

Globalized Business and politics; A View from Muslim world

Weekly report on Russia

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Summary of the Report:

Political:

“Iran wants nuclear capability – not a bomb”

Talking about the Bushehr nuclear power plant, Vyacheslav Nikonov pointed out that the Iranian nuclear program which worries Americans, Europeans, and Russians is not about Bushehr – it is about some other facilities which Iran has.

Russia seeks new sea routes to Asia

Russia's biggest private gas producer, Novatek, is acting as a pathfinder, as it wants to open up a direct route to export its liquefied natural gas to Asia. The arrival of the tanker Baltika, with 70,000 tonnes of gas condensate aboard, in the Eastern Russian port of Pevek signified a new milestone in that ambition.

“Republic heads should decide on their titles themselves” – Medvedev

Russian republics and subjects of federation should decide for themselves what to call their heads, said President Dmitry Medvedev concerning recent initiatives to stop naming them presidents.

Washington welcomes Moscow's rhetoric on Iran

I think this is just indicative of the cooperation – and shared perspective – that the United States and Russia have reached on this issue based on the extensive dialogue that the presidents have had, the secretaries of state and foreign ministers have had, the defense officials have had over many, many months,” stated Crowley while commenting on Dmitry Medvedev’s recent statements.

ROAR: Russian-Ukrainian relations “unprecedented”

The heads of states of the Commonwealth of Independent States (CIS) will meet in Chisinau, Moldova on October 9. However, there will be no separate meeting between the Russian and Ukrainian presidents, the media report

Russian, Armenian presidents express hope in development of cooperation

Sargasyan and his wife Rita on Thursday evening gave a dinner in honor of the Russian leader and his wife, Svetlana, who arrived in Yerevan on a state visit. The Armenian president said in July that Medvedev's visit to Armenia would become a new stage in bilateral relations.

Appeal Made to Thai Leader for Russian in Arms Case

The lawyer for Viktor Bout, a Russian accused of being an arms trafficker, filed a last-ditch appeal to Thailand's prime minister on Monday in an effort to prevent his client's extradition to the United States.

Piracy: Unlawful Noble Act

The Internet is full of reports saying that "Russian security agencies are going to stop the work of two major metropolitan centers selling electronics, home appliances and media vehicles – Gorbushka and Gorbushkin Dvor. There was a wide variety of reports. Some wrote that prosecutors are about to officially close the entire complex, others claimed that the press-service of the police department in Moscow did not hear anything about it. The most common was the information that the disks were checked for licenses and that 26,000 discs have been confiscated.

Russia and Romania Expel Diplomats

Romania's Foreign Ministry has announced that Moscow had been told that a Russian diplomat would be expelled from Bucharest in retaliation to the expulsion of a Romanian diplomat from Moscow a day earlier.

Sarkozy to propose new ties between Russia, EU, NATO, OSCE

France intends to make specific proposals on Russia's relations with the European Union, NATO and OSCE in September to secure stability in the Euro-Atlantic zone.

Russian opposition leader jailed over march attempt

A Moscow court jailed for three days on Thursday a leader of the opposition Solidarity movement on charges of attempting to stage an unsanctioned march.

Economic Issues:

Russian mini-sub finds possible Tsarist gold in Lake Baikal

The Russian Mir-2 mini-sub has found several shiny metal objects on the bottom of Lake Baikal that could be the legendary Tsarist gold lost during the Russian civil war, the Fund for the Protection of Lake Baikal said.

Russia to raise import taxes on foreign cars to boost domestic market

Russia will gradually raise import duties on foreign cars to encourage international car producers to build new plants in the country, a Russian business daily said on Tuesday, citing Prime Minister Vladimir Putin.

Sibirtelecom posts 1H 2010 Net Profit of 2.4 billion roubles

Sibirtelecom, the fixed line provider in Russia's Siberia, has posted a 1H 2010 Net Profit of 2.4 billion roubles under IFRS.

Black Earth Farming posts 1H 2010 Net Loss of \$7.3 million

The bottom line was up 42% year on year from a loss of \$12.7 million, despite EBITDA jumping 138% to \$3.1 million from the negative \$8.1 million EBITDA in 1H 2009, despite revenues declining 50% to \$19 million in 1H 2010 from \$38 million a year before.

Moscow mayor's \$130 billion transport modernization plan rejected

The Russian presidential council for financial market development has rejected an initiative put forward by the Moscow Mayor to spend some 4 trillion rubles (\$130 billion) over the next 10 years on modernizing Moscow's transport infrastructure, a Russian business daily said on Tuesday.

Putin participates in opening ceremony of Russia-China oil pipeline's Russian section

At the beginning of the opening ceremony Putin called the pipeline a multidimensional project to step up Moscow-Beijing energy cooperation. "This is vital project for us as we diversify the deliveries of our strategic raw materials. Thus far, we made the major deliveries to Europe...The Asia-Pacific region received unsubstantial volumes," Putin said.

Social/ Humanitarian:

Islamophobia, America's new anti-communism

Islamophobia was quick to rise after the 9/11 attacks in the US but recently it has emerged again, following controversial plans to build a mosque near Ground Zero, with President Obama backing the decision.

Russian authorities struggle to market legal gambling zones

After some failed attempts to relocate gambling spots to designated zones, Russia is considering building a family-friendly casino resort in the more popular holiday area near the Black Sea.

Russia's Sharapova named world's highest-paid female athlete

Russian tennis star Maria Sharapova was named the world's highest-paid female athlete by Forbes magazine. Sharapova pulled in \$24.5 million over the past year, she earned \$1 million in prize money and the rest was derived from endorsements and appearance fees, Forbes said.

At Least 16 Die in Russian Raids

At least 14 militant suspects and two police officers have been killed in three raids in the country's volatile North Caucasus region, the police said Saturday.

Russia To Honor Most Famous Nun of All Times

A monument to the most famous nun of all times - Mother Teresa - will appear in Russia. The name of this Catholic ascetic, who dedicated her life to helping other people, is recognized in the whole world and is closely associated with holiness and kindness. This year, the outstanding woman would celebrate her 100th birthday

Jailbird lovebirds to marry in Russian prison

A couple accused of the murders of lawyer Stanislav Markelov and journalist Anastasia Baburova want to get married and face their trial as husband and wife.

Yevgeniya Khasis and Nikita Tikhonov submitted a request to the investigator on their case, rather than a registrar office, who will then decide if he is going to do anything about it, Moskovsky Komsomolets reported.

Chechen militants killed 5 police in Kadyrov's home village

He said some militants who were filming the attack managed to escape. "We are confident that they will be found," he said, adding that the nearby forest was being searched. A source in the power structures of the North Caucasus Federal District told RIA Novosti earlier that there could have been as many as 30 militants.

Food / Energy & Environment:

Russia Faces Gloomy Aftermath of Forest Fires

The Russian summer of fires and heat is drawing to its end. Nearly all forest fires in the country have been extinguished. Now the country will have to face the aftermath of the natural disaster, which unexpectedly took the national scale and affected many lives. Experts are now trying to calculate the damage, which the fires caused, hoping that the total number will not exceed 10 billion rubles.

Russia's Record-Breaking Heatwave Comes to Dramatic End

The storms yesterday in four regions, including the Leningrad region around St. Petersburg, packed winds as high as 30 meters per second (67 mph), the Emergency Situations Ministry said on its website today. Almost 79,000 people still had no electricity at 6 a.m. local time, and all customers should have power back by 8 p.m., the ministry said.

Russia to step up environmental control over Arctic shelf development

Russian authorities will increase environmental control while developing its Arctic continental shelf, Deputy Natural Resources Minister Sergei Donskoi said on Friday.

Geo-Strategic:

Israel seeks to halt Russian arms sales to Syria

The Israeli leadership claims that militants have used Russian-made weaponry on a number of occasions in the past, including during the Second Lebanese War in 2006. Back then, Netanyahu said, Russian missiles that had previously been delivered to Syria were later transferred to Hezbollah and used against Israeli Defense Forces. He also recalled an incident with anti-shiping missiles C-802 that Syria purchased from China and that were later deployed by Hezbollah against an Israeli destroyer

Russia demands “action, not words” over NATO, US anti-missile system

In a speech that outlined NATO's mission for the 21st Century, Hillary Clinton emphasized that the 28-member military organization presents no threat to Russia. And Russia is not sitting by idly as NATO continues to encroach eastward. At a February 5 session of the Russian Security Council, President Dmitry Medvedev said he had approved Russia's updated military doctrine, which ranked NATO expansion as a major threat. And the Europeans, despite a better-than-average educational system, are viewing the issue myopically, as if the United States itself, as it has proven so tragically in Iraq, will not carry out some military mission that is (yet again) diametrically opposed to Europe's interests. So let the Americans build their anti-missile system, but at least make darn certain that more than one nation's finger is on the trigger. The fact that Washington refuses to relinquish such almighty control speaks volumes about their real intentions.

Russia drops European border missile plan.

Earlier, Russia's Defense Ministry had already said that Moscow would not place Iskander missiles in the Kaliningrad region near Poland. Now the news has been officially confirmed by the president.

ROAR: “Moscow will defend diplomatic solution on Iran until last second”

Israeli Prime Minister Benjamin Netanyahu is on his first official visit to Russia after he visited Russia “secretly” in September last year, the media say. On February 15 he met with President Dmitry Medvedev and is also expected to meet Prime Minister Vladimir Putin. Israel is not only interested in Moscow's support for the new resolution. *“The unsolved issue of deliveries of Russian S-300 surface-to-air missile systems to Iran became the second part of Netanyahu's Iran agenda,”* Kommersant said.

Abkhazia and South Ossetia: Two Years of Independence, But No Peace

August 26th marks two years since Russia's recognition of the independence of Abkhazia and South Ossetia. The two republics decided to separate from Georgia after the wars in 1989-1992 and 1992-1993. South Ossetia was declared independent on May 29, 1992. Abkhazia declared independence on November 26, 1994.

Russia Today: Policy on S. Ossetia and Abkhazia to remain unchanged – Medvedev

Moscow has been able to achieve considerable progress in developing dialogue with the two republics during the recent two years. Three other countries - Venezuela, Nicaragua and Nauru - recognized the independence of the two countries as well.

Russia Deploys S-300 Missile Systems in Abkhazia

The deployment of the S-300s drew immediate protest from Georgia. The Foreign Ministry called it an "extremely dangerous and provocative step that presents a threat not only to the Black Sea region but to European security as a whole."

Russia denies deployment of S-300 missiles in South Ossetia

There is no truth to the Georgian Foreign Minister's statement that Russia has deployed S-300 air defense systems in South Ossetia, a source in the Russian Defense Ministry said on Wednesday. "There are no Russian S-300 systems on the territory of South Ossetia. There is no need for it," the source said.

Detailed Report:

Political Issues:

“Iran wants nuclear capability – not a bomb”

Political scientist Vyacheslav Nikonov spoke with RT on some of the most pressing issues concerning Russia, from Iran’s first nuclear power plant to alleged Russian arms dealer Viktor Bout.

Talking about the Bushehr nuclear power plant, Vyacheslav Nikonov pointed out that the Iranian nuclear program which worries Americans, Europeans, and Russians is not about Bushehr – it is about some other facilities which Iran has.

“Actually, Russia provided Iran with a nuclear reactor of the same type that Americans were supposed to provide to North Korea to prevent them from having nuclear weapons,” he said. “This is a light water reactor which is not capable of providing any weapons-grade uranium; and all fuel will be provided by Russia, and all waste fuel will be taken away by Russia.”

“If you follow the reactions of the major countries to the Bushehr opening, which by the way, is not there yet, this station will produce electricity only by December, the reaction is quite neutral, or even positive,” he added. “The only country which reacted negatively was Israel, but it reacts negatively to whatever happens in relations of Iran with any other country, since they are isolating Iran.”

Russia seeks new sea routes to Asia

A Russian gas tanker completed a pioneering voyage this week through the Northern Sea route, with the new journey expected to transform global trade.

Russia is keen to open up the Northern Sea Route from Europe to Asia, with the passage possible to cut 10,000 kilometers or more compared to journeys that go via the Suez Canal and the Indian Ocean.

Russia's biggest private gas producer, Novatek, is acting as a pathfinder, as it wants to open up a direct route to export its liquefied natural gas to Asia. The arrival of the tanker Baltika, with 70,000 tonnes of gas condensate aboard, in the Eastern Russian port of Pevek signified a new milestone in that ambition.

The most difficult part of the route between Russia's city of Murmansk and China ends in the port of Pevek. The cargo ship, supported by nuclear icebreakers, completed its journey within 11 days, which was even quicker than expected.

Novatek says shipment through the Suez Canal costs up to \$3.5 million for one cargo, and that going via the Northern route knocks about half a million dollars off that figure, let alone the time saved and the fact there are no pirates along the way. Given this, Leonid Mikhelson, CEO at Novatek, says the company will try actively to develop the route.

“We are very pleased with the result of the journey. I think we'll try to ship several cargoes, maybe up to six next year, and we'll try to make this route usable for our LNG projects. Now it is only working in summer when the ice is thin, but we hope to make it navigable year around.”

The effort to make the route commercial is being undertaken with the help of Russia's nuclear company AtomFlot, which provides the nuclear icebreakers, and SovComFlot, which leases the tankers and offers other maritime support.

Vakentin Dadayants, an icebreaker captain, said time was needed to get accustomed to the new game-plan.

“For us, it is very new to work in tandem with tankers. This journey showed what is possible. The aim is, of course, to make the route commercial and it will take a bit of time to get used to working together.”

Novatek's primary motivation for opening the route is access to the gas fields in the Yamal Peninsula. It is the biggest investor in the project.

The liquefied natural gas plant is scheduled to start operating in 2015 and will have a capacity of around 15 million tonnes annually, which compares with 9.6 million tonnes produced at Sakhalin-2, the only LNG facility in Russia. The company hopes that, by the time Yamal is up and running, so will the Northern Route be.

Although the North-East Passage considerably shortens the journey to Asian markets, the route is difficult to navigate due to climatic conditions, which make the help of expensive icebreakers necessary.

The successful passage of this cargo ship raises the prospects that many more will follow.

“Republic heads should decide on their titles themselves” – Medvedev

Russian republics and subjects of federation should decide for themselves what to call their heads, said President Dmitry Medvedev concerning recent initiatives to stop naming them presidents.

He made the statement in an interview with television channel Rossiya 1.

“You know, my view is that the regions themselves should make the decision,” he said. “I took a look: a number of Caucasian regions and some others have indeed come up with that suggestion.”

Generally speaking, he said, the names can be different. On the other hand, Medvedev went on, *“those names should not cause confusion or create misunderstandings of any sort.”*

“If our colleagues, the governors and the presidents, do put forward this kind of initiatives and if this issue comes up on the agenda, I think it can be considered and possibly the legislation can be amended as well,” the president stated.

He underlined that the initiative must come from the regions and from the legislatures *“because we have a federation here and, in this sense, it has specific features of its own.”*

“Each region has specific features of its own,” he explained.

On the other hand, there should be a certain standardized principle, too, Medvedev said.

“And people should also objectively differentiate what it is all about, what is meant in concrete terms when this or that title is applied. Incidentally, it is not only and not so much the presidents as the legislatures, too. As far as I can remember, we have State Dumas that are some regions’ legislative bodies. There is scope for confusion here as well,” Medvedev noted.

“This is why I think we should consider this initiative. If the regions are ready, I certainly won’t object to it,” he concluded.

Earlier in August [Chechen President Ramzan Kadyrov](#) submitted to the republic's parliament an official letter asking for “a change to the title of the highest official of the republic.” In his view there should be only one president in the country and that the “parade of regional presidents”

must be brought to an end. Kadyrov suggested regional heads could be called “*chief of administration, governor, or whatever.*”

Washington welcomes Moscow’s rhetoric on Iran

“Russia clearly reached a consensus within the Security Council in both supporting, crafting and passing the recent sanctions resolution,” State Department spokesman Philip Crowley said at a daily briefing.

He also said that he did not think there “*has been a great deal of daylight*” between the American and Russian stances.

“*We have the same concerns about the threat that an unchecked Iranian program poses to the region. Russia has a special concern because it sits directly adjacent to that neighborhood,*” Crowley added.

White House Press Secretary Robert Gibbs also had his say on Medvedev’s statements.

“*I believe that his comments demonstrate an international consensus and unity of purpose within the international community in addressing Iran and its illicit nuclear weapons program,*” said Gibbs, according to the official website.

He went on to say that with the help of Russia and China, “*we have instituted the strongest sanctions ever placed on Iran – sanctions that will have bite and that will greatly complicate their ability to do business around the world, and have a real impact on Iran’s ability to pursue this type of capability. So, again, I think it demonstrates the progress that we’ve made internationally in bringing along a community of nations, as well as taking concrete steps to make it more difficult.*”

“*We will continue to ratchet that up until we see the type of progress that we need to,*” concluded

ROAR: Russian-Ukrainian relations “unprecedented”

Moscow is ready for dialogue with Kiev, but ties are likely to be mended only after the new president is elected in Ukraine.

On August 11, President Dmitry Medvedev accused Kiev of anti-Russian policies and delayed sending a new ambassador to Ukraine.

Relations have not improved since then, despite the fact that the Russian foreign minister visited Ukraine on October 7, Russian observers stress. Sergey Lavrov said in Kharkov that Mikhail Zurabov, the new Russian ambassador, “is preparing” for his mission. But it is not clear now when the envoy will start work in Ukraine.

Many analysts supported the decision of the Russian president not to hold a separate meeting with his Ukrainian counterpart during the CIS summit. The Ukrainian authorities are “pursuing anti-Russian policies,” and at the same time they are trying to create “an illusion of dialogue” between the two states,” Kirill Frolov, analyst at the Institute of the CIS countries, told *Gazeta daily*.

The Russian leadership made it clear that Moscow was interested in the dialogue with Kiev, but would start it only after the presidential election in Ukraine.

Boris Makarenko of the Center for Political Technologies thinks that Ukraine still “wants to see Russia taking a step back.” Nonetheless, some analysts, including Makarenko, do not rule out that Medvedev and Ukrainian President Viktor Yushchenko will meet not only during a joint session at the CIS summit, but will hold bilateral talks.

The negotiations between the two countries’ foreign ministers were “routine,” and there was nothing “revolutionary,” Makarenko told *Gazeta daily*. At the same time, he stressed the importance of the event: “That means that the contacts are being maintained.”

Vremya Novostey daily described the current state of Russian-Ukrainian relations as “unprecedented”. The modern history of intergovernmental relations “does not probably know a similar extraordinary occurrence,” the daily said.

“However, the development of relations between countries on the post-Soviet space, especially in the framework of the CIS, itself seems unprecedented,” the paper noted.

Ukraine has been considering the CIS only a place “for meetings with leaders of the CIS countries to solve a number of issues,” *Novye Izvestia daily* wrote. Yushchenko rarely visited the CIS summits, because the Ukraine’s leadership is not very interested in this organization,” the paper said.

Kiev explains Yushchenko’s decision to go to Chisinau “only by national interests in connection with the change of political situation in Moldova,” the daily noted.

However, many observers have thought that Yushchenko would try to hold bilateral talks with Medvedev, the paper said. Kiev is interested in improving economic relations with Russia, not only political ones. First of all, the problem of Russia’s gas supplies is still very acute.

Moscow has “increasing political risks” in Ukraine, Dmitry Abzalov, analyst at the Center for Political Conjuncture, believes. But the risks are not only political. The analyst mentioned “unfriendly moves against Russian companies” made by Kiev. Abzalov explained this by attempts of Ukraine’s leadership to “maneuver between interests of Russia and the European Union.”

To gain appropriate positions in Europe and uphold its sovereignty and independence Kiev may use control over transit of Russian energy supplies to Europe, Andrey Suzdaltsev of the Higher School of Economics told Vremya Novostey.

Relations with Moscow are also one of the main factors of the Ukraine's internal politics. "For Mr. Yushchenko, even an illusory normalization of relations with the Kremlin may become an important political success," RBC daily wrote.

"The meeting between the Russian and Ukrainian presidents would be an event of Yushchenko's campaign," Mikhail Delyagin, director of Institute of Globalization Problems, told Komsomolskaya Pravda daily. "I'm not certain that Medvedev wants it."

Moscow is not interested in developing the dialogue with Yushchenko for pragmatic reasons too, observers say. Taking into account Ukraine's realities, the next president may simply forget agreements between Moscow and Yushchenko, Delyagin said.

Voters in Ukraine "will punish Yushchenko for his failures," Makarenko of the Center for Political Technologies said. The election will soon show what new course Kiev will pursue, the analyst added.

The agenda of the new Ukrainian presidency is being built now, Makarenko wrote in Kommersant daily. It is better for Russia "not to regard with favor, nor to alienate any considerable political force," he said.

Moscow should also understand the "interdependency" of the two countries, he added. "Any confrontation in the issue of gas supplies do harm to both sides," he stressed. Ukraine, for its part, should establish its identity through success in "building a stable and prosperous society," the analyst added.

As for membership of NATO, Ukraine needs "more serious grounds than the desire just to spite Russia," Makarenko noted. But despite all the problems in the bilateral relations, there are no difficulties that are impossible to overcome, he said. "It is high time to build a new agenda," the analyst stressed.

Russian, Armenian presidents express hope in development of cooperation

Russian President Dmitry Medvedev and his Armenian counterpart Serzh Sargsyan expressed hope in the development of bilaterally beneficial and fruitful cooperation between the two countries.

Also in July, Sargsyan met with President of the Russian Olympic Committee Alexander Zhukov, where the sides stressed that Armenian-Russian relations should develop according to the spirit of strategic partnership.

Zhukov said that an effective dialog between the countries at all levels made a firm basis for new programs and further expansion of cooperation.

The same month Russia and Armenia signed in Yerevan an agreement on cooperation between their national Olympic committees and discussed a project to build a sports base near Lake Sevan in Armenia.

Medvedev is due to participate in the Collective Security Treaty Organization (CSTO) informal summit to be held in the Armenian capital on August 20-21.

Appeal Made to Thai Leader for Russian in Arms Case

BANGKOK (AP) — Mr. Bout, 43, is a former Soviet Air Force officer who is [reputed to have been one of the world's most prolific arms dealers](#). He was [arrested in March 2008](#) in Bangkok as part of a sting operation led by United States agents.

Mr. Bout has been accused of having supplied weapons that fueled civil wars in Africa, the Middle East and South America, with clients who included Col. [Muammar el-Qaddafi](#), the Libyan leader; the former Liberian president, [Charles G. Taylor](#); and both sides in Angola's civil war.

Last August, a Thai court rejected a request from the United States for Mr. Bout's extradition on terrorism-related charges, but the ruling was reversed last week by an appeals court. The United States moved to extradite him quickly, sending a special plane to stand by.

Just before the appeals court ruling, the United States sent new money laundering and wire fraud charges to Thailand, in an attempt to keep Mr. Bout detained if the court ordered his release. But the move appeared to have backfired, because now Mr. Bout cannot legally leave Thailand until a court hears the new charges.

Mr. Bout's lawyer, Lak Nittiwattanawichan, delivered an 11-page handwritten petition to Prime Minister [Abhisit Vejjajiva](#) on Monday, arguing that the appeals court ruling to hand Mr. Bout over to the United States to stand trial on terrorism charges was unjust.

Mr. Abhisit has said it is up to the courts to handle Mr. Bout's case, and it is unclear if he has any authority to intervene.

Mr. Bout's arrest at a luxury hotel was part of an elaborate sting in which American agents posed as arms buyers for a Colombian rebel organization.

Piracy: Unlawful Noble Act

However, many emphasized that Gorbushka did not provide any comments about the audits, and head of TC Gorbushkin Dvor Vasilina Zoremba stated that the audits are conducted regularly, and that Gorbushkin Dvor was scheduled to host an annual conference on the protection of Copyright and fight against counterfeiting.

In general, no one really knows anything, but everyone is still worried.

I still remember the old Gorbushka, the place near the Gorbunov recreation center that had been there long before the shopping complex emerged, where even during the Soviet times people would sell tapes, discs (vinyl ones), and similar products. Audio-visual equipment was there, too, but not much of it, mainly just the carriers with records. This is where you could buy the so-called “zero copies” of movies - the recording quality for VHS fell with each re-write, it was nothing close to modern digital recordings.

Then this place was closed, and a huge shopping complex which was selling other household appliances was opened.

But the recurrent problems arise precisely because of the so-called “pirate” products. Sometimes products are confiscated, then the same products appear in the same place, and a new cycle begins.

Sellers (or more accurately, owners) hurt, of course, but the risk is incorporated in the price, and the price is still adequate.

Herein lies the unsolvable problem: few people will buy a licensed movie disk for 400 rubles (\$13) (or even more expensive) if they can buy it for 150-200 rubles (\$5-7). The price of blank discs at Gorbushka is ridiculously low.

The proponents of copyright have a very strange logic - they love to howl about lost profits.

What does a normal process of buying an information product look like?

For example, I somehow decide that I need to evaluate a music album (through a recommendation, the new album by the famous artist, and so on). I am looking for it in mp3 format, try it out, and only then - if I like it – I buy a CD.

Russia and Romania Expel Diplomats

The Ministry said in a statement on Tuesday that it would "declare a diplomat in the [Russian] Embassy - with an equivalent ranking - as persona non grata" in retaliation to the Russian move, *RITNews* informs.

Russia 's FSB security agency said on Monday it had detained a Romanian diplomat for spying, and ordered him to leave the country within 48 hours.

The FSB named him as Gabriel Greco, who was accredited as the first secretary at the Romanian embassy in Moscow, and said he had been caught trying to receive secret military information and had "spying equipment" on him, *AFP* reports.

Sarkozy to propose new ties between Russia, EU, NATO, OSCE

French President Nicolas Sarkozy made the announcement on Tuesday during the opening of the 18th Ambassadors' Conference held at the Elysee Palace in Paris.

"Our common interests with Russia, if Moscow of course so desires, are expected to foster an exceptional partnership reinforcing stability throughout the Euro-Atlantic region," said Sarkozy. Sarkozy said the details of the specific proposals for Russia's relation with the EU, NATO and the Organization for Security and Cooperation in Europe would be announced at the upcoming OSCE Summit in Astana slated for December.

Russian opposition leader jailed over march attempt

Mikhail Schneider, along with another Solidarity leader, Boris Nemtsov, and prominent human rights activist Lev Ponomarev, were detained in downtown Moscow on Sunday.

Opposition activists had gathered for an authorized rally at the intersection of Novy Arbat Street and the Garden Ring to mark National Flag Day. Schneider and [Nemtsov are said to have called on those gathered to stage an unsanctioned march](#) in nearby Novinsky Boulevard.

Ponomarev, who was detained several hours later, claims he was "just passing by."

The three detainees spent more than 12 hours in custody before being released.

The court said Schneider was participating in an event that "bore the hallmarks of a march."

Schneider rejects all the charges, and his lawyer has already filed an appeal against the court's decision.

Economic Issues:

Russian mini-subs find possible Tsarist gold in Lake Baikal

Explorers have long been searching for the Tsarist gold that was allegedly carried by Admiral Alexander Kolchak as he fled the advancing Red Army during the Russian civil war after the Bolshevik Revolution.

One legend has it that "Kolchak's gold," estimated at 1,600 tons and worth billions of dollars, was lost after his train plunged into the world's deepest freshwater lake from the Krugobaikalskaya line at Cape Polovinny.

Intriguingly, it was borne out last year when explorers found fragments of railway carriages and ammunition boxes dating from the civil war. There is, however, considerable skepticism that the gold is in the lake.

But the skeptics were dealt a blow on Monday when the Mir-2 submersible found "shiny metal objects" resembling gold bullions some 400 meters below the surface near Cape Tolsty.

Explorers attempted to grab hold of them with the mini-sub's manipulator arm but failed to due to the crumbling gravel on the lake's basin. One consolation is that the explorers have determined the exact position of the alleged treasure, the Fund's director Baira Tsyrenova said.

Kolchak, portrayed in the Russian blockbuster film Admiral in 2008, led the pro-Tsarist White Army against the Bolsheviks after the 1917 October Revolution. After some early success he was arrested and executed by firing squad in January 1920.

Russia to raise import taxes on foreign cars to boost domestic market

MOSCOW, August 31 (RIA Novosti) - "In a few years, we will begin to gradually raise customs tariffs," Putin said. "We are not, after all, members of the WTO and [we] can afford it," he added.

"But we do not want to undermine your [foreign carmakers'] business in Russia, come to us and set up production here," Putin said.

A Russian Industry and Trade Ministry official said he was surprised by Putin's announcement as the Russian domestic car industry development strategy stipulates that taxes should remain the same until 2016, after which they will be lowered.

The ministry is going to follow the existing strategy, the official said.

There has been a big increase in the number of foreign car makers assembling cars in Russia in the last decade. Renault, Nissan, Toyota, GM, Ford, Volkswagen, Peugeot, and Citroen all now have production plants in the country.

A total of 157,561 cars were produced in Russia in the first half of the year, and 251,300 foreign cars were imported into the country during the same period.

The increase of import taxes is a very effective measure, Ernst & Young car industry consultant Ivan Bonchev said. In 2009, after Russia introduced duties on used foreign cars more than three years old (a minimum of 35 percent of the car's price), imports of such vehicles virtually ceased, giving the Russian car industry a significant boost.

Sibirtelecom posts 1H 2010 Net Profit of 2.4 billion roubles

The bottom line jumped 187.2% from a 1H 2009 Net Profit of 851 million roubles, with EBITDA also growing 16.8% year on year to 8.1 billion roubles from 7.4 billion roubles on the back of revenues going up 2.4% to 19.5 billion roubles from 19 billion roubles a year earlier.

According to the statement, the upturn in the Net Result was caused by an improved operating profit – which grew 29.5% to 4.3 billion roubles – lower interest expenses and the positive

dynamics of foreign exchange loss, which went down to 18 million roubles compared to 428 million roubles in 1H 2009.

The company also attributed its better consolidated revenues to increasing broadband subscriber numbers, which reached 692, 000 and provided a 19.6% growth in respective revenues to 3.3 billion roubles.

Black Earth Farming posts 1H 2010 Net Loss of \$7.3 million

Black Earth Farming, a Russian agricultural producer listed in Sweden, has posted a 1H 2010 Net Loss of \$7.3 million under IFRS.

The company said in the statement that decreased revenues were mostly due to lower crop inventory carry-over in 2010, which was coupled with declining prices, with the average price received from sold crops decreasing 22.4% year on year in the reporting period to reach \$93 per ton.

However, Sture Gustavsson, CEO and President of BEF, was upbeat about the results, saying that the Company's policy of focusing on reducing costs was bearing fruit.

"I'm pleased to report that our ongoing efforts to bring the cost structure down continue to show positive results. Cost of Goods Sold relating to the 2009 harvest, but sold 1H 2010, decreased by 17% year on year to \$94 per ton. Distribution expenses 2Q 2010 were reduced by 25% on a per unit basis compared to 2009, which is attributed to the investment into internal storage capacity. We are now entirely self-sufficient in terms of grain handling and storage capacity," Gustavsson said.

In an accompanying statement, Gustavsson also noted particular damage of the severe drought in summer 2010, such as in Russia, the world's third largest wheat exporter last year, likely to become a net importer of grains in 2010–11, which in turn will affect domestic pricing of grains. However, given the current market volatility, Gustavsson remained positive about the future.

"Our core near-term focus remains efficient operations of the land we currently have in order to achieve profitability in our current operations. I feel we are firmly on track to improve our operational efficiency to the point where we can achieve this goal," he concluded.

Moscow mayor's \$130 billion transport modernization plan rejected

Mayor Yury Luzhkov's initiative was part of a greater plan, first put forward by Russian President Dmitry Medvedev in 2008, to [turn Moscow into an international financial center](#).

A government official told Vedemosti that Moscow's success as a financial center depends on the government's ability to solve the city's traffic problems.

Luzhkov sent a letter to Prime Minister Vladimir Putin, asking him to support a long-term federal transport program for the Moscow region. He asked for funds for the construction of an additional 365 kilometers (227 miles) of railroads and some 100-120 kilometers (62-75 miles) of metro lines, Vedomosti said.

Luzhkov has calculated that a minimum of 4 trillion rubles are needed over the next 10 years. Currently, Moscow has a budget of 300 million rubles (\$9.7 million) for all modernization projects including transport, the mayor said.

The official told Vedomosti that the city authorities were ready to increase the budget by up to 1 trillion rubles (\$32.4 billion) in the next 10 years, but the rest should be covered by the state budget and private investments.

A Russian Finance Ministry official said such a large allocation was impossible.

"Moscow can optimize its own spending on road construction and take most of it [the requested money] from its own budget," he said.

Putin participates in opening ceremony of Russia-China oil pipeline's Russian section

Russia's Prime Minister Vladimir Putin took part in the opening ceremony of the Russian section in the Russia-China oil pipeline, which took place in Russia's Far Eastern Amur region on Sunday.

Setting the pipeline in operation will change the situation dramatically, the premier emphasized. "We will deliver 30 million tons of oil and, in case of expansion, 50 million tons to the Asia-Pacific Region."

"The implementation of this project is a crucial task for Russia and our Chinese friends. It means stabilization of supplies and energy balance for China, and for us it creates entry to new challenging markets, in this particular case, to the growing market of China," Putin said at the ceremony.

The project is part of the East Siberia - Pacific oil pipeline, which was launched into operation in December 2009 and is designed to pump up to 1.6 million barrels (220,000 tons) of crude per day from Siberia to the Far East and then on to China and the Asia-Pacific region.

The Russia-China pipeline will stretch from the town of Skovorodino in the Amur region to the city of Daqing in China's northeastern Heilongjiang province.

"I recall how Chinese President Hu Jintao broached the issue of the project's implementation in time of one of his visits to Moscow. We were then discussing the route of the project, where the pipeline would lie: to the north or to the south of the Lake Baikal," Putin said at the opening ceremony.

He emphasized that both Russia and China have known that the issues are complicated but all of them would be successfully resolved.

"I hope, our Chinese friends will tell the Chinese president and the prime minister about the fact... that the project has been accomplished in Russia. But Chinese friends will have to work for a while. Major efforts are ahead for them - 930 kilometers [of the pipeline] should be put up, these are high-technology operations," Putin said.

"But I am absolutely confident that Russian oil will enter China this year," he added.

In March, Chinese Foreign Minister Yang Jiechi said the construction of the pipeline would be finished by the end of the year and become fully operational in 2011.

Russia's largest oil company Rosneft, oil pipeline monopoly Transneft and China's state-owned China National Petroleum Corporation (CNPC) are partners in the project. In line with the

contract, the Chinese side provided the Russian companies with a \$25-billion loan to construct the pipeline. In exchange, the Russian side agreed to pump 15 million tons of oil per year via the pipeline in 2011-2030.

Social/Humanitarian:

Islamophobia, America's new anti-communism

Online show host Lori Harfenist, also known as the Resident, asked people in New York whether Islam poses a real threat to American values.

The bottom line is, no matter how you feel personally, for some the anti-Islamic sentiment is very real, though most of those preaching Islam “are very good people.”

Russian authorities struggle to market legal gambling zones

Azov city is a gambler's paradise. The “Oracul” resort offers all kinds of games: from the army of one-armed-bandits to poker and roulette. However, despite all its pleasures, the place remains deserted most of the time.

“Oracul” is the only legal casino in Russia. A private company invested \$10 million into its construction. Even though there are a few other investors who are willing to build gambling spots in the Azov area, most in the industry believe the odds are not in their favor.

Last year Russian lawmakers banned all casinos and gambling clubs across the country, replacing them with four specially designated development zones in Siberia, Western Russia, the South and the East. The industry reacted immediately by shutting down the facilities, moving them abroad, or going underground. Even the relatively more successful gambling zone, in the South, is mostly being ignored by the entrepreneurs.

“Most investors are passive, mainly because Azov city is far from major transportation hubs,” explained Aleksey Vostrikov, “Azov City” manager. “The local airport is underdeveloped, and the roads are not that good either. And the other factor is that the gambling ban in Russia is really hard to enforce.”

In cities only a few hundred kilometers away from Azov, police continue to discover illegal gambling dens every week.

“Of course, it is officially prohibited, but in our neighborhood everyone knows where to find the underground gambling den – you can have a good time there if you play your cards right,” said gambler Artur.

The region's authorities have suggested relocating the whole Southern gambling zone closer to the Black Sea coast as a way of attracting more punters. Inspired by Las Vegas, the authorities also want it to offer more than just gambling.

“So we said: ‘Why can’t we try and do something like that in Russia, without making the same mistakes?’ We can use the best that Las Vegas has to offer, refined by decades of experience,” said Krasnodar region’s Deputy Governor, Aleksey Agafonov. *“Essentially, we’ve come up with a new concept – a family resort where gambling will be just one of the highlights.”*

The idea will have to receive support from the Russian State Duma. But for now, the future of Russia’s own Las Vegas looks dim, leaving more questions than answers for its supporters and skeptics alike.

Russia's Sharapova named world's highest-paid female athlete

Sharapova, 23, became an overnight tennis sensation at the age of 17 when she won Wimbledon in 2004, and quickly showed her business acumen by signing lucrative contracts with global brands Canon, Motorola, Tiffany, Land Rover, and Colgate-Palmolive.

But her biggest deal is with Nike, which re-signed the Russian star in January to an eight-year contract worth up to \$70 million.

Sharapova also receives royalties from her own tennis line and a line of bags and shoes through Nike subsidiary Cole Haan.

The Williams sisters, Serena and Venus, occupy the No. 2 and No. 3 slots in the Forbes' list, respectively. According to the survey, Serena's earnings account for \$20.2 million while Venus earned \$15.4 million over the past year.

Sharapova dropped from the 76th to 81st place on this year's Forbes ranking of the richest and most powerful actors, actresses, athletes and musicians.

At Least 16 Die in Russian Raids

NALCHIK, Russia (AP) — Nine suspects were killed in two separate shootouts with the police in the Kabardino-Balkariya Republic late Friday, a police spokesman said.

Two of those killed were suspected of organizing a bombing in May that killed one man and wounded dozens of others, Russia’s main investigative body said in a statement.

Separately, five militant suspects and two police officers were killed in a shootout Friday in the Dagestan Republic, said a police spokesman, Magomed Tagirov.

The men are suspected of belonging to a group led by the warlord Magomedali Vagabov, who was behind the Moscow subway bombings in April that killed 40 people and left scores wounded, the statement said. Mr. Vagabov, whose wife carried out one of the suicide attacks, was killed last week in a shootout with security forces in Dagestan, the authorities said.

Security forces were searching the mountains outside the village of Gubden for the group’s remaining members on Saturday, said Dagestan’s police spokesman, Vyacheslav Gasanov.

Russia has been fighting an insurgency by militants who say they seek an Islamic emirate across the North Caucasus in southern Russia.

Russia To Honor Most Famous Nun of All Times

Mother Teresa established her congregation, "The Missionaries of Charity," at the end of the 1940s in Calcutta, India. In Russia, the monument to Mother Teresa will be erected in the Kaluga region, at the Etnomir (Ethnic World) cultural and educational center, [Vesti](#) reports.

The center is being currently built in the town of Borovsk, the Kaluga region, 90 kilometers far from Moscow. The center will have 52 ethnic areas representing customs, traditions and cultures of different countries.

On August 26th, 2010 the world celebrates the 100th anniversary of the birth of Blessed Teresa of Kolkata [Calcutta]. Mother Teresa, a devout Catholic, abandoned everything to follow Jesus into the slums and serve him amongst the poorest of the poor. She lived her life at a very deep spiritual level and was admired by millions throughout the world.

She cared especially for those who were often treated as outsiders in their own communities - the starving, the crippled, the impoverished, the diseased and the dying, from the old woman with a brain tumor in Calcutta to the young man with AIDS in New York City. Her special focus was the care of mothers and their children. This included mother who felt pressured to sacrifice their unborn children by want, neglect, despair, and philosophies and government policies that promote the dehumanization of inconvenient human life.

"Roe v. Wade", she said "deformed a great nation (America). She added, "The so-called right to abortion has pitted mothers against their children and women against men. It has sown violence and discord at the heart of the most intimate human relationships...It has portrayed the greatest of gifts-a child-as a competitor, an intrusion, and an inconvenience." She believed that loneliness was "the greatest poverty" of all and saw the West as prey to a soulless materialism. Though she received many awards including the Nobel Peace Prize in 1979 she confessed "It is not success, but the dedication to one's faith that is important."

Mother Teresa died on September 5,1997 at the age of 87.Today, over 3,000 nuns and over 500 monks in 710 institutions in 133 countries of the world are members of Mother Teresa's order "The Missionaries of Charity".

Jailbird lovebirds to marry in Russian prison

by *Evgeniya Chaykovskaya* at 19/08/2010 11:10

Even though it is unclear whether the lawyer will act on it there is no law that says that people in jail cannot marry.

Nikita, who could not communicate with Yevgeniya directly, proposed to her by sending a dove, the lawyers claim. Moreover, they say they passed on the proposal themselves and she "agreed straight away, because they really love each other."

Practical issues

“They do not care where the wedding ceremony will take place – in the groom’s detention centre Matrosskaya Tishina or at the bride’s “temporary address” – in Lefortovo,” the coordinator of Russian Verdict centre Alexei Baranovsky told Moskovsky Komsomolets. “The problem is that both pre-trial detention centres are in different administrations: the former is part of Federal Service for Execution of Punishment of Moscow (FSIN), the latter – of Russia. Although, we think that the centres’ supervisors will reach an agreement.”

The bride’s friends say she would like to wear white for the ceremony. They also plan on passing on wedding rings and other attributes behind bars.

“Veil, dress, white gloves are not on the list of prohibited items,” the representative of Moscow’s FSIN Sergei Tsygankov said. “So it is quite possible. Another issue is that the accused must be allowed parcels at that time, because there are no privileges provided for the wedding.”

This case is the first one when both parties are imprisoned and it is unclear how it can all be registered. Russian laws suggest that at least one of them has to come to the registry office and bring both passports and the other person’s letter.

Moreover, both are accused under the same case, and theoretically, they should not be allowed to talk to each other, threatening the “I do” part of the wedding.

Investigators suspect hidden agenda

More often people marry in prison, after the trial, but about twice a year there are marriages in detention centres. But in this case, even the lawyers cannot answer why the suspects could not wait until after the trial to get married.

Many eye the marriages before trial with suspicion, thinking that people want to marry to get an extra meeting and conceive a “love child,” which in turn may lead to a milder sentence if the accused is pregnant or the prisoner has a pregnant wife at home.

The investigators think that it is not the love story the couple presents. Evgeniya, who has always dominated in the couple, demanded “decisive action” from him as proof of love, and her agreement to marry him is a sort of prize for the “deed” – the murder of two people. It will also help Tikhonov to remain strong and not change his testimony in court. And there is always a possibility that the accused are hoping for a milder sentence through their love story behind bars.

Chechen militants killed 5 police in Kadyrov's home village

Five police officers were killed on Sunday morning in a clash with Chechen militants in the home village of Chechnya's president, investigators said.

"During the clashes, 12 militants were killed. Seven of them blew themselves up and it appears impossible to visually identify the gunmen. Four were fingerprinted and their identities are being established," the regional investigators' spokesman said.

"The identity of one has been determined," he added. "In early August, the investigations committee put him on a federal wanted list for participation in illegal armed groups."

Seventeen police and seven civilians were injured in the attack, which was the first on the village of Tsentoroi in six years. Earlier reports said that two police and five civilians were killed.

According to Chechen President Ramzan Kadyrov, the militants attempted to penetrate the village at dawn, but almost all of them were destroyed.

"From the forest, they crept up to a house on the outskirts and began shooting. A few minutes later we were at the scene. Fighting erupted. The gang was surrounded and destroyed. Twelve devils were killed," Kadyrov wrote on his official blog.

Kadyrov, who personally led the active phase of the response to the militant attack, said the situation in the village had returned to normal.

"It is calm in Tsenteroi. I am with my family in our native village," he said.

Investigators said three houses on the outskirts of the village were damaged during the clashes.

Food / Energy & Environment:

Russia Faces Gloomy Aftermath of Forest Fires

In the meantime, many villages that have been destroyed with forest fires, are still in smoke. Pravda.Ru's special correspondent Dmitry Reznichenko went on a hitchhiking trip across the regions, which suffered from the fires most.

Here is his first field report.

I arrived in the town of Kolomna the day before Putin came here. It was pouring rain the whole night through. Local officials were obviously busy with making preparations to the prime minister's visit. As it traditionally happens, they ordered to repair roads here and there.

The town is shrouded in smoke. The smoke comes from large swamps near Shatura. Putin will arrive in the town to see which efforts the authorities were taking to extinguish the fires. Peat bog fires occur here every year, but this year was the hardest at this point.

Placards with warnings of possible wildfires are plastered all over the town. I saw a very expressive cross street banner saying "Entry to the forest forbidden!" There was also a red skull displayed next to was warning. It was a stylish creation indeed, the image of the skull could be very good for a tattoo.

Local residents say that the fires started neat the Blue Lakes, which is a very popular place in the town. Many locals go there for camping, picnicking and swimming. It was practically impossible to extinguish the fires during extremely hot and windy weather. The fire was spreading too quickly.

Eyewitnesses of the fires said that they could see many fire-fighting vehicles parked across the smoke-shrouded highway. The fire-fighting brigades were simply standing there and watching.

What could they do? A vehicle can not drive into the forest. Aircraft could be a way out, but any type of aviation is useless when literally every tree around was in flames.

There was a military unit not far from the Blue Lakes - it burnt to the ground.

Many locals showed me their pictures and videos, which they had taken with their cell phones. Some people told me that the forest had been set on fire deliberately - to clear the territory for future construction works. This is what they think, they said.

Some people lost their wooden country houses which they had been building for years, scraping and saving. Others set their dachas on fire themselves after they heard that the government was promising compensations to those who lost their possessions in flames.

A traditional Russian village, where all houses are made of wood, can be engulfed in flames in several minutes, if the wind is strong enough.

In conclusion, I'd like to mention here that there are no birds in the woods here. Not even a sound of a singing bird.

Russia's Record-Breaking Heatwave Comes to Dramatic End

Russia 's record-breaking heatwave looks set to come to a dramatic end, with a severe storm now heading for Moscow after battering St Petersburg.

Nearly 100,000 people around St Petersburg were left without power, rail services were halted and trees felled amid high winds and heavy rains. Moscow is expected to be hit later. Temperatures there dropped to 25C on Monday after nearing 40C for weeks, *BBC News* says.

The area of active fires in central Russia “significantly decreased” in the last 24 hours, said Vladimir Stepanov, head of the ministry’s crisis center. Crews reduced the fire area by 8,000 hectares to 45,800 hectares in the period, according to the ministry, *Bloomberg* reports.

The deployment of the S-300s drew immediate protest from Georgia. The Foreign Ministry called it an "extremely dangerous and provocative step that presents a threat not only to the Black Sea region but to European security as a whole."

The U.S. State Department, however, said the missile deployment was old news, *The Associated Press* reports.

The French Foreign Ministry has said the deployment of Russian S-300 air defense systems in the former Georgian republic of Abkhazia undermines stability in the region.

Russian Air Force head Col. Gen. Alexander Zelin said on Wednesday S-300 systems had been placed in Abkhazia to protect the airspace of Abkhazia and the other former Georgian republic of South Ossetia. He did not say how many S-300s had been deployed, *RIA Novosti* say.

Russia to step up environmental control over Arctic shelf development

The ministry has already prepared a draft aimed at protecting the marine environment from oil contamination, Donskoi said.

The draft stipulates financial liabilities for companies to include insurance against risks and possible negative consequences of shelf exploration.

In accordance with the draft, each Arctic mineral developer will have to draft a special plan outlining environment protection measures in case of possible oil spills or other negative ecological events.

"The draft is currently being coordinated," the ministry said in a press release.

"The [disaster in the Gulf of Mexico](#) once again highlighted nature's vulnerability from humans. In the extreme environment of the Arctic with its permanent glaciers, even smaller disasters could lead to serious problems," Donskoi was quoted as saying by the ministry's press service.

The explosion in the BP-owned Deepwater Horizon oil rig on April 20 in the Gulf of Mexico triggered an [environmental tragedy](#) in the region. Estimates show that 4.1 to 4.9 million barrels of oil ended up in the waters of the Gulf of Mexico. The [oil spill](#) may reach other territories and environmentalists have said this may be echoed in the Arctic.

Russia needs a total of 9.3 trillion rubles (\$310 billion) to fully implement its program for the study and development of its continental shelf, Donskoi said in October 2009.

Geo-Strategic:

Israel seeks to halt Russian arms sales to Syria

Israeli Premier Benjamin Netanyahu has reportedly asked his Russian counterpart Vladimir Putin to halt an alleged arms deal with Syria involving deliveries of Russian P-800 Oniks supersonic anti-ship cruise missiles.

Israel believes this weaponry is "*capable of posing significant danger to its navy vessels in the Mediterranean Sea,*" Haaretz daily reports.

According to the paper, Netanyahu held a phone conversation with Putin. He expressed Israel's concern that Russian missiles may end up in the hands of Shia Muslim group Hezbollah – a powerful military and political organization in Lebanon.

According to Haaretz, the Syrian arms deal issue will be high on the agenda during Israeli Defense Minister Ehud Barak's visit to Moscow, during which he will meet his Russian counterpart Anatoly Serdyukov. Barak is due to arrive in the Russian capital on September 5. This will be the first meeting between the Israeli and Russian Defense Ministers.

Citing an unnamed Israeli official, the paper writes that Moscow and Tel Aviv have been engaged in a dialogue over the arms sales deals to the region for some time. However, the talks have so far brought no results and Russia continues to seal arms deals with states that Israel considers unfriendly. Therefore, it was decided to bring the negotiations to a higher level.

"We have been working on such a visit for more than a year and it is very important to us," the official is quoted as saying.

The visit could become a historic breakthrough, since Russia's Defense Ministry is considered "overwhelmingly pro-Arab," the paper notes.

The P-800 Yakhont missile can be launched from the coast and hit sea-borne targets up to 300 kilometers away. It carries a 200-kilogram warhead and flies only several meters above sea level, making it extremely difficult to intercept.

On May 11 this year, [Dmitry Medvedev met with Syrian President Bashar al-Asad](#) in the Arab republic's capital Damascus. This was the first ever visit by a Russian president to Syria. Almost two decades after the collapse of the USSR, Moscow is seeking to revive once-flourishing relations with the old Soviet ally, and also an important player in the Middle East region.

Israel was rather concerned that, as a result of the visit, Syria would get new contracts for Russian weaponry deliveries. Ehud Barak explained in an interview with Russia's Ekho Moskvy radio station what was behind Israeli worries. He said that the stability in the region is very fragile and *"modern arms systems can upset the balance."*

"Handing over some of these up-to-date military systems is what can potentially destabilize the [region]," he told the station. *"We do not think that Russia should ship its most modern defense systems or most efficient offensive weaponry. You have very complex and modern kinds of weaponry that are of high demand in the world,"* Barak said, adding that Israel puts a question mark on whether Russia should sell its weaponry.

Russia demands "action, not words" over NATO, US anti-missile system

Responding to US Secretary of State Hillary Clinton's assurances that Russia should not fear NATO's advance, Russian ambassador to NATO Dmitry Rogozin wants more than words..

"While Russia faces challenges to its security, NATO is not among them," the US Secretary of State told an audience assembled at a Washington hotel ballroom on Monday. *"We want a cooperative NATO-Russia relationship that produces concrete results and draws NATO and Russia closer together."*

Clinton then said that the key to NATO-Russian relations is a high level of transparency in order to dispel Moscow's fears that the alliance will one day turn on Russia.

"European security will benefit if NATO and Russia are more open about our armaments, our military facilities, and our exercises," Clinton continued. *"NATO and Russia should have a regular exchange of information on posture, doctrine, and planned military exercises, as well as*

specific measures to permit observation of military exercises and to allow visits to new or significantly improved military installations.”

Dmitry Rogozin, the tough-talking Russian ambassador to NATO, wasn't buying a word of it.

“In my view, Mrs. Clinton's speech failed to answer the questions that Moscow has repeatedly raised with its US and NATO partners,” he told Interfax on Tuesday.

Rogozin then cited a long list of complaints aimed at NATO and its “spontaneous expansion eastwards.”

“We cannot be happy with these rules,” he said. *“A unilateral world, NATO-centrism, the alliance's spontaneous expansion eastwards and refusal to recognize the principle of integrity and security.”*

The failure *“to take into account Russia's and its partners' interests... is a burp of the Cold War,”* the ambassador said.

Russia's new military doctrine mentions, amongst other threats, *“the desire to invest the military potential of the North Atlantic Treaty Organization (NATO) with global functions, carried out in violation of international law, and advance the NATO member states' military infrastructure closer to Russia's border, particularly by expanding the bloc.”*

But Russia had been making overtures to its partners that the European security architecture needs to be overhauled to reflect all of the parties' interests.

In November 2009, Moscow made a push for the United States and Europe to embrace a new security structure on the European continent that would finally remove “stereotypical Cold War rationale” from NATO's mission statement.

The first two articles (entire document available [here](#) on the President of Russia's official website) of the European Security Treaty proposal make it clear that Russia wants its security interests taken into account before NATO does business in the former's geopolitical backyard.

Article 1

According to the Treaty, the Parties shall cooperate with each other on the basis of the principles of indivisible, equal and undiminished security. Any security measures taken by a Party to the Treaty individually or together with other Parties, including in the framework of any international organization, military alliance or coalition, shall be implemented with due regard to security interests of all other Parties. The Parties shall act in accordance with the Treaty in order to give effect to these principles and to strengthen security of each other.

Article 2

A Party to the Treaty shall not undertake, participate in or support any actions or activities affecting significantly the security of any other Party or Parties to the Treaty.

Clinton, in her speech on Monday, denied that there was any need to embrace a new security architecture in Europe.

Given the US military's reckless globetrotting since 9/11, and without the approval of the wider international community, Moscow seems right to question if NATO is designed less with defending the European continent than with giving America an excuse for flexing its military muscles for ultimately unilateral, nationalistic purposes.

On the anti-missile system front

Following US President Barack Obama's decision in September to scrap his predecessor's plans for an anti-missile defense system in Poland and the Czech Republic, it seemed that all the talk of a US-Russian "reset" was more than just words. So far, it appears words are all that were on offer.

No sooner had Obama killed the anti-missile shield, than US Secretary of Defense Robert Gates was telling reporters in the Pentagon that the United States had plans to build a new system. Here is Gates glowing about the system in an article that appeared in The New York Times, September 19, 1009:

"In the first phase, to be completed by 2011, we will deploy proven, sea-based SM-3 interceptor missiles – weapons that are growing in capability – in the areas where we see the greatest threat to Europe.

"The second phase, which will become operational around 2015, will involve putting upgraded SM-3s on the ground in Southern and Central Europe.

"All told, every phase of this plan will include scores of SM-3 missiles, as opposed to the old plan of just 10 ground-based interceptors."

Gates concludes his hand-wringing plans by stating that this system *"will be a far more effective defense should an enemy fire many missiles simultaneously... At the same time, plans to defend virtually all of Europe and enhance the missile defense of the United States will continue on about the same schedule as the earlier plan as we build this system over time, creating an increasingly greater zone of protection."*

A child could understand the implications of such a system steaming like a pile of horse manure on Russia's doorstep. In the event of some future crisis, either in Russia or elsewhere, and especially if Washington is once again under the sway of a "war president," such a "defensive" anti-missile system could tempt less rational minds to carry out an offensive action in the belief that no reprisal would be technically feasible due to the (unproven) missile umbrella.

In other words, anti-missile defense in Europe will very likely do exactly the opposite of what its makers proclaim it will: defend Europe from outside attack.

So who can really blame Russia for doubting America's stated intentions, especially when Obama the Peace President may be voted out of office in three short years and the Neolithic neocons go back to Washington?

"We would still like to understand whether the US is really going to hold not only its own finger, but also those of its partners, on the button for using missile defense systems. I personally have very strong doubts about that," Rogozin, commenting on Clinton's statement that Washington supports the idea of NATO inviting Russia to create a joint missile-defense system.

Russia's NATO ambassador then said that too many uncertainties surround the missile defense issue, including partnership in creating such a system, and exactly what threats the system protects against.

"Initially, we suggested moving according to a certain logic that is clear to everyone," the ambassador said.

First, missile threats must be identified, Rogozin said.

"There must be a joint review that will identify these threats and those challenges that exist, in particular, in the area of spreading missile technology and possible delivery of weapons of mass destruction by ballistic missiles. Once we have jointly decided who is threatening us, when such a threat could become real, where it is emanating from and what steps can be taken to overcome this threat, only then must we proceed to the next stage," he said.

The second stage involves the use of political and diplomatic measures against the threatening party, he said.

"If this does not work, the third stage comes into effect: putting economic pressure on the transgressing nation. And only if all these three steps fail to produce any result, can we talk about cooperation in metal, that is about creating a collective missile defense system," Rogozin said.

Presently, however, Russia's partners – primarily the United States – are following a different logic.

"First they bilaterally agree with some European state, southern or Baltic, then leaving us to find this news from the media, which is not quite the approach between partners," Rogozin said.

"It is totally obvious that in the missile defense policy, the NATO partners are putting the cart before the horse," Rogozin continued. *"NATO-style partnership on missile defense consists of one thing: partner states must make their resources, primarily their territory, available for the deployment of US missile defense systems. This sort of cooperation is unlikely to cause optimism*

with Russia. This is why we are asking once again to prove, not just in words, but first of all in deeds, that Washington is prepared for real serious cooperation on missile defense.

"So, speaking of the US Secretary of State's proposals, I can only say one thing: the words really sound music to the ear, however we would like to decide on real action, not words," the ambassador said in the interview with Interfax.

A silver lining in the clouds?

The NATO-Russia Council finished a series of debates in drawing up a review of common threats in Brussels on Friday.

"Now, along with the ambassadors' proposals and recommendations, it will be passed to civilian and military experts, so that the review become a finalized political document by April, when an informal NATO-Russia Council meeting at the ministerial level is to take place," Rogozin told Interfax following the meeting.

The passage of this document will help broaden cooperation between Moscow and the alliance and overcome mistrust that still exists between the two, Rogozin said.

"We would have the chance to become friends in opposing a common enemy – the threats that are directed against the northern civilization," he said.

Asked to specify what "common enemy" is implied, Rogozin continued, *"We are not inclined to point at anyone – and this is Russia's position now."*

Meanwhile, according to a news report by RIA Novosti, Russia and the United States may agree to the terms of a new arms reduction treaty following a phone conversation between Barack Obama and Dmitry Medvedev, scheduled to take place in several days, a senior Russian lawmaker said on Wednesday.

But all may hinge on US plans for missile defense in Eastern Europe.

The issue of "interconnectedness" between the Strategic Arms Reduction Treaty (START) and ABM treaties is a problem that will arise during the State Duma ratification process of a new START treaty, visiting Chairman of the Duma Committee for International Relations Konstantin Kosachev, who arrived in Washington in the framework of interparliamentary contacts, told journalists on Wednesday.

"Attention was drawn to the fact that during ratification of the new START at the State Duma priority would be given to the fact as to whether a problem of interconnection between the START and ABM treaties was solved. This problem is of key importance to us," Kosachev said.

Russia would like to have an agreement on missile defense with the U.S. in this or that form, "be it a new treaty or an appendix to the strategic offensive arms treaty, or any other legally binding form," he said.

"If there are no restrictions and if the U.S. does not have a restriction to develop its missile defense systems, this will sooner or later kill the disarmament process, because, having unlimited interceptor missile capabilities, it would be wrong to expect the weapons levels to be reduced," he said.

This position is not opposed by the U.S. at the political level, *"but we feel that there are various viewpoints on this subject in Washington,"* he said.

Kosachev is currently leading a delegation of the State Duma's foreign affairs committee that arrived in Washington for talks on trade and economic ties with US congressmen. And his trip made him privy to information that could have bearing on the negotiations.

"A phone conversation between the two presidents is to take place in the next few days. It is being prepared now. It might signify a breakthrough," Kosachev added .

Russia and the US are currently holding talks to replace the START 1, the cornerstone of post-Cold War arms control agreement that expired on December 5, 2009.

Obama and Medvedev pledged at their first meeting in April 2009 to replace the START I treaty as part of broader efforts to "reset" bilateral ties strained in recent years.

The new treaty's outline, as agreed on by the Russian and US leaders, includes cutting nuclear arsenals to 1,500-1,675 operational warheads and delivery vehicles to 500-1,000.

Kosachev said the US side is more optimistic about the deal, saying that only a few minor details are to be finished.

"The Russian side is more pessimistic, saying that some serious disagreements remain between the two states and that the US side should show more flexibility... However, the possibility to complete the talks in the next two or three weeks is quite high," he said.

The Russian lawmaker also said the ties are getting better, but still require major improvements.

"The Russian-US relations are making progress. They are better than during the last century, but are there is still room for improvement," he said, according to Interfax. *"However, the past year brought more expectations than results."*

Robert Bridge, RT

Russia drops European border missile plans

Russia will not place short-range missiles in its western-most region, bordering Europe, President Dmitry Medvedev said during a news conference in Pittsburgh.

“When I voiced the idea, which I did in my presidential address to the Federal Council, I said that we are going to place Iskander class missiles in Kaliningrad in response to the implementation of the US anti-missile defense shield,” Medvedev recalled.

“As this decision has been cancelled now, it is quite natural that I’m going to make a decision not to allocate Iskander missiles in the corresponding region of our country”.

Moscow was strongly opposed to the Bush administration’s plans to place part of a US missile shield in Eastern Europe, seeing it as a threat to Russia’s security.

A week ago, Washington announced it was suspending the construction of defense facilities on land in favor of sea-based components. Dmitry Medvedev and many European leaders welcomed the move.

NATO new chief Anders Fogh Rasmussen even suggested linking the defense systems of the alliance, Russia, and the US.

“I will do my best to convince the Russian political leadership and the Russian people that NATO is not an enemy of Russia,” he said in an interview with RT.

ROAR: “Moscow will defend diplomatic solution on Iran until last second”

Russia has not yet agreed to unconditionally support new sanctions against Tehran as they may backfire on Moscow, the media say.

“At the beginning of the year, Russia is receiving participants of the Middle East conflict one after another,” RBC daily said. However, this time the talks with Netanyahu were focused on the Iranian nuclear program rather than on the Israeli-Palestinian conflict, the daily said.

Netanyahu tried to persuade Russian President Dmitry Medvedev that “it is no longer impossible” to hesitate over sanctions against Iran, Kommersant daily noted. The Israeli leader

wants Russia to support a new resolution, the draft of which will be sent to the UN Security Council soon, the paper said.

“Trying to stress the paramount importance of Moscow’s support for the efforts of the US and its allies, Netanyahu for the first time called Russia not only a friend of Israel, but also a superpower,” the daily noted.

Analysts explain Netanyahu’s statements in Moscow by the seriousness of the situation in the Middle East. At the same time, it is still premature to say that Russia *“has already agreed to unconditionally support new sanctions against Iran,”* Evgeny Satanovsky, president of the Institute of Middle East Studies, told the paper. One should take into account how *“risky such a step would be for Russia,”* he said.

According to the paper’s sources, Moscow *“may condition non-fulfillment of the contract with Iran with the demand that Israel does not deliver arms to Georgia.”* Russia prefers to retain room for maneuver, the paper said.

The statement of first deputy director of the Federal Service for Military and Technical Cooperation Aleksandr Fomin about the delayed deal with Tehran has confirmed this, the daily noted. Fomin said on February 15 that *“a few technical faults”* in S-300 systems for Iran have been detected and they are being fixed now.

Netanyahu has not received *“an unambiguously positive response”* from Moscow yet, Gazeta.ru online newspaper said. The part of the explanation is that *“Russia is trying to be friends with everyone,”* Aleksandr Konovalov, president of the Institute for Strategic Assessment, told the paper.

Moreover, Tehran has said that *“if Moscow supports the sanctions, it will cease to be Iran’s partner and will become its competitor,”* the analyst said. According to him, Iran may really influence, in particular, the gas prices.

Israel, for its part, wants to be the only nuclear power in the Middle East to guarantee 100% national security, Konovalov said. He also described as “no more than a myth” the idea that Israel will be doing what “the US tells it.” *“If Israel decides that Iran has crossed a line, it will deliver a strike without consulting anyone,”* the analyst noted.

The recent visit to Moscow of Hamas head [Khaled Mashal](#) will not affect the negotiations between Israeli and Russian leaders, Konovalov believes. *“Yes, Hamas is considered a terrorist organization everywhere, except us, but someone should have the opportunity to contact them,”* the analyst said. He did not rule out that Marshal’s visit has been directly linked to Netanyahu’s trip, *“to make clear the position of Palestinians,”* he added.

Some Russian analysts think that Moscow is actually making a turn in its policy towards Iran. The probability of Russia’s support for Israel and the US is now very high, RBC daily said.

Neither Iran possessing a nuclear bomb, nor it provoking Israel for pre-emptive strike and a new war in the region are in Russia's interests, the paper added.

Iran itself has done everything possible for Moscow to change its position and support the sanctions, Aleksey Makarkin of the Center for Political Technologies, believes. Russia has *"practically nothing to say against the new resolution,"* he told the daily.

Still, Moscow may delay fulfilling the deal on delivering S-300s to Iran, Makarkin said, *"until an embargo on concrete arms is included in the new UN resolution."*

The current delay with Russia's deliveries of S-300 systems may be of a political as well as of technical character, analysts believe. Technical problems may really exist, said Dmitry Vasilyev, chief editor of Russia's Arms Trade with Foreign Countries magazine.

"The system is expensive and complex," he told Business FM radio. *"It has been in production for a long time, with standards determined,"* he noted. *"However, any country wants such systems to be adjusted to its own conditions, so particular problems may arise while fulfilling specific demands of a customer,"* he said.

Meanwhile, many analysts believe Moscow will not be in a hurry to support sanctions. Russia *"would not yield to Netanyahu's pressure and would advise him once again to seek diplomatic ways to settle the conflict,"* said Leonid Ivashov, president of the Academy of Geopolitical Problems.

"Iran's problem is not in its desire to create a nuclear bomb and put it on missiles," Ivashov told *Gazeta* daily. *"Iran's problem is its security. The country is surrounded by a dense network of US military bases, and it is a target for Israel's missiles,"* he said.

Sanctions should be imposed rather on Israel, which has broken international agreements on non-proliferation and *"has created a mighty nuclear arsenal and now poses a threat to the whole region,"* Ivashov said.

As for sanctions against Iran, they are senseless, the analyst believes, because *"neither Russia, nor China, nor even many countries of the European Union will observe them."* *"Iran should get international guarantees of security, and then it will be possible to hold talks as equals,"* he added.

A new resolution against Tehran will not be effective enough, agrees Evgeny Satanovsky of the Institute of Middle East Studies. At the same time, Iran *"is pushing Russia to resolute actions"* by its own harsh statements, he told *Gazeta*.

"Medvedev will be stressing the need for a diplomatic solution to the problem until the last second, because if Iran wants to create problems for Moscow it may do it in some months," the analyst said.

“[The diplomatic outcome](#) of this conflict is extremely desirable for Moscow, of course,” Satanovsky said. “But one should not forget that Iran’s bomb is more dangerous for us than for Europe and the US, at least, geographically.”

Abkhazia and South Ossetia: Two Years of Independence, But No Peace

In 2006, the two republics recognized each other's independence. Another unrecognized republic - Transdniestria - did the same. However, the first official international recognition of S.Ossetia's and Abkhazia's independence took place only in 2008 after the adequate address from the parliaments of the two nations to the Russian administration.

As soon as Russia recognized the independence of South Ossetia and Abkhazia, the parliament of Georgia passed a decree about Russia's occupation of the Georgian territories. Afterwards, Tbilisi terminated diplomatic ties with Russia.

Russia's Ambassador to NATO Dmitry Rogozin stated that Russia's recognition of the independence of S. Ossetia and Abkhazia was a confirmation of Russia's refusal to annex the two republics.

[Russia Today: Policy on S. Ossetia and Abkhazia to remain unchanged - Medvedev](#)

"The decision is a response to political speculators who claimed that Russia wanted to obtain new territories," Rogozin said.

It is worthy of note that the sides have exchanged embassies, so no one can accuse Moscow of being greedy for land.

The recognition of the independence of Abkhazia and South Ossetia triggered negative reactions in the majority of Western states. The director of the French International Institute for Strategic Studies Pascal Boniface stated that Europe has found itself in its own trap since European states were unanimous in recognizing Kosovo's independence. By and large, the official added, Russia's actions regarding Abkhazia and South Ossetia were identical to Europe's actions towards Kosovo.

However, the confrontation between Russia and Georgia still remains a big issue. The diplomatic ties between the two countries have not been restored. As a matter of fact, Russia and Georgia still remain in a state of war with each other. Georgia strongly refuses to conduct any talks with S. Ossetia and Abkhazia.

Russia Deploys S-300 Missile Systems in Abkhazia

Russia announced Wednesday that it has moved a sophisticated anti-aircraft missile system into the republic of Abkhazia, the independence of which Russia recognized in 2008, shortly after the Caucasian war.

The U.S. State Department, however, said the missile deployment was old news, *The Associated Press* reports.

The French Foreign Ministry has said the deployment of Russian S-300 air defense systems in the former Georgian republic of Abkhazia undermines stability in the region.

Russian Air Force head Col. Gen. Alexander Zelin said on Wednesday S-300 systems had been placed in Abkhazia to protect the airspace of Abkhazia and the other former Georgian republic of South Ossetia. He did not say how many S-300s had been deployed, *RIA Novosti* say.

Russia denies deployment of S-300 missiles in South Ossetia

"The protection of the Russian military base as well as South Ossetia is carried out by Buk air defense systems," the source said, adding that the former Georgian republic's landscape would restrict the deployment of S-300 systems.

Earlier on Wednesday, Georgian Foreign Minister Grigol Vashadze said Russia had deployed S-300 systems in South Ossetia.

"Russia has deployed S-300s in the occupied Abkhazia... I assure you that while Russia has not announced this yet, the Russian S-300s are also deployed in the Tskhinvali region," he said.

South Ossetian Defense Minister Valery Yakhnovets also refuted the statement. He said South Ossetia has no need for S-300s "at the present time."

Russian Air Force commander-in-chief Col. Gen. Alexander Zelin said on August 11 Russia had deployed S-300 systems in Abkhazia - a statement that angered Georgia but failed to surprise the U.S. State Department which said the systems appeared to have been in place for the last two years.

"It is our understanding that Russia has had S-300 missiles in Abkhazia for the last two years... We can't confirm whether they have added to them or not," Department spokesman Philip Crowley said.

Russia recognized the independence of Abkhazia and South Ossetia in August 2008 after winning a brief war with Georgia over South Ossetia.

Russia signed agreements with Abkhazia and South Ossetia earlier this year on establishing permanent military bases in the republics.

The bases are located in Gudauta, on Abkhazia's Black Sea coast, and in South Ossetia's capital, Tskhinvali. Each base hosts up to 1,700 servicemen, T-62 tanks, light armored vehicles, air defense systems and a variety of aircraft.