a continuation of the dialogue started at the level of the heads of state.

Russian-Turkish trade last year went down almost by 40% to \$19.6 billion, but Turkey remains one of Russia's key economic partners, and the aggregate volume of Turkish direct investment in Russia exceeds \$5 billion.

Besides, Moscow and Ankara have successfully cooperated in the energy sphere, including on the Blue Stream gas pipeline project, the [South Stream](#) gas pipeline, the Samsun-Ceyhan oil pipeline and the construction of Turkey's first nuclear power plant near the Mediterranean port of Mersin in the Akkuyu area.

Putin will also meet with Turkish President Abdullah Gul. The top officials are to exchange opinions on urgent issues on the international and regional agenda.

The Russian government press service said the Russian premier will also meet with the Azerbaijani, Kazakh and Ukrainian presidents.

Iran Sanctions Won't Bar Missile Deal With Iran

11 June 2010

The Associated Press

The Foreign Ministry said Thursday that new UN sanctions do not forbid the delivery of S-300 air-defense missiles to Iran.

The UN Security Council resolution passed Wednesday bans Iran from developing ballistic missiles capable of delivering nuclear weapons, investing in nuclear-related activities and buying certain types of heavy weapons.

Foreign Ministry spokesman Andrei Nesterenko told journalists that the UN resolution does not apply to air-defense systems, with the exception of shoulder-fired missiles.

[Mikhail Dmitriyev](#), head of the Federal Service for Military-Technical Cooperation, which oversees arms trade, also said the new UN resolution wouldn't affect the S-300 deal.

"Russia is in no way bound by the UN Security Council resolution in relation to supplies of the S-300 air-defense systems to Iran, and work on that contract is under way," Dmitriyev said, Itar-Tass reported.

He added that the UN resolution has "left a broad field" for other Russian cooperation with Iran in the military sphere.

"Restrictions being introduced refer only to offensive weapons. But there are also other issues on which we will keep working with Iran," he said without elaboration.

Russia has sold other air-defense missiles, aircraft and weapons to Iran.

It is also building Iran's first nuclear power plant in the southern port of Bushehr, which is expected to come on line in August. Nesterenko said the UN resolution wouldn't affect the Bushehr project.

Nesterenko and Dmitriyev spoke after Interfax, citing an unidentified source, reported that the S-300 contract would be frozen because of the new UN sanctions.

The Foreign Ministry also has warned that Russia will retaliate if the new UN sanctions lead to separate sanctions against Russian companies or individuals.

Two Russian scientific institutes and the state arms trader had been under U.S. sanctions aimed at punishing organizations suspected of helping Iran develop missiles and nuclear weapons, but those measures were lifted last month as Washington sought Moscow's support for the tougher UN sanctions.

"We cannot ignore signals reaching us about the intention of some of our partners ... to start considering additional, tougher restrictive measures against Iran than those provided for under the UN Security Council resolution," the ministry said in a statement late Wednesday.

If any new measures lead to sanctions being imposed on Russian companies or individuals, Russia would retaliate, the ministry said. It did not elaborate.

UN sanctions mean Russia cannot sell S-300 missiles to Iran - officials (WRAPUP)

Resolution 1929, adopted on Wednesday, imposes a fourth round of sanctions on Iran over its nuclear program, and includes tougher financial controls and an expanded arms embargo.

"The S-300s fall under these sanctions," the source said, adding that these weapons cannot be supplied to Iran.

Foreign Minister Sergei Lavrov responded immediately to the statement saying the issue could be resolved only through a decree issued by Russian President Dmitry Medvedev.

"A decree will be prepared to determine which deliveries and which weapons do not fall under the resolution," Lavrov said, adding that "no one had been asked to interpret the provisions of the resolution," until the decree was complete.

Russia initially said the delivery of S-300 surface-to-air missile systems to Iran would not be affected by the new UN sanctions against Iran since they are not included in the UN Register of Conventional Arms.

However, experts from the Federal Service for Military-Technical Cooperation (FSMTC) announced on Friday that the S-300 system comes under the new set of UN sanctions.

"An analysis of the provisions of the UN Security Council Resolution 1929 adopted on June 9, 2010, conducted by the FSMTC experts, shows that the restrictive measures contained in the document apply to the delivery of S-300 air defense systems to Iran as well," the agency said in a statement.

Deputy Foreign Minister Sergei Ryabkov said Russia would adhere strictly to the provisions of the UN resolution.

Moscow signed a contract on supplying Iran with at least five S-300 systems in December 2005, but delivery of the advanced weaponry has so far been delayed.

The United States and Israel, which have not ruled out an attack on Iran over its nuclear program, have urged Russia not to deliver the missiles to Tehran.

The S-300 contract is worth some \$800 million, while Russian officials estimate the forfeit penalty for the S-300 contract at \$400 million.

Economic Issue:

GDP Rises Annual 2% in May, VTB Capital Says

07 June 2010

Bloomberg

Rising oil prices are helping the economy of the world's biggest energy exporter grow faster than the government expected, Prime Minister [Vladimir Putin](#) said last month. GDP may expand 4 percent this year and 3.4 percent in 2011, the government estimates.

"The GDP indicator suggested that 12-month economic growth almost doubled in May to 2 percent," Alexandra Yevtifyeva, senior economist at VTB Capital, said in the report. "The May survey also revealed that employment expanded for the second month in a

row. Inflationary pressures remain muted in the services sector due to the high degree of competition.”

The economy grew 5.5 percent in April from the same month a year ago, the Economic Development Ministry said May 26. GDP advanced an annual 2.9 percent in the first quarter after contracting 3.8 percent in the last three months of 2009. The economy shrank 7.9 percent in 2009.

“The continued positive momentum in the indicator signaled that the economy will strengthen in the second quarter,” VTB Capital said.

The recovery may be gaining pace this quarter after unemployment in April declined to the lowest rate in four months and retail spending rose to the highest in more than a year.

The jobless rate in April fell to 8.2 percent from 8.6 percent a month earlier, while retail sales rose for a fourth month, jumping 4.2 percent after growing 2.9 percent in March.

Fixed capital investment added an annual 2.3 percent in April for the biggest increase since October 2008. Industrial production rose an annual 10.4 percent in April after a 5.7 percent advance in March.

VTB Capital calculates its indicator by using output measures from its Purchasing Managers Indexes, which are surveys of business conditions in manufacturing and services.

Russian stocks, bonds and the ruble slumped Friday as oil retreated after U.S. payrolls rose less than estimated and a Hungarian official said the state's economy is in a "very grave situation."

The 30-stock MICEX Index closed down 1.3 percent at 1,333.49, reversing earlier gains of as much as 2.1 percent. The ruble weakened 1.3 percent to 31.42 against the dollar for its lowest close since May 25. The yield on Russia's dollar benchmark bonds due April 2020 rose 13 basis points to 5.649 percent. Bond yields move inversely to prices.

Crude oil dropped as much as 3.6 percent to \$71.92 per barrel in New York. [Rosneft](#), the country's biggest oil producer, fell 1.1 percent, while [Sberbank](#), the country's largest lender, retreated 2.8 percent.

Russia Fights for Global Dominance in Wheat

Russian farmers are making headway in their challenge to U.S. supremacy on the global wheat market, most recently with a sale late last month to Egypt of 180,000 metric tons at \$178.5 per ton, or about \$13 below the U.S. price.

For Russia, it's an extraordinary turnaround. As recently as the 1990s, it had to buy wheat from U.S. farmers to feed its people because its farms were so inefficient after decades of ruinous Soviet practices. Then, Russian investors slowly started buying land and introducing modern farming in the country's fertile "black earth" region near Ukraine and the Black Sea.

In 2002, the country emerged as a major exporter for the first time in decades by selling 15.6 million tons abroad. "Exports suddenly became profitable," says [Arkady Zlochevsky](#), president of Russia's [Grain Union](#), a lobby group.

By 2008, global grain prices were reaching record levels, and Swedish, British, Chinese and Korean investors were piling into Russian farmland. Today, Russia exports 14

percent of the world's wheat, up from 0.5 percent in 2000. The U.S. share of wheat exports has slipped from 26 percent to 19 percent.

Moscow is now making dominance of the wheat market a goal. The U.S. Department of Agriculture predicts that Russia will become the top wheat exporter by 2019.

President Dmitry Medvedev last year ordered the creation of a state company, United Grain, to modernize the storage and shipment of wheat in a \$3.3 billion overhaul. United Grain will also pursue export deals in Southeast Asia and Latin America, chief executive Sergei Levin has said. Those regions are traditional strongholds for Australian and U.S. grain exporters.

U.S. farmers are worried. "The Black Sea region is becoming a bigger competitor for us," said Dean Stoskopf, 54, a wheat grower near Hoisington, Kansas.

Until now, U.S. farmers have commanded premium prices for higher quality, Stoskopf said. U.S. wheat generally has higher protein content than Russian grain and suffers less from insect infestations. That may change as the Russians improve their growing practices and storage facilities, he said.

Some members of Congress want Washington to do more.

"I would not rest on the attitude that we have a great product," said Nebraska Republican Senator Mike Johanns, who was the secretary of agriculture from 2005 to 2007. "Price is a factor. We should be working on free-trade agreements or very quickly we'll find ourselves behind."

Free-trade agreements in certain parts of Latin America and Asia would open up new markets for U.S. wheat. Russia is part of a bigger problem, said Jason Britt, president of Central States Commodities in Kansas City, Missouri. Wheat futures on the Chicago Board of Trade have fallen 34 percent in the past year as stockpiles have grown.

"We are completely opportunistic," said [Kirill Podolsky](#), 39, chief executive at [Valars Group](#), Russia's No. 3 wheat exporter. "We ship anywhere there is demand," he said at his headquarters in Taganrog, a Rostov region port on the Sea of Azov, which connects to the Black Sea.

Valars will supply one-third of the shipment in the Egypt deal. Podolsky founded Valars in 2006 and has spent \$250 million on farmland and \$108 million on equipment.

Vasily Pechersky, 64, who runs Valars' 41,230-hectare Sarmat farm, north of Taganrog, said his winter-wheat yield was 4.4 metric tons per hectare, on a par with U.S. yields. He credited his U.S.-made New Holland tractors and harvesters as well as higher use of fertilizers and new technologies.

"One New Holland harvester stands in for two Russian-made ones," Pechersky said. Russian-made tractors sit to one side, covered in rust.

Russian farmers still have challenges to overcome, however. Investors such as Podolsky bought land at top prices right before the global financial crisis and are struggling to pay off debts. Valars may sell shares on the market to repay \$500 million of debt before investing anymore in farming.

Wheat growing brought "zero" profit in the last marketing year after a plunge in prices, Podolsky said. The Grain Union is asking Moscow for \$320 million in subsidies to improve the profitability of exports. Such state aid could help Russia's growers compete even more ferociously with the United States on price.

Bright New Future: Russian Government Adopts Social Budget

For Vladimir [Putin](#), the priorities over the forthcoming three years will be the modernization of Russia's companies and service providers, investment, development of infrastructure industries and the reduction of costs among the monopolies, while at the same time providing services which the public can afford.

For this, he claimed, "We should find a reasonable compromise between our infrastructure modernization plans and consumers' possibilities, how to distribute the load between the market players and the population".

Regarding costs, he stated that the onus now is on the monopolies continuing to provide services but reducing their cost through cutting non-core areas and disposing of these assets, while "introducing competitive procedures for purchases".

Vladimir Putin expects Russia to fully recover from the 2009 financial and economic crisis within three years. For this Russia can count on a favourable climate as regards process of raw materials, upon which an important part of the economy relies. This will entail a slow increase of real income once again for the population and will allow the [Government](#) to increase pensions at least to the minimum subsistence level.

The Prime Minister considers as absolute priorities to "say how the proposed modernization and competitiveness measures will affect the rate and quality of economic development in Russia and how labour productivity will grow".

For now, the growth rate for 2010 is forecast by the Economic Development Ministry at 1.6%, while over 2011 and 2012 it is expected to reach between 3.5% and 4.2%.

Bank St. Petersburg Misses Q1 Profit Estimates

11 June 2010

Reuters

[Bank St. Petersburg](#) missed forecasts on Thursday with a first-quarter net profit of 349.8 million rubles (\$11.02 million).

"We increase our loan portfolio bit by bit keeping a conservative approach to creation of provisions. ... We managed to stabilize net interest margin at 5.6 percent," St. Petersburg bank's chief executive, [Alexander Savelyev](#), said in a statement.

The bank's profit for the first quarter was up 45 percent from the same period a year ago, but down 4.6 percent on the previous quarter.

Bank St. Petersburg was among the first private banks to go public in 2007, selling 18 percent of its shares for \$274 million. Two years later, the bank got \$200 million more through a placement of preferred shares.

Countries under UN sanctions cannot join SCO – Medvedev

A country under UN Security Council sanctions cannot become a member of the Shanghai Cooperation Organization (SCO), Russian President Dmitry Medvedev said on Friday.

"Countries which have difficulties with their legal status cannot claim SCO membership," Medvedev told a news conference, referring to new membership criteria approved at a SCO summit in the Uzbek capital of Tashkent.

"A country under UN sanctions cannot claim membership of the organization," he added.

"[The document] clearly states that one of the criteria [for joining] is that a country must not be under UN Security Council sanctions," Lavrov said.

Iranian Foreign Minister Manouchehr Mottaki, who spoke at the summit, reiterated that Tehran's nuclear program is of a peaceful civilian nature.

The SCO includes Russia, China, Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan.

On Wednesday, the UN Security Council approved a fourth round of economic sanctions against Iran over its controversial nuclear program.

The sanctions include tougher financial controls and an expanded arms embargo. They also impose an asset ban and a travel freeze on more than three dozen companies and individuals.

Social/ Humanitarian:

Ethnic Circassians in Caucasus Demand Autonomous Region

By Alexander Bratersky

Hundreds of ethnic Circassians gathered at a weekend congress in Karachayevo-Cherkessia to call on federal authorities to allow their ethnic group to split off from the republic. The appeal offers a new headache for authorities.

The appeal offers a new headache to the federal authorities, who are already struggling with problems of separatism and insurgency in the restive North Caucasus region where Karachayevo-Cherkessia is located.

More than 800 Circassians from various North Caucasus republics and Georgia's breakaway region of Abkhazia attended a congress Saturday in Karachayevo-Cherkessia's capital, Cherkessk, and huge crowds stood outside the meeting hall, Husin Shevkuzhev, an ethnic Circassian who attended the congress, told The Moscow Times.

Along with the call for an autonomous region, the congress urged the Kremlin to replace Karachayevo-Cherkessian President Boris Ebzeyev, an ethnic Karachay, with an ethnic Russian and to end the dominance of ethnic Karachays in the regional legislature, said Shevkuzhev, who heads a local human rights group.

"We are not trying to exacerbate the situation, but we want the authorities to hear us," he said Sunday.

Kremlin officials have not reacted publicly to the congress' demands, but Pavel Krasheninnikov, head of the State Duma's Legislation Committee, said the creation of an autonomous region could only be decided through a referendum.

Krasheninnikov, speaking on Ekho Moskvyy radio Saturday, said there was "little chance" that an autonomous region would be formed within a vast country where federal authorities are keen to merge regions rather than create new ones. But he said Karachayevo-Cherkessia's "social problems" meant that the issue could not be merely written off.

Muhammed Cherkesov, head of Adige Hase Cherkess, a group that unites ethnic Circassians in the Caucasus, dismissed the notion of a referendum and said the government could make the decision on its own.

"We have appealed to the federal authorities and are waiting for a decision from them. We do not plan to carry any referendum on the matter," he said, Interfax reported.

Cherkesov said the Circassians wanted a return of the autonomy that they enjoyed from 1926 to 1957. The Soviet authorities, who deported a large part of the Karachay population to Central Asia during World War II, later merged the two ethnic groups into a single republic.

The Circassians represent the third-largest ethnic group in the republic, with less than 50,000 people in the total population of 435,000, which comprises a mix of 80 ethnic groups. Ethnic Russians are the largest group, followed by the Karachays.

The republic, one of the poorest in the North Caucasus, has witnessed repeated violence between the Circassians and Karachays in recent months, Shevkuzhev said.

“In the city of Cherkessk, there is a clash almost every day between the Karachays and Circassians. Karachays are telling the Circassians that the city belongs to them,” he said.

At the congress, delegates also demanded that local authorities find the killers of a local Circassian youth leader, Aslan Zhukov, who was killed in March, and an adviser to the republic's president, Fral Shebzukhov, who was killed last month.

North Caucasus Violence Kills 5

07 June 2010

The Moscow Times

The bomb went off as police and local officials gathered at the store in Sagopshi to investigate the shooting of the shopkeeper by an unidentified gunman. The blast, which had the force of five kilograms of dynamite, killed a policeman and injured 16 other people, including the town mayor and his deputy, Interfax said. A second police officer died later of his injuries.

The shop was totally destroyed.

In the neighboring town of Malgobek, a gunman attacked a group of police officers and explosives experts called after residents discovered two explosive devices next to a World War II monument. The attacker was killed in the ensuing gunfight.

The explosives went off during the attempt to defuse them. No one was injured.

In two separate attacks in Dagestan, a Muslim cleric and a local official were killed.

Imam [Magomed Kazakbiyev](#) died after unidentified gunmen opened fire on worshippers on their way to a mosque in the outskirts of Makhachkala, the regional capital, Interfax reported. Kazakbiyev headed a local group of dissenting Muslims who are not recognized by the region's official Islam or by the radical Wahhabis who have been blamed for much of the region's violence.

Unidentified gunmen also shot dead Asadi Shikhabayev, head of the Magaramkent administration just outside the southern Dagestani city of Derbent. Shikhabayev's predecessor was gunned down in Makhachkala last November, the report said.

Russia, Brazil start visa-free travel

A 2008 agreement between Russia and Brazil on visa-free short-term tourist travel comes into effect on Monday.

However, those who travel to Russia and vice-versa to start a business, to seek an employment, to engage in religious or charity activities, to receive education or training, or to take part in a research, will still be required to obtain a visa.

Brazil is the sixth state in Latin America to scrap visa requirements for Russian citizens, following Venezuela, Cuba, Peru, Ecuador, the Dominican Republic and Argentina.

Police prevent terrorist attack in south Russia

Police prevented on Sunday a large-scale terrorist attack on a gas distribution plant in Nalchik, the capital of Russia's North Caucasus republic of Kabardino-Balkaria, a police spokesman said.

"A cardboard box with three makeshift explosive devices - preliminarily with the total power of up to 5 kg of TNT equivalent - was discovered Sunday at a path leading to the Gazprom gas distribution plant on Severnaya Street," the spokesman said.

He said the devices, which contained electric detonators, portable radios, fuses, nails and screws, were defused on the site, no one was injured.

"According to experts, the planned terrorist attack was to be aimed against civilians," the spokesman said.

Vatican hopes for meeting of pope, Russian patriarch

The Vatican hopes that a meeting between the heads of the Roman Catholic Church and the Russian Orthodox Church will be possible under the churches' current leaders, a Vatican representative said Thursday.

However, hopes for a meeting between Pope Benedict XVI and Patriarch Kirill of Moscow and All Russia have recently grown.

"We are open to this meeting and hope it will become possible during the current pontificate. But we should respect the opinion of the other side, we do not want to and cannot push for it," Cardinal Walter Kasper, the head of the Pontifical Council for Promoting Christian Unity, told RIA Novosti.

"I think this meeting will become possible because it is in the interest of both churches. Pope Benedict XVI and Patriarch Kirill understand each other very well, are close to each other," he said.

The previous head of the Russian Church, the late Patriarch Alexy II, refused to meet with the previous pope, John Paul II, and said outstanding disputes needed to be resolved before any meeting could go ahead with Benedict XVI.

Alexy II died in December 2008 at the age of 79 and was succeeded by Kirill, who was seen as liberal by the conservative standards of the largely traditionalist Russian Orthodox Church.

As head of the church's external relations for more than a decade, Kirill led dialogue with the Roman Catholic and other churches.

As a result of the Great Schism of 1054, Christianity split into the Eastern branch (the Orthodox Church) and the Western branch (the Roman Catholic Church). They have a number of theological and political differences.

Kasper on Wednesday met with Archbishop Hilarion of Volokolamsk, who heads the Moscow Patriarchate's External Church Relations Department and is currently on a visit to Rome.

Kasper said there are spiritual problems facing both churches, adding that "secularism" and "spiritual emptiness" were among them.

New National Holiday Irks Non-Orthodox Faiths

Russia will celebrate a new holiday next month under a decision backed by the Kremlin and Russian Orthodox Church that is stirring up decidedly unholy feelings among non-Orthodox Russians.

The new holiday commemorates the baptism in 988 of Vladimir the Great, who accepted Christianity together with his family and the people of his state, Kievan Rus, the predecessor to the Russian Empire and whose capital was Kiev.

Now Protestant Christians and Muslims want their own holidays, too.

Konstantin Bendas, a senior official with the Russian Union of Christians of the Evangelical Faith, said Christianization of Rus Day has created tensions between the Orthodox church and others faiths, which believe that they also deserve memorial holidays.

"The Protestants have a plan to set their holiday on Oct. 31," Bendas said, referring to the day in 1517 that Martin Luther nailed his 95 theses on the door of a Roman Catholic church and started the Reformation.

Lawmakers in predominantly Muslim Tatarstan are calling for Russia to celebrate the Day Islam Came to Russia on May 16, the date in 922 that Islam was officially approved as a state religion in the Middle Volga region.

Such a holiday would "contribute to an interfaith dialogue and strengthen the international authority of Russia," Tatarstan lawmakers said in a statement.

A spokesman for Tatarstan's parliament declined to comment on the initiative, saying it would be officially debated Wednesday.

Muslims comprise about 6 percent of the Russian population, while less than 1 percent is Protestant, Catholic, Jewish or Buddhist. In contrast, 60 percent to 70 percent of Russians consider themselves Orthodox, although few attend church regularly.

A senior Orthodox official said his church respected the other faiths but their holidays should not be recognized nationally like Christianization of Rus Day.

"Russia is an Orthodox state, and we should not be ashamed of declaring it," said [Vsevolod Chaplin](#), head of the Moscow Patriarchate's department for church and society affairs.

President [Dmitry Medvedev](#) signed a law establishing the new holiday on June 1, marking the latest manifestation of vibrant ties between the state and the Russian Orthodox Church and a chance for politicians to tout improved relations with Ukraine. The legislation was earlier approved by the State Duma and the Federation Council.

In Ukraine, the date was declared a state holiday in 2008, prompting the Russian Orthodox Church to seek a similar decision in Russia. The date is considered by the Russian and Ukrainian Orthodox churches as the beginning of Christianity in the region.

[Sergei Markov](#), deputy chairman of the State Duma's Social and Religious Organizations Committee, said the Duma backed the new holiday in recognition of warmer ties with Ukraine after the election of President [Viktor Yanukovich](#) in February.

"The main reason for the holiday is a vital improvement in relations with Ukraine. It's important now to have mutual dates," Markov told The Moscow Times.

"There are other mutual holidays already, like Victory Day, Women's Day and New Year's, but the more the better," he said.

An overwhelming 422 deputies approved the holiday in the 450-seat Duma in its third and final reading on May 21.

Chaplin, the Orthodox official, said [the holiday](#) promised to build closer ties between Russia and its predominantly Orthodox neighbors, Ukraine and Belarus. "Russia, Ukraine and Belarus have the same cultural roots that define people's lives," he said.

A spokesman for the Ukrainian Orthodox Church said the church welcomed Russia's decision to celebrate the holiday as "an important event that unites brothers."

The holiday also puts Russia at the center of the Orthodox faith, an idea pushed by Russian Orthodox [Patriarch Kirill](#), noted Roman Lunkin, director of the Religion and Law Institute.

In the end, though, ordinary Russians are unlikely to be terribly impressed with the new holiday — one of dozens that are officially recognized by the state and already crowd their calendars.

The country already celebrates eight public holidays, which offer days off work, including International Women's Day on March 8, Victory Day on May 9 and this

weekend's Russia Day on June 12. In addition, there are more than 70 professional holidays, like Paratroopers Day on Aug. 2 and Police Day on Nov. 10. One of them falls on the same date as the new Christianization of Rus Day: Public Relations Day.

Russia a 'Top 5' Loser on Peace

By Alexandra Odynova

Russia has become a much less peaceful nation because of unrest tied to the economic crisis and the aftermath of the 2008 war with Georgia, according to an international peace index released Tuesday.

Russia has become a lot less peaceful country because of unrest associated with the economic crisis and the aftermath of the 2008 war with Georgia, according to an international peace index released Tuesday.

Russia ranked 143rd out of 149 countries, wedged between Georgia at 142nd and Israel at 144th. The list was topped by New Zealand, while Iraq came in last.

Last year, Russia was ranked 136th out of 144 nations.

The “ripple effect” of the five-day war in which Russia routed Georgia's military in August 2008 contributed to Russia's deteriorating rating, but so did internal factors, including those related to the economic downturn.

"Violent demonstrations were adjudged to have become more likely in Russia last year in comparison with the previous year," the report said.

Other key factors included outbreaks of violence in the North Caucasus, the bombing of the Nevsky Express train in November and permanently high rates of homicide and violent crime per capita.

Russia also has "more heavy weapons per head of population than most of the 149 countries surveyed" and is a prominent arms exporter, the report said.

Georgia was also named one of the “top-five fallers” along with Cyprus, the Philippines and Syria.

The Global Peace Index, which used data from the Economist Intelligence Unit, is calculated on the basis of several dozen indicators such as the number of armed services personnel, the numbers of violent demonstrations and conflicts with neighboring states, and the situation with human rights.

The index said the world has become “slightly less peaceful,” mainly because of the consequences of the economic crisis.

Some experts questioned the report's objectivity.

Alexander Khramchikhin, a senior analyst at the Institute of Political and Military Analysis, said the rating is subjective and cannot be regarded seriously.

"It is true that the standard of life is low in Russia, but those ratings don't reflect it," he said.

Russian officials made no immediate comment about the index, but they have complained in previous years that similar surveys are biased against Russia.

The United States ranked 85th, down from 83rd last year, and the United Kingdom, or Great Britain and Northern Ireland, was ranked 31st, up from 35th last year.

Food, Energy & Environment: Eurasia highest volcano erupts in Russia's Far East

The Klyuchevskoy, which lies 220 miles north of Petropavlovsk-Kamchatsky, is one of the largest active volcanoes in the world and reaches an altitude of 15,584 feet. It erupts about every 2-3 years.

Local seismologists said on Monday there was no immediate threat to the residents or tourists in the area, but issued an ash emission warning for air traffic in the vicinity of the volcano.

The Klyuchevskoy started a new active cycle with an eruption in August 2009.

There are more than 150 volcanoes on Kamchatka, 29 of them active.

Another volcano in the area, the Bezmyanny, erupted on May 31, sending clouds of ash to the height of 10 kilometers for about 20 minutes.

Experts say that ash from volcanic eruptions pose a threat to aircraft engine turbines and could also cause problems as it settles on aircraft wings.

The eruption on the Eyjafjallajokull Glacier in Iceland, which began April 14, paralyzed air traffic throughout central and northern Europe, leaving thousands of travelers stranded and forcing more than 20 European countries to close their airspace.

Russian airliner makes emergency landing at Siberia airport

A Russian airliner was forced on Monday to make an emergency landing after its landing gear caught fire during the take off from the Novosibirsk airport.

The aircraft carrying six crew and 120 passengers was on route to Moscow.

"The plane has recently landed at the Tolmachevo airport [in Novosibirsk]. The air carrier has sent a substitute plane from Moscow to Novosibirsk," the regional transport police said.

The Novosibirsk transport prosecutor's office has launched an investigation into the incident.

Geo-strategic:

Germany, Russia Propose New Security Committee

The Associated Press

German Chancellor Angela Merkel and President Dmitry Medvedev have proposed a joint European Union-Russian security committee aimed at resolving regional.

MESEBERG, Germany — German Chancellor [Angela Merkel](#) and President [Dmitry Medvedev](#) have proposed a joint European Union-Russian security committee aimed at resolving regional crises and conflicts.

"This should help to resolve difficult situations better than in the past," Merkel said.

Medvedev arrived Friday for a two-day exchange with Merkel at the Meseberg mansion in the countryside outside Berlin.

Merkel and Medvedev said they covered a wide range of issues in 10 hours of talks, including the euro crisis, financial markets regulation and international issues like Iran, Afghanistan and Central Asia.

The proposed new forum, called the EU-Russia Political and Security Committee, should work on the ministerial level, with EU High Representative [Catherine Ashton](#) and Foreign Minister [Sergei Lavrov](#) in charge, they said in a joint written statement.

Its main purpose should be to "establish ground rules for joint EU-Russia civil/military crisis management operations," the statement said. In addition, it should work on specific issues, conflicts, and crisis situations, it said.

The first issue to be tackled could be the Transdnestr conflict that has troubled Russia, Ukraine, Moldova and the EU for almost two decades, it said.

The cooperation "could include a joint EU-Russia engagement, which would guarantee a smooth transition of the present situation to a final stage," according to the statement.

No agreement was reached, however, on lifting visa obligations for travels between Russia and the European Union.

Merkel said Germany has always taken a "careful approach" toward the visa question.

"It is not about postponing this forever," she added. "We are now at the stage where we will very specifically talk about what needs to be done to lift the need for visas."

Medvedev reiterated that Russia was ready to go ahead with ending visa obligations.

"If we can agree on this, this will change the quality of our lives," he said. "This will make us true strategic partners."

On Iran, he and Merkel declared that the five world powers negotiating with Tehran supported a new set of international sanctions.

Medvedev said "agreement on the sanctions exists," despite the fact that "nobody wants sanctions."

"We hope the voice of the international community will be heard by the Iranian leadership," Medvedev said.

Merkel said sanctions could be passed by the United Nations Security Council "in the near future."

Russia has been traditionally opposed to sanctions for Iran, a longtime trade partner, but in recent months officials have shown less patience with Iran's refusal to stop enriching uranium and heed other council demands meant to reduce suspicions over its nuclear aims.

"I am very happy that we can stand here jointly today and say that this is a joint position not only of the European Union, the United States of America and Russia, but also of China," Merkel said. "That is an important step the international community has made here."

Moscow has recently joined the other four UN Security Council members — the United States, China, Britain and France — to tentatively back a draft fourth set of UN sanctions against Iran.

Russian task force concludes anti-piracy mission off Somalia

A Russian Pacific Fleet's task force, led by Udaloy-class missile destroyer Marshal Shaposhnikov, has accomplished its anti-piracy mission in the Gulf of Aden and set sail to its home base in Vladivostok.

"The task force has been on a tour of duty [off the Somali coast] for more than two months. It escorted 11 convoys totaling over 100 commercial vessels from different countries. The task force is on its way home," Capt. 1st Rank Roman Martov, a Pacific Fleet spokesman, said on Monday.

Navy commandos from the [Marshal Shaposhnikov freed the Russian Moscow University tanker](#) during a 22-minute operation on May 6. Ten attackers were detained and one was killed. None of the crew members was injured.

The Russian Navy has maintained a near-permanent presence off the Horn of Africa, with warships operating on a rotation basis. Russia joined international [anti-piracy efforts](#) off the Somali coast in October 2008.

The task force was the fourth group of warships from the Russian Pacific Fleet engaged in the anti-piracy mission off Somalia, with the previous three task forces led by the Admiral Vinogradov, Admiral Panteleyev and the Admiral Tributs destroyers. The Northern and Baltic fleets have also sent task forces to the region.

Russia's Military Weakness May Lead to USA's Aggression

As a result, Russia has fallen 25 or even 30 years behind its potential enemies in air defense technologies.

“Nowadays, military space attacks decide everything. The experience of the recent local wars is a very good proof for that. The USA, however, has been developing its forces successfully. They have launched a military spacecraft, a fifth-generation jet, and they also work on the Prompt Global Strike concept,” Kornukov said.

Anatoly Sitnov stated that Russia had lost over 300 unique technologies in the field of combat air force and missile defense. It goes about the reusable space transportation system, super heavy An-225 Mriya aircraft, a military orbital complex and developments in the field of missile technology.

“Those who conquer space, conquer the world. When we were launching laser weapons into space, we were told that space should not be militarized. We stopped the project, but the USA continues to test such weapons,” Sitnov said.

Pravda.Ru interviewed military experts Vladislav Shurygin, Alexander Khranchikhin and Ivan Yerokhin to find out if they agreed or disagreed with the views of the above-mentioned officials.

“Kornukov's and Sitnov's remarks are a reflection of today's severe reality. Russia has not been making anything new in the field of aerospace weapons. The things that we have now come from the times of the USSR. This goes to the fifth-generation jet too,” Mr. Shurygin said.

“We have decommissioned about a thousand of combat planes which could not operate due to the lack of spare parts. Most of the planes that we have now will be decommissioned in six years maximum.

“As for the aerospace weapons, Russia gave it all up while NATO has been working on the project very actively. That is why NATO members take the colossal advantage of Russia in the field of informational and analytical systems, communication, navigation systems, etc. All of that is the result of the policies which Russia has been conducting in its defense complex since the 1990s.