

# Globalized Business and politics; A View from Muslim world

## Weekly report on Russia

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## **Summary of the Report:**

### **Political Front:**

**Head of another Russia's North Caucasus republic wants to change his title** President of Russia's North Caucasus Republic of Karachayevo-Cherkessia on Sunday expressed wish to rename his title into "head" instead of "president". On Thursday, media reports said Chechen President Ramzan Kadyrov had sent a letter to the Chechen parliament, proposing that his title be changed to another term meaning "regional head."

**Medvedev suggests reviving Soviet-era projects in Afghanistan** Resolution of a number of social issues depends on the extent to which we will be able to restart these [economic] processes, Medvedev said at a meeting with his Afghan, Pakistani, and Tajik counterparts in the Russian Black Sea resort of Sochi.

**Romania names Russian diplomat in latest 'spy' scandal – media** Bucharest has declared a Russian diplomat persona non grata in yet another spy scandal after Moscow detained a Romanian official on similar grounds, a Romanian news agency reported on Wednesday.

**Police operation underway in southern Russia after recent terrorist attack (Update)** At least 30 people were injured after a car bomb exploded outside a cafe in downtown Pyatigorsk on Tuesday. The power of the blast was equivalent to 40 kilograms of TNT, police said. Four of the most serious wounded were flown to Moscow for medical treatment. Several other victims have been hospitalized in the Stavropol region.

## **Economic Front:**

**Russia hopes to boost economic ties with Pakistan – Medvedev** Russia hopes to develop economic cooperation with Pakistan, Russian President Dmitry Medvedev told his Pakistani counterpart in Sochi on Wednesday. "We would like to continue cooperating in fighting terrorism, drug trafficking and international crimes. That's why everything we discussed earlier could be continued, even though [we have] good political dialogue, it is very important to develop economic ties," Medvedev told Pakistani President Asif Ali Zardari.

### **Gazprom Neft first half net profit up 42 pct to \$1.5 bln (Update 1)**

First half 2010 net profits at Gazprom Neft, the oil division of Russia's energy giant Gazprom, rose 42 percent year-on-year to \$1.501 billion to U.S. GAAP, slightly exceeding analysts' expectations, the company said on Wednesday.

**(Cyber Space) Groupon expands to Japan and Russia** Internet bargain-hunters in Japan and Russia will soon be able to get their Groupon. The fast-growing privately held Web company, which groups customers for everything from dental services to restaurants to try and get a price break -- said on Tuesday it acquired two rivals: Japan's Qpod and Russia's Darberry.

**Russian mafia buying jobs in police and judiciary** Jobs in Russia's law enforcement sector are being bought by the mafia for more than £30,000 a time, such is the level of corruption, according to a new report

## **Social Front**

**Recreational Drugs: Road to Hell** Interesting data was obtained from a recent poll of Russians conducted by the Public Opinion Research Center. Almost three quarters of respondents said that they did not have people in their circle that used "recreational" drugs. The truthfulness of these responses appears highly questionable. After all, according to the UN, Russia is already the third largest country in the world in terms of the number of drug addicts among citizens.

**Russia Today: The war on poppies in Afghanistan** So it is time to destroy the illusion for those who think that recreational drugs are as appropriate as alcohol and cigarettes. It would also be worth arguing on the topic of "safety" of tobacco and alcohol for health.

**Foreign firefighters end their mission in Russia** The danger of wildfires in Russia is diminishing. According to Emergency Situations Ministry, the territory under forest fires has halved and the number of wildfires has reduced five times. These fires pose no threat to settlements. Volunteers, including the foreign rescue groups have provided invaluable help to firefighters in extinguishing them.

**Russian cultural watchdog faces the ax – paper** Russia's cultural watchdog, Rosokhrankultura, which opposes the construction of a 403-meter tower in the historic center of St. Petersburg, may be scrapped, a Russian business daily said on Wednesday.

**Putin thanks foreign pilots for tackling wildfires in Russia** Russian Prime Minister Vladimir Putin thanked on Tuesday the foreign governments and pilots who have contributed to efforts to extinguish wildfires in Russia. The wildfires that have been raging across Central Russia since mid-June have claimed 53 lives and left over 3,500 people homeless.

**Moscow reduces alcohol sales hours in stores** Moscow authorities have shortened the period during which shops may sell hard alcohol in line with the Kremlin-led campaign to crack down on alcohol abuse, a source in the city administration said on Wednesday.

**Deadly Suicide Attacks in North Caucasus** Later on Tuesday, a powerful bomb exploded in a parked car outside a crowded cafe in the same region, wounding at least 20 people, two of them critically, Russian news agencies said, citing police sources.

**Founder of School of Sexual Magic of Ancient Slavs Put on Federal Wanted List** Vladimir Plakhin, a writer and the supervisor of the so-called "School of Sexual Magic of the Ancient Slavs" is wanted by Russian law-enforcement agencies. The man is suspected of committing acts of sexual abuse against girls of minor age under the guise of "patriotic sexual upbringing."

**Russia's Liberal Oppositionists Madly in Love with Putin** Russia's "liberal" opposition has been repeating the name of the Russian prime minister for weeks already. Is there any explanation to that? Who is guilty of the forest fires? Putin . Who is guilty of the poor harvest ? Putin . Who is guilty of the smog that shrouded Moscow and several other Russian cities ? Putin in the first place, and then local officials. It seems that Putin is guilty of the anomalous heat wave too.

**Moscow became a disgusting rogue city** A Moscow racist and Islam-hating website, Stringer, which is tightly controlled by the terrorist gang of the KGB, reported in an article by its editor-in-chief Tokareva about the situation in Moscow and nice future prospects for Islam in it. The KGB knows better. The website writes:

## **Food, Energy & Environment:**

**Temporary ban on grain exports comes into force in Russia** On Sunday Russia a temporary ban on grain exports came into force in Russia, and is expected to be in place until the end of this year. The Russian government may revise the ban after October 1, when the size of the harvest volumes becomes clearer. According to preliminary estimates, the drought ruined crops on about 11 million hectares.

**Experts Predict Global Hunger Riots Amid Food Prices Hysteria** The situation with food prices in the world has been hysterical recently. In Russia, prices on food have already increased considerably as a result of the drought. The Russian government banned the export of crops,

which boosted the prices on wheat and resulted in panic comments from Western experts who started predicting global hunger riots.

**Russia Today: Russia forced to introduce ban on wheat export after severe drought** As a result, world prices on wheat have skyrocketed (50 percent) since June 2010. Wheat became eight percent more expensive immediately, after Putin decided to ban the export of this product from Russia. Prices on pork, rice, oranges, coffee, cocoa and tea have been growing too. Western experts say that such a state of affairs will trigger hungry mutinies in third-world countries.

**Russia's agricultural watchdog may cut Brazilian meat imports** Russia's Federal Service for Veterinary and Phytosanitary Surveillance, Rosselkhozadzor, may impose restrictions on meat imports from Brazil if its veterinary service fails to inspect as soon as possible Brazilian plants supplying meat and poultry to Russia, the watchdog said on Wednesday.

**Moscow sets tenth temperature record for August** Temperatures in Moscow have broken a tenth record since the beginning of August, with temperatures of 32.5 degrees Celsius (90.5 degrees Fahrenheit) recorded on Wednesday, the Fobos meteorological center said. The previous record of 31.2 degrees Celsius (88.2 degrees Fahrenheit) for August 18 was registered in 2008, a meteorologist at the center said.

**Moscow Weather Back to Normal After Fires** With smoke from wildfires cleared and temperatures down to 70 degrees, Muscovites finally got a breath of fresh air. After weeks of gagging on noxious fumes from surrounding wildfires and melting under 100-degree temperatures, not to mention fretting over radioactive smoke, Muscovites are finally in the clear.

**Russia May Supply Electricity to Afghanistan, Pakistan to Increase Clout** Russia may join an international project to supply Pakistan and Afghanistan with power from Central Asia, as the Kremlin seeks to regain influence in the region. President Dmitry Medvedev discussed the project with his counterparts from Pakistan, Afghanistan and Tajikistan, the Russian Energy Ministry said in an e-mailed statement today. Medvedev hosted a regional summit yesterday in the Black Sea resort of Sochi.

## **Geo- Strategic Front**

**Germany to send nuclear waste to Russia by 2011 – paper** Authorities of the southeastern German land of Saxony have taken decision to send a shipment of nuclear wastes to Russia by 2010, the German Sachsische Zeitung said on Sunday. Russia is the only country in the world accepting uranium hexafluoride in industrial quantities.

**Kursk Submarine Sank Because of US-Soviet Arms Race** Many versions of the death of the nuclear submarine were discussed: the plundering of equipment, the launch of a missile from the Pyotr Veliki cruiser, a WWII mine, the lamentable situation of the navy during the 1990s and others.

**Russia Today: Kursk submarine tragedy remembered ten years later** Statistic data say that Russian submarines sink more often than foreign ones do. After 1945, the Navy of the USSR and then of the Russian Federation has lost 16 submarines. Seven of them were nuclear-powered: K-8 on April 8, 1970; K-56 on June 14, 1973, K-429 on June 24, 1983, K-219 on October 3, 1986, K-278 Komsomolets on April 7, 1989, K-141 Kursk on August 12, 2000, K-159 on August 30, 2003.

**Kremlin ready to publish Lukashenko's promise on Abkhazia, S. Ossetia** The Kremlin may publish the transcript from a CSTO summit in which Belarusian President Alexander Lukashenko said he was ready to recognize Abkhazia and South Ossetia, a senior Russian presidential official confirmed on Wednesday

**Russia to extend military presence in Armenia by 24 years** The term of a 1995 bilateral treaty on the Russian military base in Gyumri, northern Armenia, will be extended from 25 to 49 years, Eduard Nalbandyan said. Under the amendments to the treaty, to be signed in the course of the Russian president's forthcoming visit to Armenia, the base "will ensure the interests of Russia and the security of the Republic of Armenia," he said.

**Pre-launch preparation of Russian Rokot carrier rocket near completion** The Plesetsk space center in northern Russia is about to complete pre-launch preparations of the Rokot carrier rocket, scheduled to blast off in early September, a defense ministry spokesman said on Wednesday.

**Russia Sets Date for Crucial Step in Iranian Nuclear Start-Up** The company, Rosatom, said technicians would move tons of low-enriched uranium fuel from a storage site into the reactor on Aug. 21, the first of three steps in starting it up, a process that will take months.

**Kursk Submarine Sank Because of US-Soviet Arms Race** Many versions of the death of the nuclear submarine were discussed: the plundering of equipment, the launch of a missile from the Pyotr Veliki cruiser, a WWII mine, the lamentable situation of the navy during the 1990s and others.

**Russia Opening Iran Nuclear Plant Advances Goal to Play Power-Broker Role** Russia will switch on Iran's first nuclear power plant tomorrow as the government seeks to bolster its global influence by acting as a power broker between the U.S. and its European allies and the Persian Gulf nation. Rosatom Corp., the state-run Russian company building the plant at Bushehr in southern Iran, plans to open it after repeated delays over 15 years of construction.

## **Detailed Report:**

### **Political Issues:**

#### **Head of another Russia's North Caucasus republic wants to change his title**

Kadyrov called on presidents of Russia's North Caucasus republics to ask the lower house of the Russian parliament, the State Duma, for new titles on Friday.

"The idea itself is very well-timed and truthful; it is related to the fact that the word "president"... has acquired some sacral sense both in Russian language and in our political system," Ebzeev said.

Kadyrov said there should only be one president in Russia and regional heads should have different titles. The vast majority of regional leaders are known as governors, but most of Russia's 21 republics have presidents.

"I think that "head" is an absolutely correct title," Ebzeev said.

The parliament of Karachayevo-Cherkessia will consider Ebzeev's initiative in September.

A Kremlin source said that the idea to devise a common title for regional heads has been under discussion for a long time, and that the process may be launched now on a voluntary basis.

#### **Medvedev suggests reviving Soviet-era projects in Afghanistan**

Russian President Dmitry Medvedev proposed on Wednesday breathing new life into bilateral economic projects in Afghanistan, Pakistan and Tajikistan launched during the Soviet era.

He said the four countries had a number of projects, mainly in energy and social development, that were started during the Soviet era.

It was not immediately clear what their status was at present.

"I believe it would be a good idea to revisit them so as to add momentum to economic development and tackle a number of pressing issues," Medvedev said.

Earlier on Wednesday, Medvedev had bilateral meetings with his Pakistani, Afghan, and Tajik counterparts.

#### **Romania names Russian diplomat in latest 'spy' scandal – media**

MEDIAFAX said that the first secretary of the Russian Embassy in Bucharest, Anatoly Akopov, was declared persona non grata in a tit-for-tat move on suspicions of espionage and gave him 48 hours to leave the country.

On Monday, Russia's Federal Security Service (FSB) announced that Gabriel Grecu, first

secretary of the political department of the Romanian Embassy in Moscow, had been detained in Moscow while trying to obtain military secrets from a Russian national.

On Tuesday, Romania's Foreign Ministry said a Russian diplomat of "equivalent ranking" to Grecu - i.e., first secretary, would also be expelled, but did not release any names.

The Russian Foreign Ministry's website lists Anatoly Akopov as a member of the embassy staff in Bucharest.

RIA Novosti was unable to receive an official comment on the issue from the ministry.

According to the Russian Federal Security Service (FSB), Grecu was operating in the Romanian embassy "under cover of the first secretary of the government relations department." The alleged spy was in possession of various pieces of espionage equipment. After several hours of interrogation, he was released and given 48 hours to leave the country.

A spy scandal broke out in late June between the United States and Russia when 10 people were arrested in the United States, and several days later an 11th spy was detained in Cyprus. The spies were freed in a swap deal between Russia and the United States. Russia swapped four alleged U.S. spies for 10 alleged Russian spies.

### **Police operation underway in southern Russia after recent terrorist attack (Update**

Police in the south Russian Stavropol region are carrying out a special operation to round up suspects in a terrorist attack in the spa town of Pyatigorsk, a police spokesperson said on Wednesday.

"A [search] operation is underway to detain the armed criminals who are suspected of carrying out the terrorist attack in Pyatigorsk," Vasily Kuvaldin said.

Police in the region have been put on high alert, Kuvaldin said.

President Dmitry Medvedev ordered the head of the Russian Federal Security Service (FSB) to take all possible action to get to the bottom of the incident.

Pyatigorsk is the capital of Russia's North Caucasus Federal District, which includes the volatile republics of Chechnya, Dagestan and Ingushetia, where terrorist attacks and militant clashes are common.

## **Economic Issues:**

### **Russia hopes to boost economic ties with Pakistan – Medvedev**

The Russian leader noted that no progress in bilateral economic cooperation has so far been reached.

"The last time we discussed with you this prospect of cooperation. I hope that we will be able to continue discussing this issue now in terms of bilateral economic cooperation and four-party

cooperation in a number of projects," Medvedev said.

The Russian and Pakistani leaders held an individual meeting in the southern Russian city of Sochi on Wednesday on the sidelines of the quadrilateral summit which also gathers the presidents of Tajikistan and Afghanistan.

The four leaders arrived in Sochi to discuss Afghanistan settlement, the fight against terrorism and drug trafficking as well as regional trade and economic cooperation.

Medvedev also expressed condolences to the Pakistani leader following the deadly floods in the north of the country in which at least 1,600 people have died and some 20 million were affected by the disaster.

The floods, caused by the heavy monsoon rains, were the most severe in 80 years. Thousands of houses were destroyed in the country and entire villages were washed out.

"This is a severe disaster which caused many deaths and unfortunately brought great damage. We mourn with you and are ready to provide assistance to the Pakistani people," Medvedev said.

### **Gazprom Neft first half net profit up 42 pct to \$1.5 bln (Update 1)**

Revenue rose 61 percent to \$15.322 billion, Gazprom Neft said in a statement.

Analysts expected a net profit of \$1.46 billion and revenue of \$14.915 billion.

Gazprom Neft also posted a second quarter 2010 net income of \$747 million under US GAAP.

The bottom line is up 3% year-on-year from the second quarter 2009 net income of \$725 million, with second quarter 2010 EBITDA also up 3% to \$1.55 billion as revenues climbed 52% year on year to \$8.026 billion.

The company said the results reflected an 8% rise in production, coupled with higher prices over the reporting period.

Russian First-Half Foreign Direct Investment Slides 11% From Year Earlier

By Paul Abelsky and Maria Levitov - Thu Aug 19 08:51:19 GMT 2010

Russian foreign direct investment fell an annual 11 percent to \$5.4 billion in the first half, easing its decline after an 18 percent plunge in the first quarter.

Overall foreign investment, including credits and flows into the securities markets, slid 5.5 percent to \$30.4 billion, the Moscow-based Federal Statistics Service said in an e-mailed statement today.

Russia's vulnerability to the pace of the global economic recovery makes it "a less attractive investment proposition right now" than countries like Turkey, Chris Weafer, chief strategist at UralSib Financial Corp. said by e-mail.

The world's biggest energy supplier has been slow to recover from its worst contraction on record, lagging behind its peers in emerging markets. Gross domestic product may expand more than 4 percent this year after contracting 7.9 percent last year, according to the Economy

Ministry. Brazil has achieved the fastest economic growth in 15 years, while India's government predicts GDP will expand this year at the quickest rate since 2008.

Russia's manufacturing industry received the largest amount of investment, attracting \$10.9 billion, followed by the mining sector and wholesale and retail industry, according to the Statistics Service. Cyprus was the largest foreign investor in Russia, followed by the Netherlands, Luxembourg and Germany.

### **(Cyber Space) Groupon expands to Japan and Russia**

LOS ANGELES (Reuters) - Internet bargain-hunters in Japan and Russia will soon be able to get their Groupon.

The fast-growing privately held Web company, which groups customers for everything from dental services to restaurants to try and get a price break -- said on Tuesday it acquired two rivals: Japan's Qpod and Russia's Darberry.

It plans to soon rebrand both businesses under its own name and website design. The terms of the deal were not disclosed.

Groupon -- a combination of "group" and "coupon" -- helps buyers band together for group discounts from retail and service companies, who agree to the deals after a critical mass of buyers has been reached.

The brainchild of former University of Chicago graduate student Andrew Mason, the company has grown rapidly since it was founded in November 2008. It received \$1 million in seed money from Chicago technology entrepreneur Eric Lefkowsky and now has more than 13 million subscribers in 29 countries, and over 1,200 employees worldwide.

This year, it raised \$135 million, much of it from Digital Sky Technologies, the Russian investment fund that backs Facebook and games company Zynga.

"We are focusing our people and capital on markets with the largest return on investment and these markets represent a tremendous global e-commerce opportunity for us," Rob Solomon, president and chief operating officer, said in a statement.

Japan has the world's largest retail market after the United States, according to the Japan External Trade Organization. Russia saw its retail market increase 3.4 percent in the first half of this year, based on findings from the country's Federal State Statistics Service.

### **Russian mafia buying jobs in police and judiciary**

Jobs in Russia's law enforcement sector are being bought by the mafia for more than £30,000 a time, such is the level of corruption, according to a new report.

It warned that Russian law enforcement structures were increasingly intertwined with the country's organised crime scene and said the most popular job to be bought and sold on the black market was that of a traffic policeman.

It cost the equivalent of £32,000 pounds to "buy" a traffic cop's job, it disclosed. Anyone with enough money to buy themselves such a post is likely to recoup their money rapidly though.

## **Social/ Humanitarian:**

### **Recreational Drugs: Road to Hell**

As we know, people pay their first visit to drugs black-market being completely healthy. It is later when they become sick and need serious medical care. But in most cases it all starts with the so-called recreational drugs - marijuana, hashish, etc.

As evident from the recent poll, 7 percent of Russians absolutely seriously believe that recreational drugs can be sold in stores along with tobacco or alcohol. From this statement we can make the assumption that they are potential buyers of such goods.

Fortunately, the vast majority of respondents (90 percent of them) disagrees with such a dangerous point of view and believes that recreational drugs are as dangerous as all others. At the same time, 73 percent of respondents said that their circle does not include people who use drugs. Only 12 percent of respondents admitted to have friends who use illicit substances, and another 19 percent were unsure, but admitted such a possibility.

Meanwhile, the reality still seems to be more pessimistic. According to the Ministry of Health of Russia, over the past 10 years, the number of addicted citizens in the country grew by 60 percent, and as of February 2010 was already nearly 550 thousand people. In the UN's rating, Russia takes third place in terms of the number of drug addicts, after Iran and Afghanistan.

### **Russia Today: The war on poppies in Afghanistan**

Drugs do not become "soft" just because they are called this way. In fact, in medical practice, they are on par with those substances that cause a person terrible physical and mental harm.

"Most likely, the so-called "softness" of drugs is estimated based on social significance. Teenagers often think that marijuana, hemp, and smoking blends are harmless fun. But such "fun" often brings young people to specialist treatment. Damage caused by soft drugs is already manifested at the time of first exposure by typical anxiety. As a result of systemic use, humans may experience a set of irreversible changes: immunotoxicity, hormonal regulation, memory loss, problems with vision and perception. But it is all individual and depends on the intensity of the impact of the substance itself," Andrei Krachevsky, a psychiatrist, told Pravda.ru.

Entering a human body, drugs cause a sharp improvement in mood and well-being by changing biochemical processes. Subsequently, drugs affect the transmission of nerve impulses, and in addition make brain cells to "unlearn" to produce endorphins, also called "hormone of happiness." An individual has to use drugs all the time to experience positive emotions. It is a sort of a reflex. Without these substances a person's life becomes uninteresting and bland.

"It causes very persistent psychological dependence, which is difficult to influence. Opiates cause it quickly. At the same time there are a lot of patients who have become dependent on recreational drug. The terrible social significance of the drug is reduced because of the word "recreational" in the title; yet, the risk of getting addicted is greater. There are three types of addiction: biological, psychological and macro. People that start using these drugs think they are the same fun as alcohol or cigarettes, and they do not notice that they no longer belong to themselves," tells Krachevsky.

In addition, it is evident that persistent dependence on recreational drugs may lead to transition to opiates to obtain a more tangible effect.

However, in some countries marijuana is legalized. Legislation of the Netherlands is loyal to the dissemination and storage of weed. The lists of controlled substances of the UK, Italy, Canada and some U.S. states and Australia have milder status for cannabis. It belongs to the drugs whose import, sale and possession provides only for a conditional sentence.

UN Convention still considers cannabis plant a heavy drug. Russian law also includes hashish, marijuana, hemp products and hemp oil into the list of substances whose circulation is prohibited on the territory of Russia. So the relative softness of these drugs remains relative. Both in terms of legislation and medical point of view, the consequences of their use will be most severe.

### **Foreign firefighters end their mission in Russia**

Russian rescuers have been among the first groups to render their assistance after natural calamities in many countries, including earthquake-hit Haiti, floods-hit China and forest fires raged Serbia. The Emergency Situations Ministry is capable of sending swiftly its rescuers to any country in case of necessity. It's very pleasant to mention that when Russia needed assistance it hadn't to appeal for help. The foreign rescuers offered their assistance themselves, Russian Prime Minister Vladimir Putin said at an awarding ceremony.

"It's pleasant to know that when we are in trouble, we do not have to ask for help or support," says Vladimir Putin. "Almost all of our partners responded, showing their solidarity with Russia. I had an opportunity to see how pilots extinguish fires. This needs skills, precision, self-control, calmness and courage. I would like to express gratitude to you and your governments," Vladimir Putin said.

Pilots from Azerbaijan, Ukraine, Italy, Turkey, Kazakhstan, Belarus and France took part in smothering wildfires. The foreign firefighter group included about ten aircraft and helicopters. They made over 200 flights and dropped tons of water on fires. Meanwhile, Bulgaria, Latvia, Estonia and Poland sent their rescuers' groups. With their assistance, several dozen villages and settlements and hundreds of hectares of forests were saved from fires.

The local people thanked the foreign rescuers at the bottom of heart. They offered fruits and vegetables from their gardens to the rescuers. There was no a language barrier in communication. The pleasure of averting danger united them.

Vladimir Putin personally thanked the foreign rescuers who ended their mission. They were awarded with Russian-made "Aviator" watches inscribed by the Russian Prime Minister. They were taken on an excursion in Moscow. Many of them hope to visit once again to Russia, but

under more favourable circumstances.

Meanwhile, the creation of a unified meteorological special task force is being discussed at the intergovernmental level. Floods in Eastern Europe and forest fires in Russia and Portugal show the necessity of a rapid reaction force to cope with large-scale natural calamities.

### **Russian cultural watchdog faces the ax – paper**

Rosokhrankultura, a unit of the Russian Culture Ministry, is the only organization in Russia that monitors the observance of laws on the protection of cultural heritage.

Kommersant said Putin ordered Russian Culture Minister Alexander Avdeev to prepare a bill to transfer Rosokhrankultura's functions to the Culture Ministry.

Avdeev earlier sent a letter to Putin, asking him to transfer Rosokhrankultura's functions to the Culture Ministry, citing a need to strengthen the ministry's structure.

The Russian government said the issue had been discussed but refused to comment on the outcome, saying no final decisions had been made.

The move can only be finalized by Russian President Dmitry Medvedev, who established Rosokhrankultura in 2004, the paper said.

Plans by Russian energy giant Gazprom to build the Okhta Business Center in downtown St. Petersburg, which is a UNESCO world heritage site, have outraged local residents and public activists. Many believe the construction will distort the city's low skyline.

The UNESCO World Heritage Committee discussed the construction of the tower at a session in the Brazilian capital Brasilia that ran from July 25 - August 3. Three days before the session, Putin signed a decree extending the powers of Rosokhrankultura.

Russian President Dmitry Medvedev and Director of UNESCO's World Heritage Centre Francesco Bandarin have criticized the project of the construction. Medvedev guaranteed Russia would comply with international norms on the protection of historical monuments.

Opponents of the construction say local authorities are turning a blind eye to the city's planning restrictions for buildings over 100 meters tall and dismissing Russia's commitment to the UNESCO World Heritage Convention.

Earlier this month, St. Petersburg City Court upheld the ruling of a district court giving the green light for the construction of the skyscraper in the city's historic city center.

Protesters say they will appeal to the Presidium of the City Court, but the odds are against them.

### **Putin thanks foreign pilots for tackling wildfires in Russia**

Pilots from Ukraine, Belarus, Kazakhstan, Azerbaijan, Italy, France and Turkey took part in smothering the wildfires, while many other countries contributed rescue workers.

"It is particularly pleasant to know that when we are in trouble, we do not have to ask for help or support. Practically all of our partners responded, showing their solidarity with Russia," the

premier said.

Putin himself took part in putting out forest fires in Ryazan Province on board an amphibious firefighting plane.

The premier spent half an hour as co-pilot on a Be-200 plane, scooping up water from the nearby Oka River and dumping it on fires some 200 kilometers southeast of Moscow.

He dropped approximately 24 tons of water on two fires, completely extinguishing both.

### **Moscow reduces alcohol sales hours in stores**

Currently, Muscovites are not allowed to buy alcohol from 11:00 p.m. to 8:00 a.m. The new rules, extending the period by three hours, will come into force in September.

"From September 1, 2010, retail sales of alcohol production of more than 15% ABV are banned from 10:00 p.m. to 10:00 a.m.," the source said.

The document also bans prefectures from issuing permits to sell alcohol round-the-clock in local shops.

Beer, wine and bottled alcoholic "light" cocktails with no more than 15% alcohol content are not affected by the new law. Restaurants and nightclubs are also not affected by the new law and may serve alcoholic beverages 24 hours a day.

The Russian government has declared an anti-alcohol campaign and aims to halve consumption by 2020 and root out illegal production and sales. However, one in four Russians believes no measures taken to fight alcohol abuse will be effective.

In April 2010, the Moscow Region authorities banned alcohol sales from 9:00 p.m. to 11:00 a.m. However, there is no nationwide legislation on the issue in Russia, and in many other regions alcohol is still available 24 hours a day.

Official statistics in Russia show more than 23,000 people die of alcohol poisoning annually. In an effort to fight bootlegging, Russia introduced on January 1 a minimum price for vodka.

Alcohol consumption in Russia per capita is currently about 18 liters a year, twice the critical norm set by the World Health Organization.

### **Deadly Suicide Attacks in North Caucasus**

MOSCOW — A suicide bomb attack on a police checkpoint in Russia's violence-plagued North Caucasus region on Tuesday killed at least one officer and wounded several others, investigators said.

Both attacks occurred in areas not normally associated with the violence typical of the region.

Suicide bombings and other attacks, often directed against police and government officials, occur almost daily in the majority-Muslim areas of the North Caucasus like Chechnya, where government forces still struggle to control a simmering Islamist insurgency.

The suicide bombing at the checkpoint occurred in North Ossetia, a mostly Orthodox Christian region of the North Caucasus, where violence in recent years has been rare.

The police released few immediate details of the attacks on Tuesday.

“There were two dead, one of which was the terrorist,” a local police spokesman said by telephone. “All that was left of him was the head and legs.”

A source with the North Ossetia police told the Interfax news agency that a man in his 20s set off a suicide belt when he was stopped by the police at a checkpoint close to the border with Ingushetia, a volatile majority-Muslim republic that has had uneasy relations with North Ossetia in the past.

In the early 1990s, bloody interethnic fighting erupted over a territorial dispute between North Ossetia and Ingushetia in the border area between the regions, where Tuesday’s violence occurred.

Still, North Ossetia has been relatively quiet for some years, particularly compared with neighboring regions. A suicide attack in 2008 in North Ossetia’s capital, Vladikavkaz, killed about a dozen people.

North Ossetia saw its worst bout of violence in 2004 when militants from neighboring Chechnya seized a school in Beslan, taking more than 1,000 children, parents and teachers hostage. More than 300 were killed when explosions rocked the school and Russian forces raided it.

The second blast on Tuesday occurred in Pyatigorsk, the capital of the North Caucasus Federal District, an administrative configuration created by President Dmitri A. Medvedev this year as part of a package of reforms meant to address the problems of the region.

Investigators said the blast, which damaged several nearby buildings and cars, was the result of a terrorist attack, and Mr. Medvedev ordered Russia’s top security officials to investigate.

### **Founder of School of Sexual Magic of Ancient Slavs Put on Federal Wanted List**

Three underage victims of the pedophile have been identified for the time being, Interfax reports with reference to the Moscow Office of the Public Prosecutor. The girls are under 16, but they attended the classes at the "School of Sexual Magic."

Plakhin was holding his classes in his apartment in Moscow. The teen students were subjected to ideological treatment, which allowed Plakhin to commit illegal acts of rape against them.

The sect was organized to suppress the personal will of teenagers. The child molestation process was disguised as ancient rituals with patriotic feelings to them.

Plakhin would pervert girls under 16 years of age. He would commit acts of sexual intercourse with them after they reached 16 saying that he would have to do that to transmit mysterious power to them. The teenagers were unaware of the actions, which their tutor was taking towards them, Life News reports.

As a result, the female students of Plakhin's "school" suffered serious psychological trauma and

developed adjustment disorder in combination with disturbed emotions and behavior.

The author of the book "Sexual Magic of the Ancient Slavs" and the leader of the sect bearing the same name has been put on the federal wanted list.

A similar story took place last month in Russia's Orenburg region, where authorities neutralized another sect organized by pedophile. The perpetrator organized "The Orenburg City Foundation for Self-Improvement" and was conducting illegal activities for 17 years.

The head of this "organization", Vyacheslav Vesnin, 44, formerly worked as a psychiatrist at a local mental institution. He established the foundation for self-improvement in 1993. The organization counted up to 300 members, mostly adults, who referred to their leader as "Master." Many of the sect members would often bring their children to the classes.

When searching his cottage on the outskirts of Orenburg - the place where sectarians gathered, specialists found many child drawings.

"Let's take this drawing, for example, made by a little girl. The girl obviously has mental issues because little girls never draw women's breasts and genitalia. This is a question of unhealthy sexuality," a psychologist said.

### **Russia's Liberal Oppositionists Madly in Love with Putin**

The Russian "non-system" opposition acts like a passionate woman who can only think about the object of her admiration. She can not think about the constitution, the laws and the tactics of her actions. Just think about it: "non-system" Russian liberals have not elaborated any program throughout their existence.

All they can think about is Putin.

The story is a moth-eaten one. Putin created the "KGB regime," he dissolved "independent television," he "introduced censorship," "destroyed the economy," "gave rise to corruption," "exacerbated the crisis" and "took incorrect measures to overcome its consequences." Before all that, he "misplaced the assets of the stabilization fund" and was "working on his third term in the office."

The list of Putin's sins is a long one indeed. It continues with his efforts to "unleash the Chechen war" and "explode apartment buildings," which someone supposedly orchestrated either for Putin's profit or Putin organized them himself, or he failed to prevent those acts of terrorism - oppositionists differ in their opinions here.

Perhaps, it is hard to find something in Russia, where Putin could be referred to as an innocent man, as "liberals" believe. Hardly had Putin arrived in a burnt village, when it became known that he "abolished the institute of foresters and the forest aviation," which made him responsible for the settlements destroyed in the fire.

Hardly had Putin boarded the BE-200 water bomber, when the head of the government was accused of making "publicity stunts " against the background of the national tragedy. Why is it so?

## **Moscow became a disgusting rogue city**

"Diplomats from embassies of world powers left Moscow with their families. The governments of many countries declared that living in Moscow is a health hazard of their citizens.

That smells an international scandal. Moscow quickly loses the status of a territory suitable for living. Fires of radioactive forests in Bryansk complete the picture.

There is not a single corner left in the Moscow suburbs wherever the smoke and fumes didn't penetrate. There is no place to rescue in Moscow. There is nothing to breathe.

Moscow and Moscow region steadily evolved from a showcase of the country into a rogue city, full with now senseless shopping centers, wholesalers companies, offices and skyscrapers, which prevent air circulation and complement the picture of carbon monoxide poisoning.

It is impossible to live without clean air. And living in Moscow and outside of it is now dangerous for health. Lung cancer is guaranteed. And civilized people are now fleeing from Moscow.

Such is the a fate of disgusting cities, where life expectancy is less than fifty years, where kids turn green and suffer from asthma. Parents go in search of doctors who could cure their children from exophthalmia due to thyroid disease, enlarged liver, cancer of the blood and so on.

More White people will soon leave this city, and they will be replaced by Darks. A few years later, only Tajiks from vegetable markets will live in the luxurious Moscow district Rublyovka with its palaces and villas. They will occupy vacant houses, like the homeless occupied cottages in the radioactive zone of Chechnobyl, where they picked radioactive mushrooms and berries and enjoyed life until they died.

The period of ruling Russian Christian Orthodoxy in Moscow and the region came to an infamous end with a complete victory of "our minor brethren". I remember morning radio awakenings with "Allah Akbar!" during my holidays in Egypt.

There'll be nobody left to resist - everyone will simply run away from here, and the conquered territory will be seized by mullahs, together with belongings of Kremlin wives, and upholstered furniture from Rublevka.

All mega-cities, like Empires, come to a further stage of development, the final of which we are now experiencing in our skins, until the last white-collar clerk leaves the city and the city is left for wholesale pillage"

## **Food/ Energy & Environment:**

### **Temporary ban on grain exports comes into force in Russia**

A scorching heat wave has gripped much of European Russia since mid-June, coupled with the

worst drought since the 1970s.

A total of 60-65 million metric tons of grain are expected to be harvested in Russia this year, compared to 97.1 million metric tons in 2009.

This agricultural year, Russia can afford to export no more than 4.5 million tons of grain, the Agriculture Ministry said on Thursday.

Analysts said the short term losses for the Russian economy from the record-breaking heat wave and accompanying drought and wildfires may amount to 1% of 2010 GDP, or around \$15 billion.

President Dmitry Medvedev said the Russian government must protect local grain producers and exporters, who may face legal action over broken contracts due to the grain export ban.

"We have put our producers and those engaged in exports into a difficult situation and we did this deliberately," Medvedev said. "But if we did it, we must stand behind them to protect them, create the necessary legal evidence to show that it was a force majeure... and that they were unable to supply their customers."

Russia was ranked the world's fourth largest grain exporter in the past several years, after the U.S., the EU and Canada.

Last year, Russia exported 21.4 million metric tons of grain, with Egypt, Turkey, Pakistan, Azerbaijan, Syria, Jordan, Iran, Libya, Bangladesh and Yemen being the largest consumers.

### **Experts Predict Global Hunger Riots Amid Food Prices Hysteria**

Extreme weather conditions have affected many parts of the globe this year, not just Russia alone. Torrential rains in Brazil and Colombia affected the harvest of cocoa beans. In India, crop acres of rice have declined as a result of massive floods. The reduction of the wheat production is expected in Canada, where floods also caused severe damage to the national agriculture.

### **Russia Today: Russia forced to introduce ban on wheat export after severe drought**

Growing food prices may doom over 100 million people to hunger, Ben Russell wrote in an article published by The Independent. Hunger-caused riots took place last year in Haiti, Mozambique, Senegal and Indonesia.

The UN Food and Agriculture Organization (FAO) revised the world forecast for the production of wheat in 2010. The world market will receive 651 million tons instead of the previously planned 676 million tons, which marks a reduction of nearly 20 tons. However, spokespeople for the organization believe that there is no need to panic. They claim that the world market of wheat remains more stable now than it was during the food crisis in 2007-2008. Therefore, they say, there is no reason to believe that another world food crisis will shatter the world soon.

Russia may have serious problems with buckwheat. A large domestic company producing buckwheat, sent disturbing notifications to its partners. The company informed the partners of the price increase of 35 percent on its product and said that it was forced to restrict the sales of

buckwheat. The new harvest will arrive only from Russia's Altay region. The crops in many other territories have been destroyed with the drought. Wholesalers will have all reasons to raise prices to receive as much profit from buckwheat as possible.

The absence of buckwheat on the market is not a big tragedy, but it is obvious that prices on all other products will be growing inevitably against such a negative background.

### **Russia's agricultural watchdog may cut Brazilian meat imports**

Roselkhoznadzor has already sent a second necessary official notification to the Brazilian government, it said.

In October 2009, the National Veterinary Service of Brazil guaranteed that all the veterinary and sanitary requirements of the Russian legislation would be fully met during the export of animal products to Russia.

"Roselkhoznadzor expresses deep concern over the absence of a response to the previous letter concerning the coordination of the inspection terms sent to the Veterinary Service of Brazil at the beginning of June this year," Roselkhoznadzor said in a statement.

Before inspections at Brazilian plants are launched, Roselkhoznadzor has tightened the monitoring of meat products from Brazil to the Russian market, it said.

### **Moscow sets tenth temperature record for August**

This is the 21st temperature record registered in Moscow this summer. Two records were broken in June, ten in July and ten in the first half of August.

A scorching heat wave has gripped much of western Russia since mid-June, sparking wildfires and causing the worst drought in decades.

Moscow and a dozen other cities were wrapped in a thick layer of smog for days on end in early August. Health experts said pollution levels were so high that breathing was as dangerous as smoking several packs of cigarettes a day.

This week has seen a considerable drop in temperatures, signaling a possible end to the heat wave, which meteorologists earlier predicted would last until mid-August.

### **Moscow Weather Back to Normal After Fires**

With smoke from wildfires cleared and temperatures down to 70 degrees, Muscovites finally got a breath of fresh air.

After weeks of gagging on noxious fumes from surrounding wildfires and melting under 100-degree temperatures, not to mention fretting over radioactive smoke, Muscovites are finally in the clear.

A day after breaking the record daily high for the 22nd time this summer, temperatures here on Thursday dropped to a more customary 70 degrees, with an almost giddy Russian news media

reporting that the next few days would bring still cooler weather.

Meanwhile, overnight rains helped clear the smoke, and showers over the next few days should help keep the air clean. Worries that wildfires in areas contaminated by the 1986 Chernobyl nuclear disaster would send up plumes of radioactive smoke also seem to have been unfounded.

“Today is so nice. It is simply paradise compared with the last month and a half,” said Tatyana Yefremova, 52, a financial consultant, who was sunning herself on a bench in a park. “Today is probably the first day that I wanted to just go out and walk. I can breathe!”

For nearly two months, Russians in the west of the country have been suffering the worst heat wave in over 130 years. The 100-degree temperatures — at times about 25 degrees higher than normal — and a lack of rain led to wildfires that scorched huge swaths of land, consuming entire villages and leaving more than 50 people dead.

The heat appears to have killed hundreds more. With reports of morgues filling up and of waiting lists at cemeteries, Moscow officials were forced to break weeks of silence amid mounting public pressure, announcing this month that the daily mortality rate doubled during the height of the heat wave.

The suffering was compounded for Muscovites and other residents of western Russia, for whom the summer is a sweet, though terribly short, respite after spending nine months or more putting up with snow and ice. When the cold breaks, about all anyone wants to do is strip off as many layers of clothing as decency allows and bask in the warmth for a few precious weeks.

It is a time of outdoor music festivals and trips out of the city to country houses or to a favorite swimming hole. Verandas and outdoor cafes sprout up with the new flowers, allowing people to sip frosty beverages past midnight in the lingering northern sun.

But this summer had many people here pining for winter snows.

“We waited and waited for summer,” Ms. Yefremova said. “And ended up with this awful heat.”

Instead of shorts, sundresses and flip-flops, Muscovites donned surgical masks. Rather than spend lazy evenings drinking at outdoor cafes, they camped out at the homes of friends or relatives, anyone with an air-conditioner.

Yelena Grishina was one of the few people stuck outside for the worst of it. A vendor of roasted nuts in Moscow’s Hermitage Garden, Ms. Grishina, 52, said she was given no weekends off and forced to sit at her little cart through heat and smoke, selling a snack for which nobody seemed to

have an appetite.

“I have sweet and salty nuts, and nobody wants to eat them because they want to drink and eat ice cream,” she said.

On Thursday, however, things appeared to be looking up.

“I’m in a good mood today. It’s not hot, not cold, just very nice weather. There is no smoke or heat,” Ms. Grishina said. “If there is no rain, September and October will be good for business.”

The number of acres burning in Russia’s central regions fell precipitously in the last 24 hours, Yelena Smirnyx, a spokeswoman for the Emergency Situations Ministry, said Thursday. Only about 20 acres continued to burn in the Moscow region, she said.

Over all, nearly 28,000 acres were still burning across Russia, the ministry said, down from a high of about 44,500.

Russia’s leaders will no doubt hope that the improving conditions will ease some of the public anger over the government’s response to the fires. Emergency officials appeared overwhelmed at times by the scale of the calamity. With firefighters overstretched and saddled with aging equipment, volunteers were sometimes forced to pitch in to save villages from approaching fires. Sergei Shoigu, the emergency situations minister, said Thursday that fire damage could amount to about \$400 million, the Interfax news agency reported.

President Dmitri A. Medvedev and Prime Minister Vladimir V. Putin, who typically stay above the fray and beyond criticism, saw a slight dip in their approval ratings over the last few months.

On Thursday, Russia’s chief public health official, Gennady Onishchenko, who was criticized for initially playing down the dangers of the heat and smoke, warned people to take things slowly while their bodies adjusted to the temperature change.

“Any sharp change in temperature, whether an increase or decrease, is taxing on the body,” he said, according to the RIA Novosti news agency.

Of course, when the subject is the weather someone is going to be unhappy about something, and sure enough at least one person could be found grumbling about the cooling temperatures, which could drop into the 40s by the weekend.

Seated on a park bench, a light jacket over her shoulders, Elena Yevgenyevna, 52, said she came to Moscow two days ago from the Siberian town of Novokuznetsk to escape an anomalous cold

spell that had spoiled the typically hot summer there.

“It’s cold there. The temperature is between 50 and 60 degrees and rainy,” she said. “I came here to warm up, and now it is getting colder.”

## **Russia May Supply Electricity to Afghanistan, Pakistan to Increase Clout**

By Lucian Kim - Thu Aug 19 10:46:14 GMT 2010

Russia may join an international project to supply Pakistan and Afghanistan with power from Central Asia, as the Kremlin seeks to regain influence in the region.

President Dmitry Medvedev discussed the project with his counterparts from Pakistan, Afghanistan and Tajikistan, the Russian Energy Ministry said in an e-mailed statement today. Medvedev hosted a regional summit yesterday in the Black Sea resort of Sochi.

Tajikistan and Kyrgyzstan, the two poorest former Soviet republics, are planning to build transmission lines that will supply Pakistan and Afghanistan during times of surplus power.

While the Soviet Union waged a 10-year war in Afghanistan, it also built energy and transportation infrastructure. Russia lost clout in the region after the five Central Asian republics declared independence in 1991. Medvedev said it “makes sense” for Russia to return to Soviet-era projects, according to the statement.

The regional electricity project, dubbed CASA-1000, is backed by the Asian Development Bank, the World Bank and the Islamic Development Bank. In its first stage, it would supply 1,000 megawatts from Kyrgyzstan and Tajikistan to Pakistan and 300 megawatts to Afghanistan.

Medvedev met yesterday with Afghanistan’s Hamid Karzai, Pakistan’s Asif Ali Zardari and Tajikistan’s Emomali Rakhmon.

## **Geo-Strategic:**

### **Germany to send nuclear waste to Russia by 2011 – paper**

The shipment will include 951 used fuel slugs from nuclear pile placed at the German Dresden-Rossendorf research center, a spokesman for the Saxon Ministry of Science and Arts said.

The Rossendorf nuclear pile was built in the German Democratic Republic with the assistance of the USSR, however it went out of service in 1991. The reactor's fuel slugs have been dumped in the Ahaus interim nuclear storage facility since 2005.

The expense of the shipment is assessed at approximately 10 million Euros (\$12.75 million). Three transport vessels, each of them equipped with special containers, will conduct the transportation.

German environmentalists and ecologists have voiced concerns over the move. Placing nuclear waste in any country doesn't mean getting rid of it, they said.

Germany is capable of storing its nuclear wastes itself, Vladimir Chuprov, head of the Greenpeace Russia's energy department said. Russian environmentalists may organize anti-nuclear waste protests, he added.

In February 2010, Russian activists conducted several protests against nuclear waste transportation to Russia and its storage in the country.

The dangerous cargo belonged to the French nuclear group Areva, which has a contract with Russia. According to the deal, few thousand tons of depleted uranium were to be transported to the country.

### **Kursk Submarine Sank Because of US-Soviet Arms Race**

On August 12th, Russia marked ten years since the Kursk submarine disaster - the largest tragedy in the history of the Russian navy, which claimed the lives of 118 men.

Pravda.Ru was the first publication to set forth the version of Kursk's collision with an American submarine. French film director Jean-Michel Carré made a documentary based on this supposition: "Kursk, A Submarine in Troubled Waters" (2005).

The Russian governmental commission concluded in 2002 that the submarine had sunk as a result of the on-board torpedo explosion. The criminal case filed into the sinking of the submarine was closed two years later.

### **Russia Today: Kursk submarine tragedy remembered ten years later**

The list continues with nine diesel subs: December 15, 1952 - S-117 Makrel, November 23, 1956 - M-200 Mest, August 22, 1957 - M-351, September 26, 1957 - M-256, January 26, 1961 - S-80, January 11, 1962 - B-37 and C-350, March 8, 1968 - K-129, October 21, 1981 - S-178.

The US Navy has lost four submarines (some sources say three) during the post-war period. Two of the lost US subs were nuclear powered. Nine diesel submarines of other countries sank during that time (two British, two French, one Israeli, one German, one Peruvian, one Brazilian and one Chinese).

It is worthy of note that the number of Russia's operating submarines doubles the number of US subs. The number of submariners killed in accidents with all foreign fleets totals 585 people during peace time. The sad list of the Soviet and Russian navy has 857 people on.

Konstantin Sivkov, the first vice president of the Academy of Geopolitical Problems, said in an interview with Pravda.Ru that such a high percentage of accidents with Russian submarines can be explained with the fact that the submarines were operating far away from the Russian waters.

### **Kremlin ready to publish Lukashenko's promise on Abkhazia, S.Ossetia.**

On Saturday, presidential aide Sergei Prikhodko said the Kremlin was ready to publish the transcript.

Prikhodko made his statement on the Russian president's orders, Deputy Chief of Staff Alexei Gromov said, adding that reports that Medvedev was "dissatisfied" with his aide's words were false.

Lukashenko promised to recognize the independence of the former Georgian republics of Abkhazia and South Ossetia during a Collective Security Treaty Organization (CSTO) summit on August 3.

The Belarusian president has not yet acted on his promise, complaining that Russia has refused to help his country cope with the consequences of such a step.

Medvedev will snub Lukashenko for his failure to deliver on the promise at a forthcoming CSTO summit in the Armenian capital of Yerevan on August 20-21, Russian business daily Kommersant said on Monday.

Russia recognized Abkhazia and South Ossetia shortly after a five-day war with Georgia in August 2008. Fighting broke out when Georgian forces attacked South Ossetia in a bid to bring it back under central control.

Nicaragua, Venezuela and the tiny island nation of Nauru are the only other countries to have recognized the republics.

Georgian President Mikheil Saakashvili and Lukashenko have repeatedly claimed that Belarus is under pressure from Russia to recognize Abkhazia and South Ossetia.

Experts say Belarus has been dragging its feet because it fears that the move would strain its relations with the West.

### **Russia to extend military presence in Armenia by 24 years**

Russia's military presence in Armenia will be extended by another 24 years, the Armenian foreign minister said on Wednesday.

President Dmitry Medvedev will visit Armenia on August 19-20 at the invitation of President Serzh Gargyan, the Kremlin press service announced on Tuesday.

Russia will also provide Armenia with arms and modern military equipment, the minister said.

Russia's 102nd Military Base has been deployed in Gyumri since 1995 as part of a CIS integrated air defense system. It is under the command of Russia's North Caucasus Military District.

It is armed with S-300 surface-to-air missile systems and MiG-29 fighters. The base has around 5,000 personnel.

### **Pre-launch preparation of Russian Rokot carrier rocket near completion**

The rocket is expected to deliver into orbit the Gonets-M satellite to be used in Russia's Glonass satellite navigation project.

"Simultaneously, the launch complex's ground-based equipment is being prepared, and the spacecraft's performance check is being conducted," Lt. Col. Alexei Zolotukhin said.

Glonass - the Global Navigation Satellite System - is the Russian equivalent of the U.S. Global Positioning System, or GPS, and is designed for both military and civilian use. Both systems enable users to determine their positions to within a few meters.

Russia currently has a total of 22 Glonass satellites in orbit, but only 16 of them are functional. The system requires 18 operational satellites for continuous navigation services covering the entire territory of Russia and at least 24 satellites to provide navigation services worldwide.

### **Russia Sets Date for Crucial Step in Iranian Nuclear Start-Up**

MOSCOW — In a move sure to disappoint United States diplomats trying to halt Iran's nuclear program, the Russian state nuclear power company said Friday that it would take a crucial step later this month toward starting Iran's first nuclear power plant.

"The event will symbolize that the period of testing is over and the stage of physical start-up has begun," Rosatom said in a statement. The company said a ceremony was planned, to be attended by senior Iranian and Russian officials.

The United States had asked Russia to delay the plant's start-up until Iran stopped uranium enrichment and allayed concerns that it was using its civilian nuclear program as a cover for weapons development.

Iran says its nuclear program is intended to generate electricity and produce medical isotopes, not to make a nuclear weapon.

The construction and start-up of the plant, near Bushehr, a city in southern Iran, have been plagued by dozens of delays since Russia took over the work there in the mid-1990s.

Russian officials, who are also concerned about Iran's nuclear progress, had long appeared to use the plant's construction schedule and the drawn-out start-up process as leverage with Iran's leaders and in wider Russian diplomacy in the Middle East. Often, delays for ostensibly technical reasons have come just days after Russian leaders made statements critical of Iran.

For months, the Russians have been setting out an August start date for the plant, but it seemed plausible that the date could be pushed back. Tehran has said that the plant has been ready for start-up since February 2009, when the reactor core was successfully tested.

In the step scheduled for Aug. 21, fuel will be shifted from storage to the reactor chamber. The second stage involves loading the fuel assemblies into the hardened stainless steel core. The final

step is bringing the fuel rods close enough to begin the nuclear reaction.

Each of the 160, hexagonal fuel assemblies weighs about 700 kilograms, or 1,540 pounds, and loading a core typically takes about a month, Vladislav P. Bochkov, a spokesman for Rosatom, said in a telephone interview. "Then the rods are lowered and a chain reaction begins," he said.

Russian technicians would bring the reaction to the minimal sustainable level, and then conduct tests on controls and radiation shields for two to three more months before the plant would begin generating electricity.

As soon as the fuel is irradiated it will begin to produce plutonium that could be used in an atomic weapon, and for this reason Russia has insisted on the spent fuel's return as a condition for completing and fueling the plant.

The 64 tons of low-enriched uranium that Russia supplied for use near Bushehr far exceeds the 5,300 pounds the Iranians have produced for themselves to date, according to estimates by the International Atomic Energy Agency.

Under a policy put in place by the Bush administration, the United States has supported the Russian fuel shipments, but not the decision to start the plant. That is because the Russian fuel meets all the needs for the plant near Bushehr, largely removing the rationale for an enrichment program.

The Kremlin has dismissed criticism that it is putting its narrow commercial interests ahead of the security of Europe and Israel, saying the \$1 billion Bushehr contract, signed in the early 1990s, is no longer even profitable. It also says the Bushehr plant is a critical step in the process of bringing all of Iran's nuclear activities under the aegis of the International Atomic Energy Agency.

### **Kursk Submarine Sank Because of US-Soviet Arms Race**

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The Russian governmental commission concluded in 2002 that the submarine had sunk as a result of the on-board torpedo explosion. The criminal case filed into the sinking of the submarine was closed two years later.

### **Russia Opening Iran Nuclear Plant Advances Goal to Play Power-Broker Role**

By Yuriy Humber and Lucian Kim - Thu Aug 19 21:00:00 GMT 2010

Russia will switch on Iran's first nuclear power plant tomorrow as the government seeks to bolster its global influence by acting as a power broker between the U.S. and its European allies and the Persian Gulf nation.

Rosatom Corp., the state-run Russian company building the plant at Bushehr in southern Iran,

plans to open it after repeated delays over 15 years of construction.

Iran, under United Nations sanctions because of concern it is concealing a nuclear weapons program, will become the first Middle East country to produce atomic energy when Bushehr goes online. Russia, which joined U.S.-led efforts to tighten the UN embargo, is using the opening to soothe Iranian anger while keeping a potential energy rival isolated.

“As long as there’s an Iran problem, the West will need Russia,” said Rajab Safarov, head of the Center for Contemporary Iranian Studies in Moscow. “And Russia will feel like an important geopolitical player.”

Relations sank to a low in June after Russian President Dmitry Medvedev called on Iran to stop its “irresponsible behavior” and Russia supported new UN sanctions. Iranian President Mahmoud Ahmadinejad responded by saying countries that helped the U.S. pressure Iran would be considered “enemies.”

International sanctions have prevented Iran from realizing its potential as an energy supplier, especially to Europe, where Russia holds 25 percent of the natural-gas market. Iran is the world’s fourth-largest oil producer and has the second-biggest gas reserves after Russia, according to data compiled by BP Plc.

#### ‘Keeping Up Tensions’

“Just keeping up tensions in the region is beneficial to Russia because they keep up the price of crude oil and block Iranian gas from the world market,” said Mikhail Korchemkin, director of East European Gas Analysis, a Malvern, Pennsylvania- based industry consultant.

Russia signed a \$1 billion contract for the Bushehr plant in 1995. Completion was delayed by payment disputes and questions about Iran’s other nuclear projects.

“The Russians are looking to get Bushehr started to show the world that even under tough conditions they can stand by their commitments,” Iranian Vice President Ali Akbar Salehi, told the state-run Islamic Republic News Agency on Aug. 17. It will be a “thorn in the eye of ill-seekers.”

Moscow-based Rosatom will provide the fuel for Bushehr and dispose of spent nuclear material under the supervision of the UN’s International Atomic Energy Agency.

“The Bushehr technology cannot be used for military purposes even if the authorities wanted to,” said Anton Khlopkov, director of the Center for Energy and Security Studies in Moscow. “The Iranian government will try to use Bushehr to show the population how advanced the economy is.”

#### Enrichment Concern

The U.S. and its allies say they recognize Iran’s right to civilian nuclear power. They have focused their criticism on a uranium enrichment plant at Natanz, a second being built at Qom and a heavy water reactor under construction at Arak, all of which could be used to produce material for nuclear weapons.

Russia's involvement in Bushehr "underscores that Iran does not need its own enrichment capability if its intentions, as it states, are for a peaceful nuclear program," White House spokesman Robert Gibbs said Aug. 13 in Washington.

Iran says it will need to enrich uranium as it builds 20,000 megawatts of nuclear capacity to meet the needs of a growing population. That compares with about 23,000 megawatts in Russia.

The argument isn't convincing because it would be easier for Iran to import enriched uranium than produce it, said Vladimir Sazhin of the Institute of Oriental Studies in Moscow.

#### Diplomatic 'Market-Maker'

Concern about enrichment helped push Russia to support a fourth round of UN sanctions. U.S. President Barack Obama has made a joint position on Iran a priority in his "reset" of relations with Russia.

"Russia's been the market-maker in Iran diplomacy," said Cliff Kupchan, a senior analyst at Eurasia Group, a New York-based political risk consultant. "They've been the key on UN resolutions. Russia is both the carrot and stick provider."

Russia has similarly dangled the delivery of S-300 anti-aircraft missiles in front of Iran, with the Kremlin sending conflicting signals over whether the deal would fall under the new UN sanctions. The missiles could be used to protect Iran's nuclear facilities from air strikes.

Russia shouldn't overplay its hand because Iran is a potential arms buyer and could meddle in the mainly Muslim North Caucasus region, said Ruslan Pukhov, director of the Center for Analysis of Strategies and Technologies in Moscow. Russia may have lost \$4.5 billion in future contracts because of the delay in delivering the S-300 missiles, according to Pukhov.

#### Gas Contracts

While Moscow-based OAO Gazprom, Russia's biggest energy company, is considering deals in Iran, sanctions limit opportunities. Restrictions on investment prevent Iran from joining international pipelines, building liquefied natural gas projects and competing for European gas contracts.

The completion of Bushehr is the minimum needed for Russia to maintain relations with Iran, said Fyodor Lukyanov, editor of the Moscow-based journal *Russia in Global Affairs*.

"If Russia had refused to finish Bushehr it would have ruined relations," he said. "The question is if relations will develop any further."