

Business and Politics in the Muslim World

*Weekly Report on **Russia**
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Contents ***Page #***

Summary of the Report.....02

Political Issues.....08

- The history of Russian-Georgian relations
- Russia to Return Back to Gorbachev's Dry Law?
- Russia Continues to Target Peaceful Demonstrators - Newsblaze.com
- Russia: Putin Defends Crackdowns
- Russia helps Iran load fuel into its first nuclear plant
- RIA Novosti: Russia, Azerbaijan to sign border deal during Medvedev's visit - Focus Information
- Russia to prolong military presence in Armenia - Today's Zaman
- Turkey to Amend Security Doctrine, Dropping Russia From Threat List - Asbarez News
- The Black Sea Need Not Be a Black Spot

Economic Issues.....17

- Russia opens crude oil pipeline from Siberia to China; expanding energy ties - Baltimore Sun
- Kremlin's United Russia Party raps disputed project - Today's Zaman
- Russia Stocks Gain Most in a Week as Oil, Metals Rebound - San Francisco Gate
- MOSCOW BLOG: The most equitable Bric
- China-Russia crude oil pipeline begins operations - AP - msnbc.com
- Gazprom Q1 Profit At Record \$10.6Bln
- Azerbaijan eager to continue increasing gas supplies to Russia

Social / Humanitarian.....24

- Male Boss with High Potency Harrasses All Women in His Office
- Russia Today: A ride to a dream
- 14 militants, 2 policeman killed in Russia - AP - msnbc.com
- Shootout in Russia's Caucasus Kills 19 - Wall Street Journal
- Reports: Skinheads attack concertgoers in Russia - USA Today
- Russian man arrested in Spain after nightclub fire that killed 156
- Rights Veteran Quits Rallies
- Police Raid Opposition-Minded Magazine
- Russian terrorist is connected with Putin and could reveal Kremlin's secrets

Food/Energy & Environment.....31

- Fire at old people's home kills nine in Russia – Earthtimes

- Russia extends ban on grain exports until 2011
- Medvedev Warns Speculators After Food Prices Rise
- Government investigating dairy producer's prices in Siberia
- New Wildfires Kill 8, Destroy 400 Homes
- Medvedev orders inquiries into fire protection preparedness in regions

Geo-Strategic.....34

- Russia Opening Iran Nuclear Plant Advances Goal to Play Power-Broker Role – Bloomberg
- Appeal Made to Thai Leader for Russian in Arms Case
- U.S., Russia face off over alleged arms trafficker
- Russia to decide on French warship purchase by yearend
- Medvedev to discuss customs union, nuclear issues in Kazakhstan

Cyber.....39

- Brazil, Russia, India, China and Indonesia to have 1.2 billion Internet users by 2015 - CIO UK

Summary of the Report

Political Issues:

The history of Russian-Georgian relations

The first cultural, economic and political ties between Georgia and Kievan Rus date back to the 12th century. Both Orthodox Christian states, they established regular relations in the 16th-18th centuries. Georgian rulers requested Russian military assistance, advocating joint operations against Turkey and Persia. Diplomatic and cultural ties became more intense in the late 17th century, as a result of which a Georgian community was created in Moscow.

Russia to Return Back to Gorbachev's Dry Law?

The Moscow government considers an opportunity to ban the sales of alcohol beverages, including beer, at night time. It has already been decided to ban the sales of beverages stronger than 15% already from September 1 (from 10:00 p.m. will 10:00 a.m. of the next day). Those who follow the "Down with drinking!" motto are the minority. The consumption of alcohol beverages has become a cultural norm all over the globe. One should struggle for the observation of cultural norms, but it is much simpler for officials to simply ban it.

Russia Continues to Target Peaceful Demonstrators - Newsblaze.com

Freedom House today called on Russian authorities to cease their practice of arresting those engaged in peaceful, public demonstrations that are within their constitutional rights as Russian citizens, citing the three-day prison sentences by a Moscow court of veteran human rights advocate Lev Ponomarev and Mikhail Schneider, one of the organizers of the Solidarity movement.

Russia: Putin Defends Crackdowns

Prime Minister said violent crackdowns on public demonstrations in Moscow and other major cities were sometimes proper. "If you get it? Go out and demonstrate," he said. "If not, you have no right. If you go out without having the right — you are going to get beaten upside the head with a club. It's as simple as that."

Russia helps Iran load fuel into its first nuclear plant

Iranian and Russian engineers began loading nuclear fuel into Iran's first atomic power plant Saturday amid international concern that the Islamic Republic is seeking a nuclear weapon. Overseen by Russia and the International Atomic Energy Agency, the plant is not widely regarded a dangerous expansion of Iran's nuclear program. Russia is also supplying the uranium fuel for the plant, for 10 years, at an enrichment level well below what is needed for a nuclear weapon.

RIA Novosti: Russia, Azerbaijan to sign border deal during Medvedev's visit -

Focus Information

Russian and Azerbaijani presidents will sign a border delimitation deal during Dmitry Medvedev's visit to Baku to be held in September, the Russian foreign minister said in an interview with Azerbaijani media.

Russia to prolong military presence in Armenia - Today's Zaman

Armenia said on Wednesday it had agreed to extend the lease on a Russian military base in the South Caucasus country until 2044, strengthening Moscow's military presence in the strategic region.

Turkey to Amend Security Doctrine, Dropping Russia From Threat List - Asbarez News

In a sign of changed relations, 19 years after the collapse of the Soviet Union, the Turkish National Security Council intends to drop Russia from the list of potential national security threats, Today's Zaman reported Wednesday. Over the last three centuries Turkey has fought 11 wars with its northern neighbor Russia. The decision is the result of the ruling AKP party's foreign policy of "zero problems with neighbors."

The Black Sea Need Not Be a Black Spot

Terrorism and insurgency are spreading across the North Caucasus, abetted by fighters from the Middle East and South Asia. Everything from narcotics from Afghanistan to supplies for Iran's nuclear program are smuggled through the region. Georgia remains tense since the 2008 war with Russia; separatists threaten hostilities in the regions of Nagorno-Karabakh and Trans-Dniestr.

Economic:

Russia opens crude oil pipeline from Siberia to China; expanding energy ties - Baltimore Sun

Russia is the world's biggest energy producer and China is the world's largest energy consumer, overtaking the United States last year. Although Europe remains Russia's largest export market for gas and oil, both Beijing and Moscow have been seeking to diversify their energy sources and markets, despite a long history of mutual suspicion and tensions.

Kremlin's United Russia Party raps disputed project - Today's Zaman

the party had varying opinions regarding the construction, the project should be reviewed. The motorway could be diverted and built through another Moscow area in the north of the capital, city district head and former ecology official Oleg Mitvol said.

Russia Stocks Gain Most in a Week as Oil, Metals Rebound - San Francisco Gate

Oil, Russia's main export earner, advanced as much as 1.7 percent to \$73.76 a barrel in New York. Copper on the London Metal Exchange climbed as much as 1.6 percent to \$7,214.50 a metric ton, while zinc, lead and nickel also increased. Stocks extended gains after applications for jobless benefits in the U.S. fell more than forecast last week, easing concern about a rapid deterioration in the labor market.

MOSCOW BLOG: The most equitable Bric

The conventional image of Russia is a country of a few super-rich oil barons and over a hundred million paupers. However, despite having more billionaires than any other country, Russia has seen inequality fall during the last decade of strong economic growth: not only is the gap between Russia's rich and poor the smallest of all the four "Bric" countries, incomes are more evenly distributed than in the US. One of the reasons that Russia does so well on a gini coefficient basis is that everyone was simply given their apartment following the collapse of the Soviet Union, which must count as one of the largest transfers of wealth from a state to its people in history. The trouble is that until recently no one could tap this money literally locked up in bricks and mortar. But with the volume of mortgage loans now doubling every month since the start of summer, this wealth is quickly becoming accessible to a growing number of Russians.

China-Russia crude oil pipeline begins operations - AP - msnbc.com

During a visit by Putin to Beijing late last year, Russia signed dozens of commercial pacts worth \$3.5 billion and set the framework for a separate, multibillion-dollar agreement to build two natural gas pipelines to China from gas fields in Russia's Far East that would provide supplies almost matching China's current consumption.

Gazprom Q1 Profit At Record \$10.6Bln

Net income climbed to 325 billion rubles (\$10.6 billion) from 103.7 billion rubles a year earlier, the company said. That beat the average estimate of 316.4 billion rubles in a Bloomberg survey of six analysts. The company plans to continue lowering its debt burden this year, after cutting total debt 15 percent in the first quarter, chief financial

officer Andrei Kruglov said. Total debt may fall to 1.3 trillion rubles at year-end from 1.4 trillion rubles (\$46 billion) at the end of March, he said on a conference call. The company's net debt fell 29 percent in the quarter to 977 billion rubles.

Azerbaijan eager to continue increasing gas supplies to Russia

Russian President Dmitry Medvedev came for talks in Baku on Thursday. Medvedev and his Azerbaijani counterpart Ilkham Aliev concluded a new gas deal, stipulating a strong increase in the volumes of Azerbaijani gas supplies for Russia in 2011-2012. Azerbaijani gas is considered an important factor in the success of the future Nabucco pipeline from the Caspian Sea to the European Union. The pipeline would bypass Russia and rival Moscow's planned South Stream, which is also expected to want to pump Caspian Basin gas to Europe.

Social / Humanitarian:

Male Boss with High Potency Harrasses All Women in His Office

A sex scandal broke out in one of the Moscow offices where female employees demanded that their boss is held responsible for sexual harassment towards all women in the office.

Russia Today: A ride to a dream

As evidence, women provided photo negatives showing the boss's desk drawer stocked with potency enhancers, as well as a video filmed by hidden cameras, showing the horny boss lurking in the kitchen waiting for his female coworkers and casually pressing them against the wall.

14 militants, 2 policeman killed in Russia - AP - msnbc.com

At least 14 suspected militants and two police officers were killed during security raids in Russia's volatile North Caucasus, police said. Nine suspected militants were killed in two separate shootouts with police in the Kabardino-Balkaria republic late Friday, a police spokesman Roman Golubev told The Associated Press.

Shootout in Russia's Caucasus Kills 19 - Wall Street Journal

Islamist fighters raided the village of Chechnya's strongman leader early Sunday, spurring a three-hour firefight that left five law-enforcement officers and 12 militants dead, according to officials and news reports. Officials said between 15 and 30 fighters attacked Tsenteroi, home of Chechnya's Moscow-backed regional chief, Ramzan Kadyrov, setting off a gun battle with police and members of Mr. Kadyrov's security force.

Reports: Skinheads attack concertgoers in Russia - USA Today

Dozens of people were left bloodied and dazed in the attack, television and news agencies reported, and state news channel Rossiya-24 said a 14-year-old girl was killed at the concert in Miass, 900 miles east of Moscow.

Russian man arrested in Spain after nightclub fire that killed 156

Authorities in Spain arrested Konstantin Mrykhin, who was the commercial director of a nightclub in Perm, Russia where fireworks triggered a fire and panic on Dec. 5, 2009, the police said in a statement.

Rights Veteran Quits Rallies

Alexeyeva was referring to Tuesday's rally on Triumfalnaya Ploshchad, the latest in the opposition's attempts to stage rallies on the 31st of each month to draw attention to Article 31 of the Constitution, which grants freedom of assembly. The events are regularly banned by authorities and broken up by police.

Police Raid Opposition-Minded Magazine

Armed and masked police raided the opposition New Times magazine on Thursday, pressing journalists to hand over interview recordings used in reports on alleged abuse of authority by the OMON riot police.

Russian terrorist is connected with Putin and could reveal Kremlin's secrets

As journalists found out in the 1980s, the Portuguese-speaking Bout served in Mozambique together with a KGB officer Igor Sechin who is now a deputy prime minister in Putin's Russia. As the Nesweek notes, Sechin is the most powerful man in the Russian government after prime minister Putin.

Food/Energy & Environment:

Fire at old people's home kills nine in Russia – Earthtimes

At least nine people died & Around 480 residents had to be evacuated from the institution in the Tver region.

Russia extends ban on grain exports until 2011

Putin said in televised remarks that the ban will be lifted only after the results of the 2011 harvest are in. Russia is a major exporter but its wheat crop was damaged this year by drought and fires. It was the hottest summer since record-keeping began 130 years ago.

Medvedev Warns Speculators After Food Prices Rise

The government is worried that recent price rises for staples such as flour, buckwheat, pasta and meat following the worst drought in at least half a century could undermine the Kremlin's support ahead of the 2012 presidential election.

Government investigating dairy producer's prices in Siberia

Russia's Federal Antimonopoly Service has opened an investigation into a Siberian subsidiary of Russia's top dairy producer Wimm-Bill-Dann, after the firm raised its wholesale prices by 11-17.9 percent while its production costs grew by just 4.5 percent.

New Wildfires Kill 8, Destroy 400 Homes

Wildfires once more swept through dozens of villages in the western part of Russia, this time killing at least eight people and reducing more than 400 homes to smoldering ruins in the nation's southwest, officials said Friday. The blazes in the Volga River provinces followed wildfires that killed at least 54 in central Russia in July and August during Russia's worst heat wave ever recorded and that prompted criticism of the government's response.

Medvedev orders inquiries into fire protection preparedness in regions

Russian President Dmitry Medvedev instructed Prosecutor General Yuri Chaika to inquire into the preparedness to control fire situation and carry out fire safety measures in the regions. "I want the prosecutor's inquiry to wake up municipal heads," Medvedev said.

Geo-Strategic:

Russia Opening Iran Nuclear Plant Advances Goal to Play Power-Broker Role – Bloomberg

The physical start of the 1,000-megawatt power reactor near the southern city of Bushehr makes Iran the first country in the Middle East to have a nuclear-energy facility, freeing more of its fossil fuels for export. Iran, which becomes the second Muslim state after Pakistan to have nuclear power, aims to build enough plants to generate 20,000 megawatts within 20 years. Iran didn't notify the IAEA about Natanz until 2002, after beginning work on it in 2000. Plans for the Qom enrichment plant, which is concealed in a tunnel, were revealed in September. Satellite photographs show construction at the Qom site began as long as seven years ago, the IAEA said.

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.

U.S., Russia face off over alleged arms trafficker

An arms trafficker who assembles a fleet of castoff Russian cargo planes and operates a transcontinental network for over a decade would not have stayed alive, much less thrived, unless he had the blessing and support of influential Russian officials, said people in and out of government who have watched his operations from afar. Zarate also pointed to Bout's "deep connections with the Russian establishment for some time." Zarate said that "perhaps some of those people are nervous about what he knows and what he might say if he lands in a courtroom in New York."

Russia to decide on French warship purchase by yearend

Russia is holding talks with France on the purchase of Mistral-class warships on a 2+2 scheme whereby Russia will buy one or two French-built Mistral-class frigates and build another two under license at home.

Medvedev to discuss customs union, nuclear issues in Kazakhstan

Russian President Dmitry Medvedev will pay a visit to Kazakhstan on September 6-7, a presidential aide said Friday. During the visit, Medvedev will hold talks with his Kazakh counterpart, Nursultan Nazarbayev, to discuss their customs union with Belarus, other trade and economic issues, and nuclear cooperation as well as attend an interregional cooperation forum.

Cyber:

Brazil, Russia, India, China and Indonesia to have 1.2 billion Internet users by 2015 - CIO UK

These five countries - which the consulting firm dubbed BRICI - account for 45 percent of the world's population and 15 percent of global GDP (gross domestic product), BCG said, noting they are currently home to 610 million Internet users. That number is set to double to 1.2 billion by 2015, it said, predicting the number of users will increase at compound annual growth rates of 9 percent to 20 percent.

Detailed Report

Political Issues:

The history of Russian-Georgian relations

At the end of the 18th century, Eastern Georgia was controlled by Persia. The kingdom of Kartli and Kakheti (Eastern Georgia) and the kingdom of Imereti sided with Russia during the 1768-1774 Russo-Turkish War. The Russian victory made things easier for the Turkish-ruled Georgian territories. Notably, the kingdom of Imereti (Imeretia) stopped paying tribute to the Turkish Sultan.

On December 21, 1782, Irakly II (or Erekle II), the king of Kartli and Kakheti, asked Empress Catherine the Great to accept Georgia as a Russian protectorate. The Empress, who wanted to strengthen Russian positions in the South Caucasus, agreed. A bilateral treaty was signed on July 24 (August 4), 1783, at the Georgiyevsk fortress in the North Caucasus. Under the document, the Georgian King recognized Russia's supreme authority and protectorate. In turn, Russia guaranteed the territorial integrity of his possessions and those of the King's heirs. The kingdom of Kartli and Kakheti pledged to coordinate its foreign policy with Russia in advance. The treaty formalized the Georgian state's independence in tackling all its domestic policy issues, and Article 7 made it

incumbent on Georgia to provide mutual military assistance to Russia whenever necessary.

In order to bolster the defense capabilities, Russia pledged to permanently station two infantry battalions in Georgia and to provide additional assistance in case of war. However, Turkey demanded that Russia annul the Treaty of Georgiyevsk. Consequently, Russian forces were withdrawn from Georgia in 1787.

That same year, Turkey declared war on Russia with the support of Great Britain, France and Prussia. The Russo-Turkish War of 1787-1792 ended with Russia's overwhelming victory. The bilateral Peace Treaty of Jassy reinstated the Treaty of Georgiyevsk.

In an effort to retain power, King Georgy XII (or George XII), who succeeded Irakly II, asked Russian Emperor Paul I to admit Georgia on the condition that his descendants be allowed to remain on the throne. Soon after the death of Georgy XII, Paul I signed a manifesto on incorporating Georgia into Russia on January 18 (30), 1801. The document referred to the kingdom of Kartli and Kakheti as the Georgian Kingdom for the first time.

The Russian Empire subsequently incorporated other regions now comprising independent Georgia. This was primarily accomplished as a result of its wars against Turkey and Persia. Georgia was actively involved in the Russo-Iranian wars in 1804-1813 and 1826-1828, as well as the 1806-1812 and 1828-1829 Russo-Turkish wars, and regained most of its lost territories. Imeretia, Guria, Svanetia and Mingrelia joined Russia in 1810, 1828, 1854 and 1857, respectively.

Georgia's involvement in the economic life of Russia, which had embarked on the road of capitalist development, facilitated socio-economic progress. Georgia overcame its political and economic disunity. The Georgian nation established closer cultural ties with the Russian nation and other ethnic groups in the Russian Empire.

However, the Russian government's colonial policy led to peasant insurrections, the largest being the 1841 Guria uprising and the 1857 Mingrelia uprising.

Georgia posted rapid economic growth in the second half of the 19th century. This was, however, accompanied by mass protests against national and social oppression.

On March 9/22, 1917, the Transcaucasian Commissariat, a body of the Russian Provisional Government, was set up in Tiflis during the February Bourgeois Democratic Revolution. On November 15/28, 1917, the Transcaucasian Commissariat was established as a body of the Transcaucasian Menshevik Government, to be dissolved in March 1918. In addition, Georgian military units and the National Guard were formed. On May 26, 1918, the Mensheviks proclaimed Georgia an independent republic. In May and early June 1918, German forces entered Georgia at the request of the Menshevik government. Turkish forces subsequently entered the country. They were replaced by British troops in December 1918, which remained in Georgia until July 1920.

In 1921, the Bolsheviks staged an armed rebellion, overthrew the Menshevik government with the Red Army's assistance and established Soviet power in Georgia.

Established on February 25, 1921, the Georgian Soviet Socialist Republic was part of the Transcaucasian Federation from March 12, 1922, and joined the Soviet Union as an independent republic on December 5, 1936.

Georgia implemented industrialization and collectivization programs during the Soviet period, creating entire new industry sectors.

The March 31, 1991 referendum proclaimed Georgia an independent state. On April 9, 1991, the Supreme Soviet (Parliament) of the Republic of Georgia passed an act reinstating Georgia's independence.

Russia and Georgia established diplomatic ties on July 1, 1992.

The two countries have signed over 90 inter-state and intergovernmental agreements. The bilateral framework treaty on friendship, good-neighborliness, cooperation and mutual security was considered in 2001-2005. The discussion of the document has now been suspended.

Anti-Russian aspects of Tbilisi's foreign policy linked with plans for settling conflicts in Abkhazia and South Ossetia by force have hindered constructive bilateral relations in the past few years.

In the early hours of August 8, 2008, Georgian troops attacked South Ossetia and damaged part of its capital, Tskhinval. In an effort to protect South Ossetians, many of whom had Russian citizenship, Russia deployed its forces in the republic and expelled Georgian military units from the region in the next five days.

On August 26, 2008, Russia recognized the independence of South Ossetia and Abkhazia. On September 2, 2008, Georgia decided to sever diplomatic ties with Russia.

Georgia's foreign policy priorities are currently based on its "European destiny." Tbilisi's policy aims at the closest possible rapprochement with the European Union and fastest possible integration into NATO.

Russia to Return Back to Gorbachev's Dry Law?

Will Muscovites have to join the Prozac nation and take antidepressants as stress relievers? That would not be a very good option. Many people in Russia still remember the time of Gorbachev's perestroika, when they had to have special coupons to buy vodka, but they could buy it only when there was such a possibility, not when they wanted to. The general consumption of vodka decreased in the country, but such a measure resulted in the growth of incidents of severe alcohol poisonings, because people were forced to buy surrogate drinks instead.

Now history may repeat itself.

It is worthy of note that night-time sales of strong alcoholic beverages were banned in Moscow in 2006. Only six percent of stores selling alcohol drinks have special permissions for nighttime commerce.

In July of this year, Levada Public Opinion Research Center conducted a poll among 1,600 Russians in 130 settlements situated in 45 regions of the country. The respondents were asked the following question: "Do you drink alcoholic beverages (including beer)? If yes, then how often?"

The answer "several times a week" received positive response from 6 percent of the polled. "Once a week" - 9 percent. 28 percent said that they "don't drink at all." 26 percent said - "once a month".

It does not look like a catastrophe, is it? There are always people who poison themselves with alcohol deliberately. There are also people, who drink just for fun and entertainment. Alcoholics shall not be considered as someone who just like alcoholic beverages. They drink to receive intoxication, they want to change their consciousness. There ' s no vodka ? There are surrogates . In the long run, they used to drink the legendary Troinoi Cologne during the Soviet times.

There were two politicians in Russia and the USSR, who became known for their initiative to introduce the dry law: Mikhail Gorbachev and Tsar Nicholas II. Their stay at power led to catastrophic consequences for the country. It was not because of the dry law, of course. A politician, who does not understand his country, can not take it to anything good.

The government does need to take measures, because people drink a lot indeed. However, a ban is not a way out, it's not a solution. It is a surrogate measure.

Russia Continues to Target Peaceful Demonstrators - Newsblaze.com

Ponomarev and Schneider were detained along with Solidarity opposition leader, Boris Nemtsov, at demonstration on Sunday. Nemtsov, former Russian deputy prime minister and opposition leader was also arrested in a demonstration on July 31st. While he was acquitted of charges stemming from Sunday's demonstration, Nemtsov will go to trial September 2 on charges related to his arrest in July. On December 31, 2009, Moscow police arrested 89-year-old legendary human rights defender Lyudmila Alexeeva, also during a peaceful protest.

"The escalating trend of detaining, and now sentencing to jail, well-known and widely-respected human rights defenders is one of deepening concern," said Paula Schiefer, director of advocacy at Freedom House. "These actions send a clear message to the Russian people that any attempts to exercise their constitutional right to free assembly or protest against the government are done at their own peril."

Article 31 of the Russian constitution states that "citizens of the Russian Federation shall have the right to gather peacefully, without weapons, and to hold meetings, rallies, demonstrations, marches and pickets." However, Russian authorities require that demonstrators apply for permits to demonstrate and such applications are frequently denied to groups that wish to protest Kremlin policies. No acts of violence have been committed by activists demonstrating in support of Article 31.

"The Russian people have endured a traumatic month as the smoke from wildfires nearly choked much of the country," Freedom House senior program manager for Eurasia Sam Patten pointed out, "the very least the government could do now is give the public a little more breathing room, and allow peaceful demonstrations. Why have the police arrested Ponomorov for exercising his legal rights but not made any arrests in the case of unknown assailants who beat him in public last year? The double standard is damning."

Russia is ranked Not Free in Freedom in the World 2010, Freedom House's survey of political rights and civil liberties, and Not Free in Freedom of the Press 2010.

Russia: Putin Defends Crackdowns

Prime Minister [Vladimir V. Putin](#), in an interview published on Monday, said violent crackdowns on public demonstrations in Moscow and other major cities were sometimes proper. Opposition protests are routinely broken up in [Russia](#) by the police, who maintain that they have not been approved local authorities. Mr. Putin told the Kommersant newspaper that the opposition had to abide by the law and receive permission to march.

"If you get it? Go out and demonstrate," he said. "If not, you have no right. If you go out without having the right — you are going to get beaten upside the head with a club. It's as simple as that."

Russia helps Iran load fuel into its first nuclear plant

TEHRAN -- State television showed what appeared to be fuel rods being loaded into the core of the reactor, which is on the shores of the Persian Gulf near Bushehr. The plant is one of the first tangible results of Iran's controversial nuclear program, which has been the target of [increasingly tough international sanctions](#).

The plant has taken more than 35 years to build, with construction disrupted by the 1979 revolution, the war with [Iraq](#) in the 1980s and a decision by the original German contractor, Siemens, to pull out of the project.

"When a nation decides to live with freedom, it will finally reach its goal," Ali Akbar Salehi, head of Iran's Atomic Energy Organization, told state media.

Rosatom, a Russian state nuclear corporation, helped finish the plant, which has cost Iran nearly \$1 billion.

The Iranian government says its nuclear development is for peaceful purposes, such as electricity production and medical research. Although Iran says it has been open, the United States and its allies say the country has concealed parts of its nuclear fuel program, possibly to build a nuclear weapon, which Iran denies.

Iranian officials say they fear that outside pressure could ultimately force Russia to stop supplying nuclear fuel.

"We are looking for assurance of supply of fuel to the reactors," Salehi told reporters. He said Iran has had bad experiences with [Germany](#) and [France](#), which had committed to starting up the reactor but later reneged.

"That was instrumental in making our government decide to have its own enrichment facilities in Iran," Salehi said. "We want to have the capacity and capability to assure the continuous supply of the fuel to the reactors."

The U.S. State Department said it did not view the plant as a proliferation risk but stressed its continued concerns about Iran's nuclear program. "Russia's support for Bushehr underscores that Iran does not need an indigenous enrichment capability if its intentions are purely peaceful," State Department spokesman Mark Toner said in a statement.

Israeli officials also said they were not particularly worried about the fuel being loaded into Bushehr. "Our problem is with the other facilities that they have, where they enrich uranium," Uzi Landau, [Israel's](#) minister of national infrastructure, said in an interview Thursday in Tel Aviv.

Unlike other nuclear successes, Iranian officials and state television refrained from huge celebrations Saturday. President Mahmoud Ahmadinejad was not at the opening of the plant.

"Faced with international pressure, they are keeping a low profile," said Masallah Shamsolva'ezin, an analyst critical of the government. "Maybe they will need to make some kind of compromise in the future, so now might not be the time for nationalistic celebrations."

RIA Novosti: Russia, Azerbaijan to sign border deal during Medvedev's visit - Focus Information

Moscow : The exact date of the visit is yet to be announced. "The main point on the agenda of the forthcoming visit will be signing the Agreement on state border and the Agreement on the rational use of water resources of the Samur River," Sergei Lavrov said. He said the leaders of the two states have been working hard on the document in the past years. The agreement was finalized during last year's meeting between Medvedev and

Azerbaijani President Ilkham Aliyev in Baku. The Russian foreign minister praised Azerbaijan as "our important strategic partner in South Caucasus and in the Caspian Region." "Our relations are on the rise. They are multifaceted, so the whole spectrum of these relations is traditionally being discussed at a meeting between the two leaders. I'm sure this meeting will not be an exception," Lavrov added.

Russia to prolong military presence in Armenia - Today's Zaman

The deal will be signed during a visit to Yerevan by Russian President Dmitry Medvedev today and Friday. Armenian Foreign Minister Edward Nalbandian confirmed the lease extension in an interview with Rossiya-24 television.

It will prolong for decades Russia's military presence in Armenia, its chief strategic and economic ally in a region criss-crossed by pipelines carrying Central Asian and Caspian oil and gas to Europe. The Russian military also has troops in two breakaway regions of neighboring Georgia, where it is building up bases in the wake of a five-day war over rebel South Ossetia in 2008.

Russia and Armenia signed a deal in 1995 allowing the Russian base in the town of Gyumri on Armenia's closed western border with Turkey to operate for 25 years. Nalbandian said the changes would extend that deal to 49 years from 1995.

He said the deal would spell out that the Russian base would help secure the landlocked country of 3.2 million people, where the specter of renewed conflict with oil-producing Azerbaijan over rebel Nagorno-Karabakh is never far away. "And in realizing those goals, the Russian side will assist in providing Armenia with weapons and modern military equipment," Nalbandian said. Some in the Armenian opposition have complained the deal undermines the country's independence.

Russia has several thousand soldiers in Gyumri, who help patrol Armenia's western border with NATO-member Turkey. Ankara closed the frontier in 1993 in solidarity with close Muslim ally Azerbaijan during the war over Nagorno-Karabakh.

Turkey to Amend Security Doctrine, Dropping Russia From Threat List - Asbarez News

ANKARA (UPI)—The country's military strategy, revised every five years, is a classified document that is called as the "secret constitution" or the "red book."

According to Today's Zaman, which quotes anonymous sources close to the issue, this is the first time the National Security document has included provisions on energy security. The sources say the change came in view of Turkey's multi-billion-dollar energy contracts with Russia, which supplies Turkey's with nearly two-thirds of its natural gas through the Black Sea Blue Stream pipeline.

Iran, Iraq and Greece will also reportedly be removed from the updated red book at the upcoming National Security Council's next meeting in October, Zaman said.

In revising the document's primary Cold War direction, Turkey regards international terrorism and fundamentalism as its primary external threats, Today's Zaman said.

The national security document was last revised in 2005, when Islamic fundamentalism and Kurdish separatism were considered the greatest threats to Turkish security, the latter a particular concern due to the Turkish military's ongoing conflict with Kurdistan Workers' Party.

In recent years Turkey has been steadily increasing its cooperation with countries it formerly considered "security threats" and now regards them as new regional partners, particularly in the sphere of energy cooperation.

Turkey's relations with Russia, for example, have improved substantially since Prime Minister Recep Tayyip Erdogan's AKP party came to power eight years ago.

The new draft document, Zaman said, highlights close bilateral economic cooperation with Russia, the potential for increased cooperation in both trade and energy and "a shared vision of stability in the Caucasus."

In the region, Turkey's relations with Armenia have been problematic for decades, while Russia's relations with Georgia have been strained since a brief conflict between them erupted over Abkhazia and South Ossetia in August 2008.

Washington will undoubtedly view the revisions with interest as Turkey is among its largest NATO partner and improved relations with Iran could interfere with U.S.-led sanctions over Tehran's civilian nuclear energy program, which Washington and Jerusalem say they suspect is a facade for a covert effort to develop nuclear weapons.

The Black Sea Need Not Be a Black Spot

The Black Sea is a cradle of civilization, trade and cultures, but today it is also a region of unresolved conflicts, porous borders and rivalries.

Contributing to the insecurity is an absence of effective institutions for Black Sea regional cooperation.

The European Union's Black Sea Synergy Initiative, the Organization of Black Sea Economic Cooperation and Operation Black Sea Harmony, a Turkish-led naval coalition, limp along.

Three NATO members — Bulgaria, Romania and Turkey — line the Black Sea shore, but the alliance devotes scant attention to the region. Russia and Turkey seek to dominate

the sea and keep other navies out, and even if they didn't, the 1936 Montreux Convention restricts outside warships to three-week sojourns.

Conditions may be ripening, however, for cooperative security initiatives on the Black Sea.

Russia is anxious to assure security for the 2014 Winter Olympics in Sochi, on the edge of the North Caucasus. Ukraine seeks to calm the anxieties of the mostly Russian population in Crimea, while Russia seeks stable naval basing arrangements there.

Turkey, with its large North Caucasian diaspora, and Azerbaijan and Georgia hope fighting in the North Caucasus will ebb. Turkey is also concerned about the security of oil tankers traversing the Bosphorus straits. And all the region's states want to stem illicit trafficking and terrorist flows.

At first glance, Russia seems to be as much a problem as solution. It is building up its ground and air forces in Abkhazia and South Ossetia, Georgian territories it annexed after the 2008 clash with Georgia, and at the Gyumri base in Armenia. These forces create unease because they could easily interdict shipments of Caspian oil and gas. Russia also says it will deploy more warships in the Black Sea, and it is outfitting a naval base in Abkhazia. And despite some hints of change, Moscow still refuses to deal with the government of Georgia.

Yet an over-extended Russia may now have an interest in defusing potential confrontations. Vladimir Putin's model of authoritarian rule is coming under new challenge, spurred in part by the government's ineptitude in suppressing this summer's wildfires. Russian leaders now tout economic modernization and foreign investment. Russia is improving ties with Turkey and Ukraine, and on the second anniversary of the war with Georgia, the Kremlin avoided the patriotic fervor of the previous year.

Russia, Turkey and Ukraine — the largest states on the Black Sea — should take the lead in encouraging cooperative security to lessen the existing threats. All Black Sea states belong to NATO's Euro-Atlantic Partnership Council and the Organization for Security and Cooperation in Europe, both of which could serve as forums for developing regional initiatives.

Cooperation to reduce transnational threats should improve cross-border links between law enforcement, border control and military organizations, and facilitate joint operations against illicit trafficking.

Cooperation should bolster the capacity to address biological and nuclear threats, including active participation in the Proliferation Security initiative and the Global Initiative to Combat Nuclear Terrorism, which Russia co-chairs with the United States. A new regional energy security dialogue would facilitate cooperative measures to share shipping and threat information and conduct joint cleanup exercises.

NATO could provide unique aerial and maritime reconnaissance capabilities, and the E.U. could help with law enforcement, border security and information sharing.

Last spring, the independent Commission on the Black Sea rightly lamented that “the Black Sea still does not attract enough attention.” Summit meetings later this year offer an opportunity to change that.

At these meetings of NATO, the E.U., and the Organization for Security and Cooperation in Europe (O.S.C.E.), the Black Sea region ought to be front and center. With the Sochi Olympics looming, Russia should be a very interested partner.

Denis Corboy, former European Commission ambassador to Georgia and Armenia, is director of the Caucasus Policy Institute at Kings College London. William Courtney is a former U.S. ambassador to Kazakhstan and Georgia. Kenneth Yalowitz, former U.S. ambassador to Belarus and Georgia, is director of the Dickey Center for International Understanding at Dartmouth College.

Economic:

Russia opens crude oil pipeline from Siberia to China; expanding energy ties - Baltimore Sun

SHANGHAI (AP) — [Russia](#) has opened its section of a crude oil pipeline from eastern Siberia to [China](#), a major step in expanding energy cooperation between the neighboring powers.

The 1,000-kilometer (625-mile) pipeline will connect Russian oil fields with Daqing, a major oil production base in northeastern China.

"For China, this will help stabilize its energy supplies and security. For Russia, this offers a new market for exports to the Asia-Pacific region, especially dynamic and developing China," the state-run China National Petroleum Corp. quoted Russian Prime Minister [Vladimir Putin](#) as saying, in a statement issued Monday on its website.

Speaking at the ceremony Sunday in the Russian city of Skovorodino marking the pipeline's opening, Putin said cooperation would not be limited to oil exports. Russia welcomes Chinese help in exploiting its abundant resources in the Far East and in expanding refining and marketing, he was quoted as saying.

The Chinese segment of the pipeline is still under construction but is expected to begin operations before the year's end, the statement said.

Eventually, the pipeline is to provide 30 million tons of oil a year to China, with exports to the Asia-Pacific region expanding to a total of 50 million tons a year, Putin was quoted as saying.

During a visit by Putin to Beijing late last year, Russia signed dozens of commercial

pacts worth \$3.5 billion and set the framework for a separate, multibillion-dollar agreement to build two natural gas pipelines to China from gas fields in Russia's Far East that would provide supplies almost matching [China's](#) current consumption.

Kremlin's United Russia Party raps disputed project - Today's Zaman

The ruling United Russia Party asked President Dmitry Medvedev on Thursday to freeze the construction of a disputed motorway which has become a political issue for the Kremlin after a wave of protests.

The construction of the toll motorway from Moscow to Saint Petersburg, which threatens a popular forest in Khimki outside Russia's capital, has come under fire from both ecologists and human rights activists. Protests culminated with a concert and rally in central Moscow on Sunday, featuring Russia's rock music icon Yuri Shevchuk. It attracted more than 2,000 people, the highest for such a protest for many years. United Russia, the arm of the Kremlin used to see laws through a docile parliament, said it had asked Medvedev to halt the construction, according to a statement posted on the party's website www.edinros.ru. "Today we turned to President Dmitry Medvedev, asking him to tackle the situation surrounding the construction works for making the Moscow-St. Petersburg motorway running through the Khimki forest," Boris Gryzlov, a senior United Russia official and speaker of parliament, said in a statement.

Russia Stocks Gain Most in a Week as Oil, Metals Rebound - San Francisco Gate

Aug. 26 (Bloomberg) -- Russian stocks jumped the most in more than a week after oil and metals gained, boosting the outlook for producers.

OAO Sberbank, the country's largest lender, advanced 3.1 percent, erasing yesterday's 1.9 percent loss. OAO GMK Norilsk Nickel, Russia's biggest mining company, added 2.2 percent. Preferred shares of state pipeline operator OAO Transneft rose 2.1 percent. Those movements helped push the Micex Index of 30 stocks 1.4 percent higher to 1,353.1 by 5:40 p.m. in Moscow.

"The focus for Russia will be on the U.S. economy for as long as we have significant concern about a double dip," Yaroslav Lissovlik, head of research at Deutsche Bank AG in Moscow, said by phone. "Today is a reversal of yesterday's macro news from the U.S., which is boosting the Russian market."

Stocks in Russia slumped to their lowest in a month yesterday after commodities fell on unexpectedly weak U.S. homes sales.

MOSCOW BLOG: The most equitable Bric

One widely quoted measure of income inequality is the gini coefficient, which measures the slightly broader concept of wealth that includes things like home ownership. If communism had worked, then everyone would make the same money, which results in a gini coefficient of zero. In a perfectly unequal society where one person has all the money, the gini coefficient is 100. In the real world, currently Sweden is the most

equitable nation on earth with a gini coefficient of 23 and Namibia is the least with a coefficient of 70.

Over the last decade, the rich in the US got richer a lot faster than the poor got less poor, as shown by the gini coefficient for US household wealth which rose from 40.8 in 1997 to 45.0 in 2008 (the last available data), according to the Central Intelligence Agency's World Factbook.

In Russia, the rich certainly got a lot richer over the last 10 years, with the well-connected business elite becoming some of the richest people on earth. However, the decade-long economic boom that started after Vladimir Putin became president (helped along by soaring oil prices) meant the poor got richer even faster. In dollar terms, Russia's GDP increased 7.5-fold over the last decade from around \$200bn to \$1.5 trillion; at the same time, average wages increased 14-fold over the same period from \$50 to around \$700 a month. "So the proportion of GDP accrued by labour has increased a lot. Some high-profile Russians have gotten very rich not from labour but from capital, yet they took that not from other people but from the state," says Liam Halligan, chief economist at Prosperity Capital Management.

Russia's gini coefficient rose from 39.9 in 2001 to 42.3 in 2008 – a lower increase than in the US in both relative and absolute terms, and a lower value than any of the other Bric countries, beating out China's 46.9, India's 53.5 and Brazil's 57.0, according to the CIA. (Actually, there is some uncertainty over the Indian number, as both the CIA and the UN only quote a result from 2004 of 36.8 as their most recent result, whereas the higher number is only an academic estimate.)

Houses for courses

Critics of the gini coefficient say that Russia's rich have hidden most of their money offshore, but this is partly offset by the fact that most of Russia's poor also hide their money under the mattress; only one in four Russians have any kind of bank account. "The proportion of mattress-stuffed money among Russia's poor is much higher than among America's poor, as the US tax net is so much tighter," says Halligan. "That suggests US inequality is even worse relative to Russia than the numbers suggest, if you take into account off-the-books money at both ends of the income scale."

The effect of this rapid growth in the wealth of the masses has been dramatic. If the same growth were to happen on US President Barack Obama's watch, the US' per capita income would go from the current \$46,400, according to the CIA, to \$649,600 over the next eight years. Any president that delivered that kind of wealth increase would not only be re-elected, he would be canonised. Thus, this huge transformation has created a burgeoning middle class in Russia almost overnight. When Putin launched his long-term reform plan, he called for moving 60% of the population into the middle class by 2020. But according to a report released by leading Russian investment bank Troika Dialog at the end of August, Russia is already there: Troika claims the middle class (defined as income/capita of more than \$6,000 a year) already makes up 68% of the population,

against Brazil's 31%, China's 13% and India's 3%. Whatever definition you take of middle class, it is still clear that the distribution of wealth on this score is also a lot more equitable than in any of the other Brics by a long chalk.

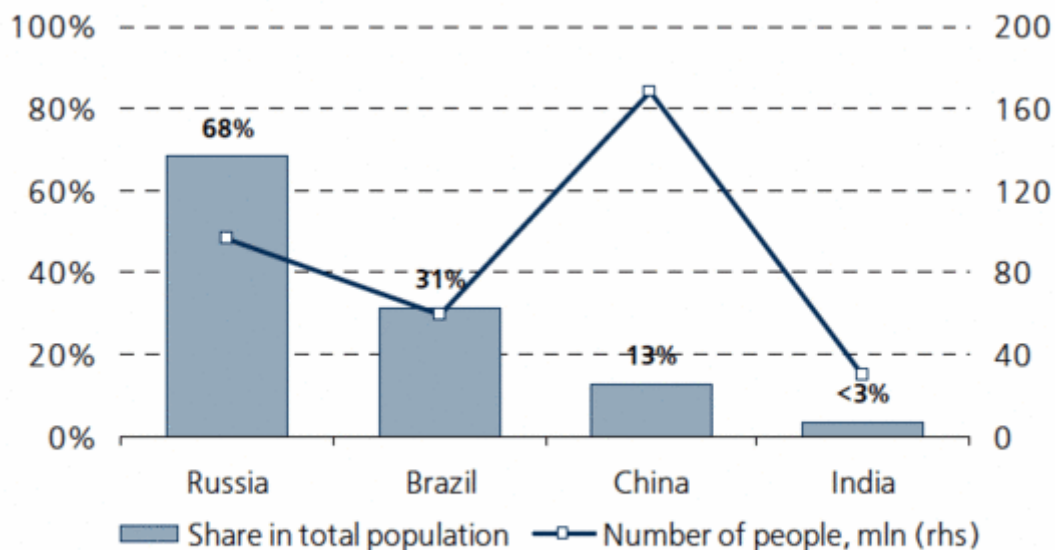
First signs of unrest

Freed of the need to simply survive, the emerging middle class typically becomes more political, as it has the most to lose from bad government. The Russian population has borne the pain of transition quietly for most of the last 19 years, but over the last year a growing number of protest movements are popping up.

These range from the silly to the serious: some drivers have tapped plastic blue buckets on their car roofs to mock the blue flashing lights bought by rich businessmen that allow them to routinely ignore traffic laws, through to the Article 31 demonstrators who meet on the 31st of every month to protest the state's refusal to allow free assembly of protesters guaranteed by article 31 of the Russian constitution. In addition, the gay rights movement is becoming a lot more militant, special interest groups have sprung up in the regions and the Kremlin has several times been embarrassed into action by online outrage in Russia's blogosphere. In the latest example, Russian President Dmitry Medvedev stopped the construction of a highway through the Khimki forest following a public protest.

Both Putin and Medvedev are now talking about the need to promote civil society - but they have also made it explicitly clear they want to go slowly, as they are terrified of losing control of the process in the way that Mikhail Gorbachev lost control during perestroika. Medvedev's decision to cancel the Khimki road and Putin's road trip across Russia in a Lada in August show they are both increasingly concerned about maintaining popular support, but accountability doesn't come naturally to the Kremlin. Going forward, the Kremlin is already attempting to play a delicate game, balancing the easing of centralised control while at the same time controlling popular opinion.

Size of the BRIC middle class



Note: Based on per capita PPP income of \$6,000.

Source: National statistics services

China-Russia crude oil pipeline begins operations - AP - msnbc.com

SHANGHAI — Russia has opened its section of a crude oil pipeline from eastern Siberia to China, a major step in expanding energy cooperation between the neighboring powers.

The 1,000-kilometer (625-mile) pipeline will connect Russian oil fields with Daqing, a major oil production base in northeastern China.

"For China, this will help stabilize its energy supplies and security. For Russia, this offers a new market for exports to the Asia-Pacific region, especially dynamic and developing China," the state-run China National Petroleum Corp. quoted Russian Prime Minister Vladimir Putin as saying, in a statement issued Monday on its website.

Russia is the world's biggest energy producer and China is the world's largest energy consumer, overtaking the United States last year. Although Europe remains Russia's largest export market for gas and oil, both Beijing and Moscow have been seeking to diversify their energy sources and markets, despite a long history of mutual suspicion and tensions.

Speaking at the ceremony Sunday in the Russian city of Skovorodino marking the pipeline's opening, Putin said cooperation would not be limited to oil exports. Russia welcomes Chinese help in exploiting its abundant resources in the Far East and in expanding refining and marketing, he was quoted as saying.

The Chinese segment of the pipeline is still under construction but is expected to begin operations before the year's end, the statement said.

Eventually, the pipeline is to provide 30 million tons of oil a year to China, with exports to the Asia-Pacific region expanding to a total of 50 million tons a year, Putin was quoted as saying.

Gazprom Q1 Profit At Record \$10.6Bln

Gazprom tripled first-quarter profit to a record after cold weather boosted demand at home and in Europe, and the ruble appreciated against the dollar, the world's biggest gas producer said Thursday.

Gas sales, hurt by the economic crisis last year, were supported by low temperatures at home and in Europe this year. Export monopoly Gazprom boosted sales volumes 21 percent to 162.2 billion cubic meters in the first quarter, it said.

The company's shares closed up 0.5 percent on the MICEX, in line with the broader market.

“The most interesting thing for Gazprom this year will be how the situation with the mineral extraction tax on gas is resolved,” said Alexei Kokin, an analyst at Metropol.

The Finance Ministry is seeking to boost oil and gas taxes after Russia had its first budget deficit in a decade last year. The gap may reach 2.4 trillion rubles this year, or 5.4 percent of gross domestic product.

Sales rose 14 percent to 956.8 billion rubles and operating profit gained 20 percent to 339.3 billion rubles, Gazprom said. Earnings before interest, taxes, depreciation and amortization rose 21 percent to 407 billion rubles, Kokin said.

Gazprom had a net foreign exchange gain of 59.3 billion rubles in the first quarter against a loss of 140 billion rubles a year earlier. Net debt fell 29 percent to 977.3 billion rubles in the first quarter.

Total debt-to-EBITDA may fall to 1 or "slightly higher" at the end of the year from 1.2 at the end of March, Kruglov said. The ratio was 1.5 at the end of last year.

Gas prices climbed 34 percent in Russia, Gazprom's biggest market by volume, while falling 27 percent in Europe. Russia is gradually raising rates, aiming to make domestic sales as profitable as European exports. This boosted revenue at home 47 percent, compared with a 22 percent drop in Europe, Gazprom said.

Gazprom received 9.5 billion rubles as its share of earnings from the Sakhalin Energy Investment, which started the country's first liquefied natural gas shipments last year,

becoming profitable. Gazprom bought a 50 percent stake plus one share from Royal Dutch Shell, Mitsubishi and Mitsui in 2007.

But the company lowered its European gas sales forecast for this year even after exports rose in the first seven months of the year because of the "complex" market and customer delays in buying contracted volumes.

"In our most profitable market, Europe, we expect sales volumes to be at the same level as last year," Kruglov said during a conference call. Exports rose 11 percent in January to July, he said.

European demand will probably reach the pre-crisis level in 2012, Kruglov said. He reiterated Gazprom's forecast of an average price of \$308 per 1,000 cubic meters of gas this year.

Last winter, Gazprom offered some European clients a spot-pricing element in their contracts to stimulate volumes, but the company said it recently stopped offering them.

"We believe the results should alleviate some of the market's existing concerns over the sustainability and profitability of Gazprom's exports into Europe," Renaissance Capital said in a note.

In the first quarter, "Gazprom's European sales recovered 91 percent, quarter on quarter, to 366 billion rubles, with volumes up 45 percent," the bank said.

Gazprom has denied that it faces more contract revisions.

This is the first quarter for which Gazprom used a new methodology, reporting net trading activity, as it did for its full-year 2009 report. Gazprom is the last of Russia's major oil and gas companies that reports under international standards to publish first-quarter results.

Azerbaijan eager to continue increasing gas supplies to Russia

Azerbaijan has agreed to increase substantially its gas exports to Russia, the CEO of Russian energy giant Gazprom said on Friday.

"The signed contract is unique; it does not outline a ceiling volume of purchase. The basic agreement stipulates purchases at the level of 500 million cubic meters. Azerbaijan offered to increase it to 1 billion cubic meters," Alexei Miller commented on the new Russian-Azerbaijani gas agreement.

The agreement stipulates that supplies will be raised to 2 billion cubic meters in 2011, and in 2012 the figure will grow again, he added

"This means that Baku places a priority on Russia, on Gazprom. There are objective reasons for this," Miller said.

Aliyev said Azerbaijan viewed the gas sector as central to strong ties with Russia.

"We consider that this sphere strengthens relations," Aliev said.

He added that Azerbaijan was increasing its gas production. Currently, 2 trillion cubic meters of gas are recovered per year in the country, he said, but there is the potential to extract 5 trillion cubic meters per year.

Deliveries of Azerbaijani gas began on January 1 of this year after Azerbaijan signed a contract with Gazprom in October of 2009 to deliver 500 million cubic meters of gas annually up to 2015, with the option of renewing the contract in future.

Later the companies agreed to double gas deliveries to Russia, bringing the total amount of gas delivery from Azerbaijan to 1 billion cubic meters. In June, Miller said Gazprom was ready to purchase all of Azerbaijan's gas output.

Azerbaijan's gas reaches Russia through its Baku-Novofilya gas pipeline along the Caspian Sea to Russia's North Caucasus republics.

Social / Humanitarian:

Male Boss with High Potency Harrasses All Women in His Office

Following the example of Western companies where the phrase sexual harassment is no longer just a threat, but a verdict for the career, female employees of Russian firms are defending their honor and dignity in courts increasingly more often.

Recently the information was released that the City Court received a statement with a petition signed by 15 (!) female employees of a large Moscow company. In the document women describe in detail the essence of the arrogant behavior of their Casanova-like boss.

Russia Today: A ride to a dream

It turns out that 63-year-old Arkady P. until now has never hit on his female employees, and on the contrary, always had a reputation of a respectable family man, and father of three children who has been married to his wife for over 30 years. However, about two months ago, his behavior changed dramatically. It all started with dirty jokes and hints addressed to his female colleagues. Initially, the women thought his behavior to be a simple sign of his good mood or a late midlife crisis. But when it became clear that Arkady P. will not limit himself to jokes and in response to polite smiles of his employees he touches them, the office was seriously alarmed.

"Neither polite remarks nor categorical talks in private have led to any results," Tamara S., a representative of the affected community commented on the incident. "We just realized that he could be stopped only by a court order. We did not consider the option of quitting our jobs because of our boss's increased libido!"

It is not clear yet how the story will end since there have not been any headline-making cases involving sexual harassment in Russia. However, if Arcady P. is held responsible and is charged criminally, hundreds of thousands of men working side by side with the most beautiful women in the world will have a tough time.

14 militants, 2 policeman killed in Russia - AP - msnbc.com

NALCHIK, Russia — Two of those killed were suspected of organizing a bombing in May that killed one man and wounded dozens, Russia's Investigative Committee, the country's main investigative body, said in a statement Saturday.

Separately, five suspected militants and two police officers were killed in another shootout Friday in the nearby republic of Dagestan, local police spokesman Magomed Tagirov said.

Those militants allegedly had ties to warlord Magomedali Vagabov, who was behind the Moscow metro bombings in April that 40 killed people and left scores wounded, the investigative agency statement said. Vagabov himself was killed in a shootout with security forces in Dagestan last week, authorities said.

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

Russia has been fighting an Islamic insurgency in its southern regions following two wars in Chechnya in the past 15 years. The militants say they seek an Islamic emirate across the North Caucasus. While violence has subsided in Chechnya, militants are becoming increasingly active in neighboring regions.

More than 30 militants have been killed in raids in North Caucasus this month and a number of "terrorist attacks" have been prevented, federal security chief Alexander Bortnikov told President Dmitry Medvedev on Saturday in remarks broadcast on state-run television.

Rights activists say the militants' attacks have been provoked in part by extrajudicial killings, torture and kidnappings allegedly carried out by police under the pretext of fighting terrorism.

Dagestan's leader appealed to Medvedev earlier this month to bolster security forces in the republic, citing a surge in terrorist activity.

Shootout in Russia's Caucasus Kills 19 - Wall Street Journal

MOSCOW— The attack follows a wave of violence in the restive North Caucasus region in recent weeks, and came shortly after Russian officials marked what they called victories against separatist fighters in the region.

On Saturday, President Dmitry Medvedev congratulated the head of the Federal Security Service on what he called "rather successful" operations in recent weeks there that have left dozens of suspected Islamists dead, according to official accounts. Last week, authorities said they had killed the organizer of the March Moscow subway bombings.

Following Sunday's attack, Mr. Kadyrov told Russian media he had commanded the operation, adding that authorities had advance warning of the attack.

"We let them into the village so they couldn't escape," Mr. Kadyrov told state television. "We forced them into a place where they could be eliminated."

State television showed footage of intense fighting involving armored-personnel carriers and rocket-propelled grenades, which it says was provided by the Kadyrov government. TV reports also showed burned-out homes. Mr. Kadyrov was shown inspecting bodies of what state television said were the dead attackers, which had been dragged onto a street.

An Associated Press reporter at the scene saw fire-ravaged and bullet-ridden homes, with body parts lying among the rubble.

Resident Vargan Edelgeriyeva, 48, said the gun battle started at about 3 a.m. at a construction site about 150 yards from Mr. Kadyrov's residence, the AP reported. Militants entered local homes but were quickly surrounded, Ms. Edelgeriyeva said. In one house an insurgent detonated explosives, perhaps a grenade, killing himself and a 30-year-old resident, she said.

Official reports made no mention of civilian deaths, saying only that seven residents had been wounded. The Kadyrov government denied early reports that put the civilian death toll at five.

Authorities said 17 law-enforcement agents were hurt.

Mr. Kadyrov has repeatedly declared that the Islamist underground was all but defeated, but those statements have proved to be premature. What started in the 1990s as a separatist struggle has taken on an Islamist cast in recent years and spread from Chechnya to neighboring regions.

In Dagestan, east of Chechnya, security forces early Sunday killed four suspected militants when they failed to stop at a police checkpoint, officials said.

Reports: Skinheads attack concertgoers in Russia - USA Today

MOSCOW (AP) — Scores of bare-chested skinheads attacked a crowd of about 3,000 people at a rock concert in central [Russia](#) on Sunday, beating them with clubs, media reports said.

Fourteen ambulances were called to the scene, the channel said, citing witness accounts. The motive for the attack was not known, and authorities couldn't be reached for comment. The ITAR-Tass agency said local police had refused comment.

Many of Russia's top rock acts were attending the "Tornado" rock festival, the agency said.

Russia has an ingrained neo-Nazi skinhead movement. Attacks on dark-skinned foreigners in Moscow and [St. Petersburg](#) have been relatively common in recent years. The January 2009 murder of lawyer Stanislav Markelov and journalist Anastasiya Baburova prompted a Kremlin crackdown on ultranationalists, who were blamed for the killings.

In April, a Moscow court banned the far-right Slavic Union, whose Russian acronym SS intentionally mimicked that used by the Nazis' infamous paramilitary. The group was declared extremist and shut down. Then the group's leader, Dmitry Demushkin, told The Associated Press it tried to promote its far-right agenda legally and warned that the ban would enrage and embolden Russia's most radical ultranationalists.

Russia's ultranationalist movement is so deeply embedded in the country's culture that militant groups have sprouted up around Russia to fight it. Anti-racist groups regularly spearhead attacks on ultranationalists, sparking revenge assaults in an intensifying clash of ideologies.

Neo-Nazi and other ultranationalist groups mushroomed in Russia after the 1991 Soviet collapse. The influx of immigrant workers and two wars with Chechen separatists triggered xenophobia and a surge in hate crimes.

Racially motivated attacks, often targeting people from Caucasus and Central Asia, peaked in 2008, when 110 were killed and 487 wounded, an independent watchdog, Sova, said. The Moscow Bureau for Human Rights estimated that some 70,000 neo-Nazis were active in Russia — compared with a just few thousand in the early 1990s.

Russian man arrested in Spain after nightclub fire that killed 156

(CNN) -- Investigators have arrested a suspect from Russia in connection with a fire that killed 156 people in a nightclub in Russia in 2009, the Spanish National Police said Thursday.

Mrykhin has been wanted in Russia, where police say he ignored safety measures in organizing the fireworks display that caused the fire, the statement said.

Mrykhin fled Russia to Barcelona, Spain to evade a charge of involuntary manslaughter, police said.

Rights Veteran Quits Rallies

Human rights veteran Lyudmila Alexeyeva said Thursday that she would stop attending opposition rallies because of her age and poor health, as Washington criticized a police crackdown on a rally near Moscow's Triumfalnaya Ploshchad this week.

"I've had my share of going to rallies in my life. After the last event on Triumfalnaya Ploshchad, I understood that I am physically incapable of doing it," said Alexeyeva, 83.

"I had to leave the car too far [from the site], and the walk is too long," she said, Interfax reported.

The rallies, held since 2009, are organized by Alexeyeva together with writer turned politician Eduard Limonov and Left Front activist Konstantin Kosyakin.

Ilya Yashin, a senior member of the Solidarity political movement, praised Alexeyeva as a symbol of the Triumfalnaya Ploshchad protests and called her "more of a man" than many opposition leaders.

"This woman has turned out to be more of a man than many well-known opposition leaders, who have shown themselves to be babblers," Yashin told The Moscow Times.

He said he fully respected her decision.

Alexeyeva, a slight, frail Soviet-era dissident, was detained by police at a Dec. 31 rally on the square, sparking international condemnation. She was not touched at Tuesday's rally.

In Washington, the U.S. State Department expressed concern about intimidation tactics being used at Tuesday's rally, where police detained more than 100 people, and said it was also concerned about the Russian government's actions in recent years.

"We have concerns about intimidation of citizens, intimidation of journalists, intimidation of nongovernmental operators who are working on behalf of the Russian people," Assistant Secretary of State Philip Crowley told reporters Wednesday, referring to the rally.

"We are concerned by actions by the Russian government in recent years, shrinking the space for civil society," he said, according to a transcript on the State Department's web site. "Through our embassy, we have expressed our concern to the Russian government, and that conversation is ongoing."

Four European Parliament members who attended Tuesday's rally have criticized the police.

Alexei Venediktov, editor-in-chief of Ekho Moskvyy radio, said he would appeal to the deputy head of the presidential administration, Vladislav Surkov, to stop crackdowns on rallies, Kommersant reported.

But a Kremlin source told the newspaper that the presidential administration took no responsibility for the actions of Moscow's police force, which answers to City Hall. "To see the Kremlin's hand in crackdowns on rallies is to simplify the situation," the source said.

Police Raid Opposition-Minded Magazine

A handful of police entered the magazine's Moscow office seeking recordings of interviews and other material used in a February report that cited police sources as saying OMON officers are permitted to commit abuses when breaking up protests.

"We suggest you voluntarily — voluntarily — give us the recordings of the interview with the current and former OMON staff," the officer in charge of the raid told New Times editor [Yevgenia Albats](#) in the presence of a Reuters reporter.

The raid was part of a defamation investigation by law enforcement authorities into current and former officers whom the magazine interviewed for its report, Albats said.

"If you refuse to do this, we will put this in writing," the officer, Colonel Stanislav Pashkovsky, said before lighting up a cigarette in the magazine's office, which was decorated with a large poster critical of the government.

Albats, a vocal Kremlin critic, refused to hand over the recordings, citing legislation protecting journalists' sources.

"One of the sources gave his name, and the second source ... gave us an interview on terms of confidentiality and repeated several times he did not want to give his name because it would put his life in danger," she said in an interview.

Albats later said she did hand over a 43-page interview transcript but refused to divulge the names of any confidential sources or provide any material, such as audio or video recordings, that could help police identify any source.

She said the law prohibits media from disclosing confidential sources unless there is a court order and the case in question has come to trial.

The case initiated in connection with the magazine's report is still being investigated and has not come to trial.

Police searched the magazine's premises in April, an action condemned by media rights group Reporters Without Borders, which said it was illegal under the circumstances.

Russian terrorist is connected with Putin and could reveal Kremlin's secrets

The "Lord of War" Viktor Bout, arrested in Thailand because of his deal to supply weapons to Colombian terrorists, has links to the top leadership of the Kremlin, which provides him support of Russian authorities.

Moreover, his relations with senior Russian officials mean that he knows many secrets, the disclosure of which is not desirable for Russia, the US magazine Newsweek writes.

When the Soviet Union collapsed, Bout quickly filled the vacuum, supplying Russian weaponry and using old Soviet transport planes for it. According to a senior expert in the Washington Center for International Strategy Douglas Farah, who in 2007 published a book about Bout entitled "Lord of War", the Russian terrorist was engaged for 20 years in illegal arms supply under the control of the Kremlin and with its consent.

In addition, Bout, as told in the book by Douglas Farah, has perfectly passed into the Putin's system: he was a part of the rapidly expanding Russian military network.

Bout was spotted in Iran in 2005 and Lebanon in 2006. Supposedly, he delivered Russian weapons to these countries which were later used by the Lebanese Shiite organization Hezbollah in the war with "Israel" in summer 2006, says an American expert. At the same time, his planes flew to Iraq.

The "Lord of War" was arrested in Bangkok in 2008. According to the prosecution, he was trying to sell weapons to members of the Colombian terrorist group FARC. As it turned out, his contact persons happened to be members of the US Agency for the Control of Drug Enforcement.

Now the "merchant of death" is threatened with extradition to the US, because FARC is considered a terrorist organization in the United States.

It is worth to be noted that, according to one version, it was not just an ordinary deal for Bout. It has been suggested that it involved Russian officials. According to some analysts, by supplying arms to Colombian rebels via Bout, someone in the Kremlin

wanted to take revenge on Americans for their delivery of Stingers to Afghan Mujahideen in the 1980's.

No direct evidence of such links exists, but there are indirect ones. Thus, one of the cargo planes, associated with business activities of Bout, was arrested in Bangkok last year. There were weapons inside, and after checking the aircraft, it was found out that the plane was registered at a Moscow's address, which is also used by many companies that are connected with the FSB.

Anthony Davis, a security analyst with IHS Jane's, believes that the US authorities want to get Bout, and are doing everything possible to accelerate his extradition in order to receive information from him about spreading of Soviet and Russian anti-aircraft missile complexes Igla on the black market.

However, in his opinion, the fear of the Russian side is a bit exaggerated, as Bout's wife and children are in Russia, so he is likely to remain silent, as he did during his detention in Thailand. As Western journalists wrote about him before, "he rather prefers to remain a Russia's hero in the American prison than a defector who reveals secrets of illegal arms business of the Russia Federation".

It is to be reminded that Victor Bout is now preparing for extradition to the United States. New charges against him were recently dropped, which could accelerate the process of his deportation. In the US, the first hearing on his case has been already scheduled for early October. The Russian side called the consent of Thailand to extradite him "illegal and politically motivated".

Food/Energy & Environment:

Fire at old people's home kills nine in Russia – Earthtimes

Moscow - At least nine people died early Monday in a fire at an old people's home in Russia, a news report said.

Around 480 residents had to be evacuated from the institution in the Tver region near the Russian capital.

One person was hospitalised with smoke inhalation, an official told the Itar-Tass news agency.

The fire broke out in one of the bedrooms in the morning but the cause was not yet known.

Firefighters reportedly managed to put out the blaze quickly.

Russia extends ban on grain exports until 2011

Russian Prime Minister Vladimir Putin has extended Russia's ban on wheat exports until next year's harvest.

Regardless of the ban, Russian farmers have little incentive to export -- grain prices have been rising even faster in Russia than on world markets.

The ban also covers wheat flour, barley, rye and corn.

Food:

Medvedev Warns Speculators After Food Prices Rise

SARATOV — President [Dmitry Medvedev](#) ordered law enforcement agencies on Thursday to prevent speculators from driving up food prices after the worst harvest in years and pledged help to ensure affordable food staples.

This summer's drought will lead to a "price shock" for three to six months, though inflation should be 7 percent for the year, Central Bank First Deputy Chairman [Alexei Ulyukayev](#) told a banking conference.

Medvedev, speaking to the State Council, complained that speculators were driving up prices for certain foods such as buckwheat.

"The speculators need to be caught," Medvedev said at the meeting in Saratov, a city on the Volga River in an agricultural region hit by the drought. "There are no objective reasons for the current changes in price" for food products.

"The situation should be kept under control by the government and regional leaders," he said. "If the situation changes, I will make the decision to ensure our citizens have quality and affordable food. ... This is a priority for the state."

Medvedev has toured villages, dairy farms and meat processing plants in recent days in an effort to reassure Russians, who still remember the empty shelves and soaring food prices leading up to and following the 1991 collapse of the Soviet Union.

Medvedev said he was particularly concerned about the price of buckwheat, which ordinary Russians like to eat as porridge or with mushrooms and onions.

"People are buying up this buckwheat from big retailers in the evenings, using sacks to fill up their trucks, and then selling it in small shops and markets," Medvedev said.

"Those who are involved in hiking up prices, those involved in earning unjustified profits, should be dealt with by prosecutors, by the police, by the anti-monopoly and tariff services," he said.

Government investigating dairy producer's prices in Siberia

The service said in a statement that it saw no economic reasons for the price rise and accused the company of abusing its dominant position on the market.

"Weekly food price monitoring says the raw milk purchasing price for Wimm-Bill-Dann's subsidiary in Novosibirsk has not changed significantly and amounts to an average of 11-12 rubles per litre. The wholesale price for pasteurized milk with a 2.5 percent fat status increased to 26.4 rubles from 20 rubles," the service said.

A hearing on the case is scheduled for September 21.

"If the (Antimonopoly Service's) commission confirms violations, administrative proceedings will be instituted against the offender. Large turnover fines exist," the service said.

The Federal Antimonopoly Service found in August that a Wimm-Bill-Dann subsidiary in Russia's Far East increased its dairy product prices by an average four percent and demanded an explanation. The service said that if Wimm-Bill-Dann did not produce a reasonable answer, it would make checks.

The service also said statement it had found a considerable bread price growth in stores belonging to Holiday, Siberia's top grocery chain in Siberia. The service has sent a report to the regional prosecutor general's office for appropriate action.

New Wildfires Kill 8, Destroy 400 Homes

Fires fanned by high winds and months of drought destroyed more than 500 buildings in at least 26 villages in Volgograd and Saratov provinces, injuring at least 17 people, Emergency Situations Ministry spokeswoman Yelena Chernova said.

Television pictures showed smoke rising from the blackened ruins of a village of wooden houses in the Volgograd region, which is about 1,000 miles south of Moscow.

"Our house has burned down, everything has burned down. There's nothing left," a middle-aged villager said, her voice breaking as she spoke.

More than 2,500 people and at least five planes were involved in fighting the fires, the Emergency Situations Ministry said in a statement. TV pictures showed uniformed men running with buckets of water and shoveling dirt onto fires.

"We are working on localizing the fires. The situation is under control," Chernova said.

The ministry said most of the fires were caused by human activity, with short circuits from electricity cables to blame for others.

In a televised meeting with Emergency Situations Minister [Sergei Shoigu](#), Prime Minister [Vladimir Putin](#) promised 1 billion rubles (\$33 million) to each of the stricken regions to house those who lost their homes.

Opposition politicians have said a government-mandated restructuring gutted Russia's forest management system during Putin's time as president, badly slowing the fire response this summer.

Medvedev orders inquiries into fire protection preparedness in regions

Since the beginning of September, the fire situations in several Russian regions has exasperated again. Over 500 homes have burned down and 8 people died in Volgograd region; 938 people have been evacuated.

"I want the prosecutor's inquiry to wake up municipal heads," Medvedev said in time of his meeting with Chaika on Saturday.

Earlier in the day, Medvedev spoke with Russian Regional Development Minister Viktor Basargin, who is currently in Volgograd region. "He said, people told him that several sites, not territories covered with forests, have been on fire or smoldering for a long time."

"I understand that the local government may not have enough pieces of equipment, but putting up fire breaks to stave off fire outbreaks was the direct duty of the local heads. All this need an inquiry," Medvedev said.

Experts fear that strong winds could cause the new fires to spread to other regions, namely the Astrakhan Region and the republics of Tatarstan, Bashkortostan and Kalmykia, an emergencies spokesperson said earlier.

The fires that ravaged the European part of Russia in August killed over 50 people and destroyed more than 2,000 homes.

The government's response to the disaster was widely criticized and the damage wreaked by the new blazes, coming just days after Emergency Situations Minister Sergei Shoigu declared the fires beaten, could provoke further criticism.

The Russian Investigative Committee said on Friday it sees signs of negligence in the actions of officials in the Volgograd region during efforts to put the fires out.

Geo-Strategic:

Russia Opening Iran Nuclear Plant Advances Goal to Play Power-Broker Role – Bloomberg

Iran, under United Nations sanctions for its nuclear program, fulfilled a 36-year quest to join the club of atomic-powered nations today when Russia's Rosatom Corp. switched on a reactor along the Persian Gulf coast.

"I'd like to thank our friend Russia and its people for helping us build this station," Iranian Vice President [Ali Akbar Salehi](#), who also heads the country's Atomic Energy Organization, told reporters in the port city today. Bushehr "opens up a big front for cooperation."

Rosatom Chief Executive Officer [Sergei Kiriyyenko](#), who attended the opening, said Bushehr is a “unique project” and shows that Russia “stands by its obligations.”

The U.S., while accepting that the Russian-fueled Bushehr reactor is for civilian use, has attacked Iranian President [Mahmoud Ahmadinejad](#)’s expansion of the nuclear program to include uranium enrichment.

Sanctions

The UN in June passed a fourth round of sanctions against Iran for refusing to suspend enrichment, which can produce reactor fuel or bomb-grade material. Iran denies it plans to make weapons and says the enrichment is for peaceful purposes, such as fueling a medical-research reactor in Tehran.

Under Iran’s agreement with Moscow-based [Rosatom](#), the state-owned Russian company will supply uranium for the Bushehr plant and take away spent fuel.

The loading of fuel into the reactor began today and Russia will supply uranium for as long as is needed, Kiriyyenko said. Bushehr’s operations and fuel deliveries are monitored by the UN’s International Atomic Energy Agency and as long as international norms are maintained, the reactor is acceptable, he said.

Power generation that will account for less than 4 percent of Iran’s electricity will start in about three months.

Iran’s past experiences with European partners in the nuclear field makes it anxious to secure fuel supply for the nuclear power plants it’s seeking to build, Salehi said. As a signatory to the nuclear Non-Proliferation Treaty, Iran reserves the right to continue uranium enrichment work on its soil, he said.

‘Cover Its Needs’

“Iran only intends to show the international community that it has the supply of fuel and the capability to cover its needs,” Salehi said.

Iran’s insistence on enriching uranium has led Russia and China, permanent UN Security Council members, to support the council’s sanctions, which include restrictions on financial transactions with the Islamic state.

In July, the U.S. blocked access to the American financial system for banks doing business in Iran. The European Union followed, banning investment and sales of equipment to Iran’s oil and natural-gas industries.

U.S. strategy toward Iran’s nuclear program doesn’t exclude military strikes, Defense Secretary [Robert Gates](#) said in June.

“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.”

No ‘Military Purposes’

Operating the Bushehr reactor may save Iran, the Middle East’s second-largest oil producer, 11 million barrels of crude or 1.8 billion cubic meters of gas per year, the London-based World Nuclear Association said in a [report](#).

Should Iran reach 20,000 megawatts of nuclear capacity, it may earn about \$16.5 billion a year from the export of the oil it saves, based on a price of \$75 a barrel, according to Bloomberg calculations.

The plant will also put Iran at least a decade ahead of more prosperous Middle Eastern neighbors such as the United Arab Emirates, which plans to build four nuclear plants by 2020. Iran joins 29 nations that currently generate nuclear power.

Iran said this past week it will pursue a third uranium- enrichment plant to add to Natanz and one being built at Qom. The country has also defended its right to enrich uranium to the 20 percent level, above which it is classified as weapons-grade, for use in the Tehran medical-research reactor.

Uranium Enrichment

Building of the Bushehr facility was started in 1974 by a predecessor of [Siemens AG](#), Germany’s largest engineering company. After the 1979 Islamic Revolution that ousted the monarchy, the Germans quit, saying payments had been delayed.

Russia took over the work after signing a \$1 billion contract in 1995, four years after the breakup of the Soviet Union left the nation’s nuclear industry short of funds and domestic orders.

“By dealing with Bushehr, the Russians have been able to increase their know-how and capacity and become competitive with Western countries,” Salehi told IRNA in an interview published Aug. 17. “They owe us a ‘thank you’.”

Next year, Iran intends to look into new power-plant projects, selecting potential sites, Salehi said today, adding that the work “is moving slowly but steadily.”

Kiriyenko said there are currently no talks between the countries for the construction of new power stations in Iran.

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.

U.S., Russia face off over alleged arms trafficker

Oh, the stories this Russian could tell!

If Viktor Bout starts talking to U.S. prosecutors, the man accused of supplying the weapons for civil wars on three continents could raise the roof in Moscow and Washington.

A tug of war between the two powers has played out largely in public over Bout, dubbed "the Merchant of Death" in 2000 by a minister in Britain's Foreign Office. On Friday, an appeals court in Bangkok ordered his extradition within three months to the United States, where he faces criminal charges that could put him in prison for life.

Bout has even made money off those who said they wanted to put him out of business: the U.S. government and the United Nations. He ignored sanctions by both, while counting as customers the U.S. military in Iraq and U.N. aid programs.

And now?

The Russians "wanted him back because he's linked to Russian intelligence," said Rep. Ed Royce (R-Calif.). "He lived in the open in Russia despite an Interpol arrest warrant" from a Belgian money-laundering case.

Russia says it is just about international politics. Foreign Minister Sergey Lavrov called the court's decision "unlawful and political." Without mentioning the United States, he said "very strong outside pressure" influenced the ruling.
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Juan Zarate, a senior counterterrorism official in President George W. Bush's administration, said the Russians are pushing hard over the issue of sovereignty.

"They don't like the fact that one of their citizens, especially one who's so prominent and notorious, is facing charges in the United States," said Zarate, who green-lighted a Drug Enforcement Administration sting operation that led to Bout's arrest in Thailand.

'Deep connections' with Russia

Royce, the ranking Republican on the House Foreign Affairs subcommittee on terrorism, nonproliferation and trade, assessed the verdict in the Thai court this way: "It's a big loss for every terror group that's tried to employ him in the past, from the Taliban to Hezbollah to al-Shabab."

Russia to decide on French warship purchase by yearend

Russia will make a final decision on whether to buy a French Mistral-class amphibious assault ship by the end of the year, the Russian ambassador to France said on Friday.

"Very serious negotiations have been ongoing since March and we need to decide whether or not to buy [them]," Alexander Orlov said.

He said under Russian laws, "any such purchases are to be made through a tender," adding that France had fairly good chances to win it.

"That is, of course, if they make a more interesting offer," he said.

The envoy said the final decision "will be made by a special commission."

Russian Defense Minister Serdyukov said on August 20 that the ministry had announced an international tender for the construction of two amphibious assault ships and that the results of the tender would be announced before the end of the year.

Medvedev to discuss customs union, nuclear issues in Kazakhstan

Twelve Russian regions border on seven Kazakh regions, making interregional ties vital as they account for 70% of bilateral trade. The interregional forum will focus on sustainable development and high technology, presidential aide Sergei Prikhodko said.

The Customs Union between Russian, Belarus and Kazakhstan became fully operational in early July, when the three countries ratified the Customs Code. The countries plan to scrap their customs borders on July 1, 2011.

Prikhodko said the talks between the two leaders will also touch upon space industry, military cooperation as well as interaction in regional organizations such as the Collective Security Treaty Organization and the Shanghai Cooperation Organization.

The presidential aide said Russia hopes to sign an agreement with Kazakhstan on the construction of a nuclear power plant in the Central Asian country by the yearend.

"As regards the nuclear power industry, we count on interaction with Kazakhstan in jointly designing a nuclear power plant with the VBER-300 medium-power reactor unit. We want to sign the relevant agreement by the yearend," he said.

"The current working visit by Medvedev to Kazakhstan will be the eighth meeting of the two countries' presidents this year, which testifies to the great significance Russia and Kazakhstan pay to further deepening and developing mutually advantageous cooperation," Prikhodko said.

Cyber:

Brazil, Russia, India, China and Indonesia to have 1.2 billion Internet users by 2015 - CIO UK

The number of people with Internet access in Brazil, Russia, China, India and Indonesia will double by 2015, management consulting firm Boston Consulting Group said in a report released Wednesday.

In these countries, home computers aren't the most important means of getting online, unlike in the US and other countries where PCs are used to connect to the Internet. "Personal computers are much less prevalent than mobile devices in the BRICI countries - and play nowhere near the role in catalyzing digital consumption that mobile devices and Internet cafes do," the [report](#) said.

As the costs of mobile Internet access comes down and operators expand the reach of their networks, the number of people accessing the Internet in these countries will grow, it said.

While Internet usage will grow in all five BRICI countries, China will remain the country with the highest Internet usage, BCG said. Chinese Internet users now spend an average of 2.7 hours online each day, and that is expected to increase to 3.1 hours per day by 2015, it said.

By comparison, Russian Internet users spend 1.7 hours online every day, on average. Users in India, Brazil and Indonesia spend an average of 0.5 hours, 0.9 hours and 1.1 hours online, respectively.

The high projected growth rate for Internet access and digital content means companies that operate in this space should make plans to enter these markets, BCG said.

"As digital consumption moves into the mainstream of BRICI society over the next few years, the online habits of the current generation of digital consumers will form the digital-market ecosystems that will be in place for generations to come," the report said.