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Contents **Page #**

Summary of the Report.....02

Political Issues.....08

- United Russia Goes for Majorities Nationwide
- Pro-Russia Party Fails to Topple Latvian Government
- Foreign presidents should not interfere with Russia's internal affairs
- United Russia to present candidates for Moscow mayor to Medvedev on Sat.
- Belarusian leadership tries to pass Russia off as main enemy – Medvedev
- Russia's Medvedev congratulates German leaders on Unity Day
- Latvian government wins parliamentary election
- Medvedev urges creation of mobile communications for special services
- Russian government introduces 2011 draft budget to parliament
- Russia, Ukraine approve program of cooperation for 2011-2016
- Medvedev orders to upgrade army communication devices before 2012
- Medvedev expects Russia-China trade to reach pre-crisis level

Economic Issues.....14

- Iran: Russia investment ban ineffective
- Manufacturing Growth Slows to Crawl as Exports Decline
- Putin to Meet International Business Leaders
- European Companies Coming to Moscow
- Russia to raise gas price for Belarus in 2011
- Ukraine to cut gas purchase from Russia
- Russia to present amendments on WTO accession by year end
- Foreigners to need permit to buy into Russian financial infrastructure firms
- Privatization of state companies to bolster competition
- U.S. clears way to WTO for Russia
- Russia, China fail to agree on gas price

Social/Humanitarian.....20

- 4,000-year-old Aryan city discovered in Russia
- Sutyagin Recounts Prison Life and Spy Swap
- Drug Makers Applaud Amended Law
- Gays Hold First Legal City Rally
- Government Proposes Ban on Cigarette Ads by 2012
- Five militants killed in Russia's N. Caucasus
- 25 Russians charged in large-scale U.S. banking fraud
- Russia, U.S. to sign child adoption deal by year end

Russian census takes off in Far East

Food/Energy & Environment.....29

IFAW launches international tiger protection week

Drought's impact on inflation becomes apparent – minister

Russian, Ukrainian leaders to talk cooperation, attend forum

Russia, China sign several documents on cooperation

Russia may lift grain exports ban

Geo-Strategic.....31

Russia hopes for fair verdict in alleged arms dealer's case

Russia-Belarus relations reach deadlock – Kremlin

Russia increases combat capabilities in Arctic

Medvedev, Obama discuss process of new START ratification

Russian expedition ship seized in Canada over debts

Russia reiterates only diplomacy can solve Iranian nuclear issue

Summary of the Report

Political Issues

United Russia Goes for Majorities Nationwide

The ruling United Russia party plans to collect at least 50 percent of the vote at each of the 7,850 regional and municipal polls, many of which will be single candidate elections, party bosses said Monday.

Pro-Russia Party Fails to Topple Latvian Government

Despite polls predicting that a pro-Russia party would win Latvia's weekend elections, the ruling government won a mandate to keep Latvia on the path of IMF-led austerity instead of renewed ties with Russia.

Foreign presidents should not interfere with Russia's internal affairs

Russian President Dmitry Medvedev criticized Lukashenko in his video blog on Sunday for using his pre-election campaign for the Belarusian presidential elections on December 19 to make damning remarks about Russia.

United Russia to present candidates for Moscow mayor to Medvedev on Sat.

The ruling United Russia party will present a list of candidates for Moscow mayor to President Dmitry Medvedev on October 9, State Duma speaker Boris Gryzlov .The party's general committee will convene on Friday night or Saturday morning to agree a final list of three or four hopefuls.

Belarusian leadership tries to pass Russia off as main enemy – Medvedev

The Belarusian leadership has always been characterized by a desire to create an external enemy image in the public consciousness. The United States, Europe and the Western countries acted as such 'enemies' earlier. Now Russia is declared the enemy

Russia's Medvedev congratulates German leaders on Unity Day

The Day of German Unity is celebrated in Germany as a national holiday on October 3 and commemorates the anniversary of German reunification in 1990, following the fall of the Berlin Wall, which divided the country into two parts.

Latvian government wins parliamentary election

With votes counted at 968 out of 1,013 polling stations, Prime Minister Valdis Dombrovskis' Vienotiba (Unity) bloc has won 30.34%. The opposition Saskaņas Centrs (Harmony Center) party, which represents the Russian-speaking majority and seeks to mend strained ties with Russia, is second with 25.87% of the vote, the commission said.

Medvedev urges creation of mobile communications for special services

President Dmitry Medvedev has set Russia's security agencies the task of creating a reliable modern system for confidential mobile communications, the secretary of the Russian Security Council said Friday.

Russian government introduces 2011 draft budget to parliament

The Russian Government on Thursday introduced a federal draft budget for 2011 and the planning period 2012 - 2013 for consideration by the Russian State Duma. The document stipulates a 3.6 percent budget deficit in 2011, a 3.1 percent deficit in 2012 and a 2.9 percent deficit in 2013.

Russia, Ukraine approve program of cooperation for 2011-2016

Russian Minister of Regional Development Viktor Basargin and his Ukrainian counterpart Vladimir Yatsuba signed the programme on Monday, October 4, at the first bilateral inter-regional economic forum in the presence of Presidents Dmitry Medvedev and Viktor Yanukovich.

Medvedev orders to upgrade army communication devices before 2012

Outdated communication devices should be replaced with the digital ones in the Armed Forces before 2012.

Medvedev expects Russia-China trade to reach pre-crisis level

Russia and China steadily follow their course aimed at strategic partnership on all issues, which makes it easier to get adapted to geopolitical changes. medvedev also gave high marks to cooperation of the two countries within the framework of G-20, the Shanghai Cooperation Organization (SCO) and the BRIC group of states (Brazil, Russia, India and China).

Economic Issues

Iran: Russia investment ban ineffective

Iran says the ban on Iranian Investment in Russia's enrichment industry will not affect the country as Tehran never planned on making such a venture.

Manufacturing Growth Slows to Crawl as Exports Decline

Manufacturing expansion in Russia slowed in September to the weakest pace since March as international demand slacked and new export business declined for a third consecutive month, HSBC Holdings said Friday.

Putin to Meet International Business Leaders

The heads of major international companies will meet with Prime Minister [Vladimir Putin](#) on Oct. 18 at a session of the Foreign Investment Advisory Council, the government announced Monday. The agenda for this year's council meeting has yet to be finalized, according to the prime minister's press office.

European Companies Coming to Moscow

Moscow is the European city that can expect the biggest influx of new foreign companies in the next five years, according to a study released by [Cushman & Wakefield](#) on Monday. Although London, Paris and Frankfurt remain the top three cities to do business in now, nearly 10 percent of the 500 European companies surveyed said they expect to bring their operations to Moscow soon.

Russia to raise gas price for Belarus in 2011

Russia slashed supplies to Belarus in a row over payments in June, but later resumed them after Minsk paid off its \$200 million debt to Gazprom.

Ukraine to cut gas purchase from Russia

The paper quoted Ukrainian Energy Ministry officials as saying that Ukraine's record gas reserves of 27 billion cubic meters had made the government seek to cut gas purchases. The country only needs 20 to 22 billion cubic meters of gas a year, Kommersant-Ukraina said.

Russia to present amendments on WTO accession by year end

In June 2009 Belarus, Russia and Kazakhstan notified the WTO of their intention to join the organization as a customs union. Four months later, they said they would resume talks on WTO accession separately, but from synchronized positions.

Foreigners to need permit to buy into Russian financial infrastructure firms

Russia is preparing a law requiring foreign investors to get government permission for a purchase of five or more percent in the country's financial infrastructure companies, Vedomosti business daily quoted Head of the Federal Service for Financial Markets Vladimir Milovidov as saying

Privatization of state companies to bolster competition

The program on the privatization of state companies is expected to promote competition in the Russian economy and ultimately, its efficiency, President of VTB

Capital Yury Solovyev told RBC-TV today. "Many people are saying that the government is doing this to overcome the budget deficit. I think the key priority and the reason behind the privatization program is to increase competition in the Russian economy," he explained.

U.S. clears way to WTO for Russia

the Russian and U.S. presidents had agreed to complete the talks by the end of September, and kept their word. A special working group in Geneva will now finish off a joint report, Kudrin added.

Russia, China fail to agree on gas price

During Russian President Dmitry Medvedev's visit to Beijing, Russia and China signed a series of key energy deals. To name just a few, Rosatom will contribute to the construction of the Tianwan Nuclear Power Plant, while a Chinese bank will finance a thermoelectric power plant to be built in Yaroslavl.

Social/Humanitarian

4,000-year-old Aryan city discovered in Russia

The remains of the ancient city were explored for the first time around 20 years ago. Russian archaeologists have unearthed some ancient and virtually unknown settlements, which they believe were built by the original Aryan race about 4,000 years ago.

Sutyagin Recounts Prison Life and Spy Swap

Igor Sutyagin, the only convicted spy from this summer's swap to profess his innocence, is an unlikely figure to have participated in the most dramatic public episode of international espionage since the Cold War. Sometime in 2004, he said, as he tipped five sachets of sugar into his tea, he began to understand that FSB investigators "did not want to know the truth." Soon afterward, he was sentenced to 15 years.

Drug Makers Applaud Amended Law

Three international pharmaceutical companies praised new amendments to the law on the circulation of medicines on Monday, saying they will bring regulation of the pharmaceutical market closer to global standards.

Gays Hold First Legal City Rally

About 15 activists took part in the downtown rally, which they hailed as a victory for gay rights after years of confrontation, mostly over annual efforts to hold a gay pride parade in May like those elsewhere in Europe.

Government Proposes Ban on Cigarette Ads by 2012

Tobacco advertising, currently only allowed in some printed and indoor media, would be banned by 2012, according to a lengthy document published on the official Government.ru web site. Tobacco ads on outdoor billboards were banned in 2007.

Five militants killed in Russia's N. Caucasus

Five militants were killed during special operations in the city of Makhachkala on Saturday, an official spokesman for the Investigation Committee said on Saturday.

25 Russians charged in large-scale U.S. banking fraud

The Russians are believed to have been involved in a global cyber crime scheme that resulted in over \$3 million being stolen from U.S. bank accounts. Charges brought against them include conspiracy to commit bank fraud, money laundering and passport fraud.

Russia, U.S. to sign child adoption deal by year end

Russia is one of the largest sources of adoptions for U.S. families, accounting for about 10 percent of foreign adoptions. The mistreatment of Russian children, adopted in the United States, has begun attracting public attention in recent months as a result of a number of highly publicized incidents.

Russian census takes off in Far East

The second All-Russian census kicked off on Thursday in the country's Far East.

Food/Energy & Environment

IFAW launches international tiger protection week

More than five million school-age children in 15 countries will take part in the International Fund for Animal Welfare (IFAW) program to promote tiger conservation.

Drought's impact on inflation becomes apparent – minister

Russian President Dmitry Medvedev has said Russia will lift a ban on grain exports after next year's harvest is gathered in, not this year's.

Russian, Ukrainian leaders to talk cooperation, attend forum

Russian President Dmitry Medvedev and his Ukrainian counterpart Viktor Yanukovich will on Monday discuss energy and nuclear cooperation, as well as aircraft construction at a meeting in the southern Russian town of Gelendzhik.

Russia, China sign several documents on cooperation

Russian President Dmitry Medvedev and Chinese Chairman Hu Jintao signed statements on the 65th anniversary of the end of World War II and on the strengthening of partnership and strategic interaction.

Russia may lift grain exports ban

Russia's ban on grain exports may be lifted as soon as the harvest figures are established, Russia's President Dmitry Medvedev stated today at a meeting on the financial stability of the agricultural sector

Geo-Strategic

Medvedev Considers Kurils Visit in November

President Dmitry Medvedev may combine a visit to the disputed South Kuril Islands with a trip to Japan, a source in his administration said Friday, a gesture certain to anger Tokyo. The dispute over the islands, which Soviet forces occupied toward the end of World War II, has prevented Moscow and Tokyo from concluding a formal peace treaty and caused persistent tension despite diplomatic and economic ties

Russia hopes for fair verdict in alleged arms dealer's case

The Russian Foreign Ministry said on Monday it hoped the Thai court give a fair ruling on the extradition of alleged Russian arms dealer Victor Bout and allow him to return to Russia.

Russia-Belarus relations reach deadlock – Kremlin

Relations between Russia and the Belarusian leadership have reached a deadlock, but Russia will maintain political contacts with Belarus, the head of the Russian President's press service said on Monday.

Russia increases combat capabilities in Arctic

Russia is currently increasing its combat potential in the Arctic with new ships and additional station sites, Navy Commander Adm. Vladimir Vysotsky said on Saturday. The RSDN-20 is a navaid used to determine positions of aircraft, vessels and submarines; however its effectiveness is low. Integration with Glonass will allow the system to determine positions of objects with the accuracy of 1-5 kilometers.

Medvedev, Obama discuss process of new START ratification

Medvedev and Obama praised the process made in the ratification of the new START treaty and confirmed their interest in continuing to synchronize work on bringing into force this strategically important agreement, which is in the interests of both countries and global security.

Russian expedition ship seized in Canada over debts

The Lyubov Orlova is crewed by 49 Russian nationals and two Ukrainians. The crew members are appealing to the Russian authorities to help bring them home.

Russia reiterates only diplomacy can solve Iranian nuclear issue

Russia, the United States, China, Britain, France and Germany have been trying since 2003 to convince Iran to stop its uranium enrichment program and to alleviate concerns about its nuclear ambitions. Western powers suspect Iran of building nuclear weapons under the guise of a nuclear program that Tehran claims is entirely peaceful and focused on power generation.

Detail of The Report

Political Issues

United Russia Goes for Majorities Nationwide

The party expects to win majorities in the six regional legislatures — in the Tuva republic and the regions of Belgorod, Kostroma, Magadan, Novosibirsk and Chelyabinsk — that will be up for grabs this Sunday, as well as about 40,000 seats in municipal bodies, said [Valery Galchenko](#) of the party's central executive committee.

Galchenko blamed the opposition for single candidate elections, saying opposition candidates failed to apply for registration because they are only interested in the 2011 State Duma elections.

"They don't want to take responsibility for what happens in the regions but itch to get a place in the federal body," he said at a United Russia news conference in Moscow.

Of the six elections for regional legislatures, only one, in Chelyabinsk, will see participation from all seven of the country's registered political parties, said Sergei Neverov of United Russia's general council. In the other five regions, four to six parties managed to register their candidates, he said.

Even so, "small parties have significantly boosted" their participation in elections compared with the last regional polls in March, said Tatyana Voronova, a State Duma deputy with United Russia who heads the party's working group reviewing complaints about electoral violations.

More opposition candidates were refused registration for elections in March than during the current campaign, she said, citing the Right Cause party as an example.

Right Cause, widely seen as a Kremlin project to snatch liberal votes from opposition groups, has put forward more than 1,200 candidates, compared with 190 at the March polls, and saw only 92 of them fail to get on ballots, Voronova said.

Voronova also defended the legitimacy of Russia's polls in recent years, which critics claim are regularly rigged by authorities, saying the number of complaints to the Central Elections Commission about violations has been decreasing every year.

Neverov accused the Liberal Democratic Party and A Just Russia of placing high-profile candidates who do not intend to sit in legislatures — “locomotives” in Russian political slang — on party lists in six and three regions, respectively.

Voronova accused the Communist Party of "trying to undermine elections" in Krasnodar and the Tatarstan city of Almetyevsk by taking their candidates off the ballot instead of "explaining to the people why they need" the Communist Party. The Communists said they are withdrawing because of harassment by election officials.

She also slammed A Just Russia over purported election law violations, saying the party's campaign materials in Novosibirsk did not include information about the publisher.

Communists said earlier that they faced problems publishing campaign leaflets in Tambov because all local publishers refused to accept orders from any party other than United Russia.

United Russia already controls most legislatures and mayors' offices across the country, but it took a beating in March, failing to get majorities in four regional legislatures and losing the mayoral race in Irkutsk to a Communist-backed candidate — who later joined United Russia.

Pro-Russia Party Fails to Topple Latvian Government

Prime Minister [Valdis Dombrovskis](#)' Unity bloc won 33 seats after the Saturday vote, while his two coalition partners got a combined 30 seats, yielding 63 seats in the 100-seat parliament for a government previously in a minority, election officials said.

Dombrovskis said he would meet the opposition Russian minority party, Harmony Center, which had been hoping to win the election but came in second place with 29 seats, to see whether there was any way the government could cooperate with it.

"We discussed the possibilities for further cooperation, and we are ready to continue work," Dombrovskis told reporters after meeting the Union of Greens and Farmers, which won 22 seats.

He said the aim should be to hold a parliament vote on government approval on Nov. 2.

"We also agreed that Latvia's economic stabilization program and agreement with lenders must be further implemented," he added.

He later met the third coalition partner, the nationalist Everything For Latvia/For Fatherland and Freedom bloc, which won eight seats, and also agreed to work further with them.

The vote was a triumph for Dombrovskis, who has already steered Latvia through harsh budget cuts and tax increases to meet the terms of a 7.5 billion euro (\$10.24 billion) bailout agreed with the International Monetary Fund and the European Union.

Harmony Center, which has Latvia's large Russian minority as its traditional base of support, had been hoping to woo ethnic Latvians to vote for it after the crisis. It had hoped this would propel it to first place in the election and a possible place in government for the first time since the Soviet collapse. It has called for softer anti-crisis measures and closer ties with Russia.

Foreign presidents should not interfere with Russia's internal affairs

Foreign presidents should not interfere with Russia's internal affairs, the president's press secretary Natalya Timakova said on Monday.

"Foreign presidents... should concentrate on their own internal affairs," Timakova said. "It is not their business to comment on the internal situation in Russia."

Tensions between Russia and Belarus reached an all-time high in recent months following an energy dispute and Minsk's refusal to recognize the former Georgian republics of South Ossetia and Abkhazia.

Accordingly, there has been speculation that Russia, which has traditionally backed incumbent Belarusian President Lukashenko, may lend its support to an opposition candidate in time of the December 19 presidential election in Belarus.

Lukashenko has expressed confidence that neither the Kremlin, nor the West would exert pressure on Belarus during the forthcoming polls.

Medvedev started his own video blog on the official Kremlin website in October 2008 in a bid to secure his image as a technologically-savvy leader.

United Russia to present candidates for Moscow mayor to Medvedev on Sat.

Medvedev fired long-time Moscow mayor Yury Luzhkov last week, saying he had "lost confidence" in him. Luzhkov's deputy, Vladimir Resin, was appointed acting mayor.

A dozen senior officials have been tipped for one of the top jobs in Russia.

The Kremlin's envoy to the North Caucasus, Deputy Prime Minister Alexander Khloponin, touted by some as the most likely replacement, has said he is ready to fill the vacant seat "if the president says so.

Belarusian leadership tries to pass Russia off as main enemy – Medvedev

The Belarusian leadership is trying to pass Russia off as the country's main enemy, Russian President Dmitry Medvedev said.

Minsk's refusal to recognize South Ossetia and Abkhazia is dishonest and Russia will take this stance into account when building up relations with incumbent Belarusian President Alexander Lukashenko, Medvedev continued.

"Such behavior is dishonest; partners do not act this way," Medvedev said.

The [Belarusian president promised to recognize the independence of Abkhazia and South Ossetia](#) in early August. Lukashenko made his promise in the presence of several CIS leaders.

Russia recognized South Ossetia and Abkhazia, which both split from Georgia after the collapse of the Soviet Union, two weeks after the end of a five-day war with Georgia in August 2008.

The move was heavily criticized by Western powers. So far, only Venezuela, Nicaragua and the tiny island nation of Nauru have followed suit.

There has been speculation that Russia, which has traditionally backed former collective farm manager Lukashenko, may lend its support to an opposition candidate in time of the December 19 presidential election.

Lukashenko has expressed confidence that neither the Kremlin, nor the West would exert pressure on Belarus during the forthcoming polls.

Russia's Medvedev congratulates German leaders on Unity Day

Russian President Dmitry Medvedev congratulated German President Christian Wulff and Chancellor Angela Merkel on the 20th anniversary of the country's reunification, the Kremlin press office said on Sunday.

"The process of Germany's reunification, which was completed 20 years ago and to which our country made a key contribution, has paramount historical significance not only for the German people but for the whole of Europe. I believe that a foundation of the current Russian-German strategic partnership was laid already at that time," Medvedev said in a congratulatory letter.

Medvedev noted the rich potential of bilateral cooperation, versatile business, scientific, cultural and humanitarian ties and the implementation of large-scale projects by Russia and Germany in priority areas, the press office said.

The Russian president also praised the highly efficient cooperation between Russia and Germany in the international scene, which contributed to the strengthening of global and regional stability and security, the press office said.

After World War II, the victorious countries divided Germany into four zones of occupation - Soviet, U.S., French and British, which became East and West Germany. The 160-km barrier between East and West Berlin, first erected in 1961, became the symbolic demarcation line between the socialist camp in Eastern Europe and the West.

Latvian government wins parliamentary election

The Latvian center-right government's coalition has won parliamentary elections in the Baltic nation, according to preliminary data published by the country's central electoral commission on Sunday.

The Union of Greens and Farmers is third with 19.52% of the votes, the commission said.

Polling stations opened in Latvia and abroad on Saturday to cater to some 1.5 million voters. A total of 13 political parties and movements took part in Saturday's elections.

The results show that Prime Minister Valdis Dombrovskis still enjoys much popularity in Latvia. He took the job in 2009 when the global economic downturn was at its worst, with the country's GDP contracting by a quarter and the unemployment rate soaring to double digits.

Medvedev urges creation of mobile communications for special services

We will work on this, and I hope such communications will appear soon: we have already done some groundwork, Nikolai Patrushev told journalists after a Security Council meeting.

Patrushev explained that he meant mobile phones on which confidential conversations could be held from any point on the Earth.

"And the talk cannot be intercepted," said Deputy Prime Minister Sergei Ivanov, who delivered a report at the meeting.

Patrushev said currently available systems are too bulky.

He said an interdepartmental commission would be set up to coordinate work to create the system.

Russian government introduces 2011 draft budget to parliament

The government hopes to eliminate its budget deficit earlier than was forecast, Prime Minister Vladimir Putin said earlier this month.

The federal budget expenses for 2011 are planned at 10,658 trillion rubles (\$348.5 billion) and the budget incomes are planned at 8.88 trillion rubles (\$290.5 billion).

The draft budget stipulates a 4 percent GDP growth in 2010 and a 4.2 percent growth in 2011.

Inflation is expected at 7-8 percent in 2010, after which it should lower down to 4.5-5.5 percent by 2013, the draft says.

Russia, Ukraine approve program of cooperation for 2011-2016

GELENDZHIK, -- Russia and Ukraine have approved a programme of inter-regional and cross-border cooperation for 2011-2016.

The presidents of the two countries' Unions of Industrialists and Entrepreneurs, Alexander Shokhin and Anatoly Kinakh, signed a protocol of cooperation.

Russia's Krasnodar Territory Governor Alexander Tkachev and Ukraine's Zaporozhye region leader Boris Petrov signed an action plan for the implementation of the agreement between their regions on trade, economic, scientific, technical and cultural cooperation in 2011-2012.

Medvedev orders to upgrade army communication devices before 2012

GORKI (Moscow region), October 1 (Itar-Tass) - Russian President Dmitry Medvedev said at a meeting of the Russian Security Council on Friday.

“Our priority remains national defense and, therefore, the modernization of communication systems in the Armed Forces,” he said. “The analog communication devices should be replaced with the digital ones within two years, so that before 2012,” Medvedev noted.

The president emphasized that this should be done “at command posts and in the field conditions.”

Medvedev expects Russia-China trade to reach pre-crisis level

BEIJING, September 27 (Itar-Tass) - Russian President Dmitry Medvedev expects that this year Russia and China will manage to get back to the pre-crisis level of trade.

“Trade and economic cooperation develops very well, the negative tendencies of the previous year have been surmounted,” the Russian president said after talks with Chinese counterpart Hu Jintao.

He said there had been a collapse in trade turnover because of the global economic crisis. “But this year we have made up leeway, and we will get to the pre-crisis level,” Medvedev noted. According to the Russian leader, it is important to fix the positive trend of the start of this year.

He noted that “The Russian delegation is very big, unprecedentedly big, at these talks,” he stressed. “This demonstrates the level of cooperation, we have issues to discuss, we have vast prospects and good relations,” Medvedev said.

He said the Monday talks had been held in a maximally trust-based atmosphere. The president thanked the Chinese leadership for traditional hospitality as well as for inviting over 1,000 Russian school students to China for holidays this year.

Economic Issues

Iran: Russia investment ban ineffective

Head of the Atomic Energy Organization of Iran (AEOI) Ali Akbar Salehi stressed on Monday that the country's nuclear investment strategy is strictly domestic.

"Iran has never contemplated investing in Russian uranium enrichment and will not do so [in the future]. The Islamic Republic's investments in enrichment are purely domestic," Salehi told Fars News Agency.

"For more than three decades, we invested in Eurodif (a French-organized multinational enrichment consortium) but to date we have never used the tiniest bit of its enrichment services," he added.

"This bitter experience was the reason we began enrichment at home, since we could not rely on foreign promises and pledges...the government decided to guarantee fuel production for its nuclear power plants."

Medvedev's decree bars Iranian citizens or companies from investing in any activities in Russia related to uranium production.

The document also prohibits the delivery of the S-300 defense systems to Iran. Russia says the deal falls under the latest round of UN Security Council sanctions imposed against Iran.

The controversial decision by Russia came shortly after Iranian officials said they would sue Moscow for reneging on an already delayed deal.

This is while the S-300 missile system is purely defensive and does not fall under the UN Register of Conventional Arms.

"Russia is just trying to make the best of an international challenge, so I believe we must analyze these political behaviors in context," Salehi added.

Iran refutes Western allegations that it is following a military nuclear program, arguing that as a signatory to the Nuclear Non-Proliferation Treaty Tehran has the right to use peaceful nuclear technology.

Manufacturing Growth Slows to Crawl as Exports Decline

The Purchasing Managers' Index slid to 51.2 from 52.9 in August, HSBC said, citing data compiled by Markit Economics. The index considers growth to be anything above 50, and contraction any figure below.

"Confirming our concerns last month, domestic growth drivers failed to sustain robust growth in manufacturing in the absence of export demand growth," Alexander Morozov, HSBC's chief economist for Russia and the CIS, said in a statement. "Manufacturing growth moderates, while price growth accelerates," raising the question of whether Russia is heading for "stagflation."

Russia's economic recovery from last year's 7.9 percent contraction, the biggest on record, remains "unstable," the Central Bank said Sept. 28. The State Statistics Service said in September that inflation accelerated to an annual 6.1 percent in August from 5.5 percent the month before.

Manufacturing firms on average cut work forces for a second time in four months, though the reduction was "marginal," HSBC said. The overall unemployment rate reached 6.9 percent in August from 7 percent in July.

"Inflationary pressures intensified in September," driven by metals and food costs, HSBC said.

Inflation may accelerate to 8 percent this year, up from the previous estimate of 7 percent, according to the government. Gross domestic product may expand 3.6 percent in 2010, below the official 4 percent forecast, Deputy Economic Development Minister Andrei Klepach said Sept. 24.

Putin to Meet International Business Leaders

The council has a rotating membership made up of the leaders of 42 major foreign companies and banks that are active in Russia. It is chaired by the prime minister and its executive committee is headed by Economic Development Minister [Elvira Nabiullina](#).

"We consider the FIAC an effective and serious platform to address not only current but also strategic objectives of industry development," [Unilever](#) Russia press officer Yekaterina Zadonskaya said.

Unilever has been a member of the council since 2000. It heads the council's expert group on administrative barriers. Zadonskaya said members of that group met with [Igor Shuvalov](#), first deputy prime minister and chairman of the state Customs Union Commission, in the middle of September.

The result of that meeting was a proposal that council members be able to offer expert opinions on the effect of new Russian customs regulations on business. That proposal will be developed by the Economic Development Ministry and submitted to the Customs Union Commission for approval sometime this month.

"This is especially pressing as the Customs Union [of Russia, Belarus and Kazakhstan] comes into force, and it affects the interests not only of Unilever, but of many Western investors on the Russian market," Zadonskaya said.

[Procter & Gamble](#) heads the expert group on customs regulations. Other expert groups include those for the development of the market and consumer sector, which is led by [Nestle](#) Russia, and for improving Russia's international image, which is led by [Coca-Cola](#).

Other current members of the council include [3M](#), [BP](#), [Deutsche Bank](#), the European Bank for Reconstruction and Development, [Ernst & Young](#), [Ford Motor Co.](#), [Mitsubishi](#), [Siemens](#) and the World Bank.

The Ernst & Young company serves as coordinator for foreign investors. Foreign council members meet at the Ernst & Young office, and the company sets up the council's expert groups, according to the Ernst & Young press office. Company spokesman Pyotr Yudin was also unaware of the agenda for the upcoming council meeting.

This year's meeting will be the 24th since the council's foundation in 1994. The council's last meeting was in November of last year.

The council regularly commissions and publishes research on the investment climate in the country. Direct investors, portfolio investors and bankers are surveyed for that research.

The council has been instrumental in the lowering or cancellation of customs duties on agricultural products and equipment and in improving legislation on copyrights.

The prime minister signed the order setting the date for the meeting on September 24. Shuvalov issued orders the following week to several ministries and state agencies to prepare for the meeting, according to a press release.

European Companies Coming to Moscow

Strong [gross domestic product] growth and a large scope for increased consumer spending make the city very attractive for future company growth, and the oil and gas sector retains its allure, said Tim Millard, managing director of Cushman & Wakefield in Russia.

Warsaw took second place, though last year Moscow was behind the Polish capital. Prior to that Moscow was first, ahead of second place Prague, for two years in a row. Warsaw is rated No. 1 this year for attractive cost of staff.

London is ranked No. 1 in six of 12 major characteristics, including access to markets, availability of qualified staff and international and internal transportation links. It scores poorly, however, on the cost of staff and office space and levels of pollution.

Globally, the city most likely to see incoming European companies is Shanghai, followed by New Delhi and Sao Paolo.

Russia to raise gas price for Belarus in 2011

Gazprom will raise its gas price for Belarus from the current \$185 to \$220 per 1000 cubic meters in 2011, the company's Deputy CEO Andrei Kruglov said on Friday.

The move is likely to be met with negative response in Minsk.

There will be no 'gas war' between the two countries before 2011, Russian Ambassador to Belarus, Alexander Surikov, said earlier this month.

Ukraine to cut gas purchase from Russia

Ukraine will buy 41 billion cubic meters of gas from Russia in 2011 instead of the contracted 55 billion, the Kommersant-Ukraina newspaper said on Thursday.

"We have for all intents and purposes agreed to lower the volume to be purchased," a source in the Russian energy giant Gazprom told the paper, adding however that the corresponding documents were still to be signed.

Ukraine's national energy company Naftogaz receives a 30-percent discount for Russian gas in exchange for the Ukrainian government's agreement to extend the lease on a Russian naval base in the Crimea until at least 2042, which was reached in April.

The Stockholm Arbitration Tribunal ruled in June that Ukraine's national energy company Naftogaz owes its former gas supply intermediary, Swiss-registered RosUkrEnergo, 11 billion cubic meters of gas, which the trader says was illegally confiscated in January 2009, as well as fines of 1.1 billion cubic meters.

Naftogaz challenged the verdict, but the Kiev Appeals Court rejected the claim. The energy company now wants to appeal against the decision at the Ukrainian Supreme Court.

Russia to present amendments on WTO accession by year end

Russia hopes to present its amended position on World Trade Organization (WTO) accession by the end of the year, the head of Russia's Department of Trade Negotiations said on Thursday.

"Together with the WTO members we have already started to consider the necessary amendments to the working group report that will take into account our membership of the Customs Union," Maxim Medvedkov said. "I believe, we will accomplish this by the end of the year," he added.

After an almost year-long deadlock in the negotiation process, the WTO partners are fairly positive on the issue of Russia's accession to the organization, Medvedkov said.

In August Russian President Dmitry Medvedev urged ministers to complete WTO accession talks in September.

Although the average WTO accession period is five to seven years, Russia, which is the only major economy outside of the global trade body, has been in negotiations for 17 years.

Earlier this month Russian Prime Minister Vladimir Putin voiced concerns that Russia is unlikely to join the WTO by the projected date of January 1.

Foreigners to need permit to buy into Russian financial infrastructure firms

Russia is preparing a law requiring foreign investors to get government permission for a purchase of five or more percent in the country's financial infrastructure companies, Vedomosti business daily quoted Head of the Federal Service for Financial Markets Vladimir Milovidov as saying on Thursday.

"At the Finance Ministry's suggestion, we are drafting a law under which we will control nonresidents' acquisitions of over five percent of shares in financial infrastructure companies," Milovidov was quoted by Vedomosti as saying. "We must understand how these deals fit government policy."

Preparation of the draft was triggered by the European Bank for Reconstruction and Development's plans to buy 10 percent of Russia's RTS stock exchange from troubled KIT Finance group.

Milovidov and Federal Security Service head Alexander Bortnikov wrote to Prime Minister Vladimir Putin saying that a higher nonresident stake in the RTS would prevent

it from merging with the MICEX exchange, and as a result from creating Russia's International Financial Centre in Moscow, one of President Dmitry Medvedev's favorite projects.

The government has drawn up three options for the RTS stake sale - to the Deposit Insurance Agency, KIT Finance's creditor; to a Russian financial investor, or to the EBRD on condition it supports the RTS' merger with the MICEX.

Vedomosti quoted EBRD President Tomas Mirow as saying in his letter to Putin that the bank was ready to start working on consolidation of the exchanges.

KIT Finance has sent an offer to sell the stake to eight state-controlled companies, but none of them agreed to buy it, the paper said.

Privatization of state companies to bolster competition

According to Solovyev, the government's role has significantly increased since the beginning of the crisis, and this is necessary to prevent negative developments on the Russian market. "Unfortunately, this resulted in a considerable expansion of the government sector of the economy. The privatization, therefore, is aimed at restoring the normal order of things."

Earlier, Deputy Prime Minister and Finance Minister Alexei Kudrin announced that the government intended to expand its privatization plan by adding new companies to the list and increasing the timeframe.

U.S. clears way to WTO for Russia

Russia and the United States have settled all issues regarding Russia's bid to join the World Trade Organization, Russia's Finance Minister Alexei Kudrin stated today at the 7th annual forum Yalta European Strategy.

The WTO accession process can start in two to four months to be completed in half a year or a year at the most, the finance minister explained. In theory, Russia can become a WTO member in 10 months.

Just a week earlier, Russia's First Deputy Prime Minister Igor Shuvalov announced that Russia was on track to complete WTO talks within days or weeks. He also said that a few more documents had to be prepared and approved at the preliminary stage. However, the government will be inclined to regard any further unreasonable requirements raised against Russia as politically motivated.

Russia has been pursuing a WTO membership for over 15 years, being the world's largest economy still left outside the WTO. Talks were the most difficult with the United States, European Union and China. Differences with the EU were settled once Russia joined the Kyoto protocol, but negotiations with the United States stretched over six

years, with financial markets, intellectual property and agricultural imports being the major stumbling blocks.

Russia, China fail to agree on gas price

At the Tianwan NPP, the third and the fourth generating units will be built under a project similar to the first stage which was also completed by the Russian company.

The leg of the Eastern Siberia – Pacific Ocean (ESPO) pipeline linking Russia and China – started back in 2009 – was completed today. The parties moved on to an agreement on oil supplies via the newly commissioned pipeline with a capacity of 15m tonnes a year. The deal between Rosneft and China National Petroleum Corporation gave a new impulse to a cooperation that started in 2009 when China extended a loan of \$25bn to Rosneft and Transneft against oil exports of \$15bn tonnes a year.

The gas talks, however, stalled at the stage of “preliminary arrangements,” and that after a few memoranda and agreements adopted since 2004. While the parties were able to come to an understanding over the main Russian gas supply terms from Western Siberia, no final export contract can made until 2011. The document signed by Gazprom’s CEO Alexei Miller and CNPC President Jiang Jiemin sets forth the extended terms for Russia's gas deliveries to China: key commercial parameters (the “take or pay” principle, the period of increased supplies, the level of guaranteed payments) save for the price.

Gazprom plans to start deliveries of a total of 30bn cubic meters a year in 2015, with the final terms and conditions to be set in a 30-year export contract. The gas will be pumped via the “western route,” according to a source in the gas giant.

Social/Humanitarian

4,000-year-old Aryan city discovered in Russia

According to the team which has discovered 20 spiral-shaped settlements in remote Russia steppe in southern Siberia bordering Kazakhstan, the buildings date back to the beginning of the Western civilisation in Europe.

The Bronze Age settlements, experts said, could have been built shortly after the Great Pyramid, some 4,000 years ago, by the original Aryan race whose swastika symbol was later adopted by the Nazis in the 1930s.

TV historian Bettany Hughes, who explored the desolate part of the steppe for BBC programme ‘Tracking The Aryans,’ said, “Potentially, this could rival ancient Greece in the Age of the Heroes.”

Unknown till now

The remains of the ancient city were explored for the first time around 20 years ago, shortly after the then-Soviet officials relaxed the laws banning non-military aerial photography.

But, as the region is so remote, the incredible cities remained unknown until now, the archaeologists said. The cities are about the same size as several of the city states of ancient Greece and would have housed between 1,000 and 2,00 people.

The Aryan's language has been identified as the precursor to a number of modern European tongues. Many English words such as brother, oxen and guest have all been tracked to the Aryans.

Swastika all over

Items that have been dug up at the sites include make-up equipment, a chariot, and numerous pieces of pottery.

The artefacts were daubed in Swastikas, which were used in ancient times as symbols of the sun and eternal life. The Swastika and Aryan race were later adopted by Hitler and the Nazis as symbols of their so-called master race.

Ancient texts unearthed

Evidence of ritual horse burials were found at the site, with ancient Aryan texts that describe the animals being sliced up and buried with their masters.

Ms. Hughes, a visiting research fellow at King's College London, said that ancient Indian texts and hymns described sacrifices of horses and burials and the way the meat was cut off and the way the horse was buried with its master.

"If you match this with the way the skeletons and graves are being dug up in Russia, they are a millimetre-perfect match."

Sutyagin Recounts Prison Life and Spy Swap

By Howard Amos

LONDON ;Igor Sutyagin, the only convicted spy from this summer's swap to profess his innocence, is an unlikely figure to have participated in high-stakes international intrigue. He discussed his ordeal with The Moscow Times in London.

"I would not defecate on the same field as them," Sutyagin said of his accusers.

"How can you be humiliated by a dog?" he said, softly. "You can be beaten ... but not humiliated."

Despite his disdainful words, Sutyagin, 45, spoke in a resigned, matter-of-fact tone during an interview with The Moscow Times in London, where he has been living since he was deposited there in July by a U.S. plane that collected him and three other Russians convicted of espionage.

A small, quiet man with thinning hair and dressed in unassuming new clothes, he speaks broken English with a meticulous elegance. This former nuclear researcher has deeply invested his intelligence to refute the allegations first leveled at him 11 years ago.

In the interview, Sutyagin recounted a difficult prison life that included bright moments teaching English classes and even lecturing on nuclear bombs. He described his moral dilemma at being asked to sign a statement of guilt to secure the release of himself and the three other convicted spies. And he recalled his flight to freedom, which included goodie bags and whiskey courtesy of "big and intense" U.S. guards.

Sutyagin initially faced 106 accusations after Federal Security Service officers detained him while waiting for a taxi outside his apartment in the Kaluga region town of Obninsk in 1999. The allegations included an interview he had given to The Moscow Times, "an American business supported paper" (later dropped), and providing information on Russia's military capabilities to a Western-intelligence front organization registered in Britain called [Alternative Futures](#) (which he was convicted of).

Sutyagin, speaking in the interview Friday, acknowledged that he did not know whether Alternative Futures was a front. But he maintained that all the information he used for his reports was publicly available, noting that he had similar contracts with Swiss and Japanese companies.

11 Years in Prison

From his outward placidity to the novelty of wearing a wristwatch, it is clear that prison, "the world where nothing happens," as he put it, has left deep scars.

"Now it's a part of me, and that's why it's very difficult to cope with life" in London, he said.

After his sentencing, he was moved from his Moscow detention center to a series of penal colonies, the first near the Urals and, for the last five years of his imprisonment, just outside Arkhangelsk in the north of Russia.

He was never able to blend in with the other prisoners. "I could not hide or disappear," he recalled. "I was constantly under a floodlight."

He was told that the FSB phoned every month to check up on him. He said the guards admitted that they could never say he was living well — they were obliged, for their own sakes, to ensure that he was made uncomfortable. He spent many days performing some

of the most dirty and difficult odd jobs in the prison's industrial area. Among other things, he unloaded logs and planks and helped build spindles to be wrapped with cable.

But his notoriety and education also brought relief. He taught English and once delivered a lecture to inmates and guards on "how a nuclear bomb explodes."

Letters proved another lifeline. In one penal colony of 1,260 men, he was the recipient of every 10th letter that arrived, he said. Although his own mail was read and often delayed, he wrote upward of 800 letters in his last five years. He said that now that he is free, and despite speaking to his family every day through Skype, they miss his correspondence and recently asked him to write more frequently.

Sutyagin's wife, two daughters and relatives made the 70-hour round trip to Arkhangelsk to see him for his allotted visiting times whenever they could. Only on one occasion was he moved from the tolerable "general conditions" to the more severe "strict conditions" — for 13 months. He was caught with a banned mobile phone in an incident that he is sure was contrived to give the authorities a pretext to refuse a plea for a presidential pardon he had submitted.

"I respect them for doing a good job," he said, without a hint of a smile.

The Swap

In early July, he was moved from Arkhangelsk back to the Lefortovo prison in Moscow. Sutyagin said he had no inkling that his release might be imminent. He only began to understand when he noticed a bag belonging to [Sergei Skripal](#), convicted to 13 years in 2006 of passing the names of Russian agents to the British; heard talk of others in the building serving time for "Article 275," the article under which he had been imprisoned; and was photographed in a smart shirt and tie.

Shortly after this realization, he was ushered into the prison warden's office and introduced to two Russian generals and three Americans from the embassy. All gave only their first names. They told Sutyagin that their countries had agreed on an exchange of spies and that he was "on the list." He was to be flown to Britain but could return to Russia at any time — as long as he would confess.

Reluctant to sign, Sutyagin said he tried to gauge the situation by suggesting that he might refuse to cooperate. The Americans gave no direct response about the consequences. But the Russian generals, more visibly confused and agitated, told him that the exchange was one list for another and nobody would be freed if he was difficult.

Sutyagin signed a pre-typed confession within two hours. He was not granted access to a lawyer. He said he not only felt responsible for the fate of others but also caught up in forces outside his control.

"I can't stop a deal between two presidents — I can't be the stone which stops this deal," he explained. "You can imagine what would happen to that stone."

On July 9, Sutyagin was transferred to Domodedovo Airport along with Skripal and the two other convicted spies, [Gennady Vasilenko](#) and [Alexander Zaporozhsky](#). Their plane to Vienna was a Russian government Yak-42 jet, and Sutyagin remembers its number, DRA42446, and name, Vladimir Kokkinaky, after the famous Soviet pilot.

"It was interesting for me," he said with a small grin by way of explanation for this feat of memory.

Although he did not yet know the names of the others he was with, he spoke a little to Skripal before they were separated by nervous guards inside the plane. Saddened by leaving Russia, he recalled that the others were "excited."

The plane landed in Vienna, where the four Russians were swapped for 10 Russian agents detained just weeks earlier in the United States.

Once in the American Boeing 767-200 and guarded by "big and intense" men in white shirts and black ties, the atmosphere became more jovial. They were all given a "goodie bag" containing, among other things, clothes and Russian movies. The other three wanted a drink to celebrate and, at the last moment, a bottle of whiskey was found.

Skripal and Sutyagin disembarked at the Brize Norton air base, about 105 kilometers west of London, and were driven to a hotel in West London. The other two Russians flew on to the United States.

Why Sutyagin?

Unlike the others included in the exchange, U.S. government officials have always denied that Sutyagin worked for them. His inclusion in the swap is described by officials as a humanitarian gesture.

Sutyagin himself believes that it was the publicity his case received that prompted his selection. [Amnesty International](#) as well as groups in Russia had long campaigned on his behalf, describing him as one of the first political prisoners of [Vladimir Putin](#)'s Russia.

After his arrival, he said, he met twice with a man he assumes was an MI5 liaison officer. They discussed how the Russians had explained the terms of the deal and, over lunch, chatted about the Soviet spy television series "Seventeen Moments of Spring." Since then, he has had no contact with any intelligence agency and no conditions have been placed on his freedom, he said.

In London

Sutyagin finds London "more human" than Russia and has been spending his time giving interviews and thanking friends and organizations for their support. He is living with friends.

Although he had the option of bringing a family member with him to London in July, he said he refused to permit them to uproot their lives and jobs. One close relative — he did not say which one — has visited him in Britain, and others will come once he has found his own accommodation.

Sutyagin has permission to stay in Britain for three more months and is looking into how to apply for a new visa.

Even though his friends warn against it, he thinks only of returning home. "I want to go back to Russia. It is my country," he said.

He may have a presidential pardon and foreign and internal passports, but he does not have the documents that are given to prisoners on their release. When he receives these, already nearly three months late, he says he will return.

In an otherwise calm interview, Sutyagin only once betrayed a slight sign of checked emotion: when he talked of those who have subjected him and his family to their 11-year ordeal. "They do not deserve me to blame them," he said of his accusers. He compared his unobtrusive yet fierce fury to 19th-century Chechens who kept silent as their loved ones were buried: "You do not cry, you do not shout — that is [your] sign of anger."

Drug Makers Applaud Amended Law

The amendments have been eagerly anticipated and "will result in the fair regulation of the pharmaceutical market," said Naira Adamyan, the Russian head of [Janssen-Cilag](#), a subsidiary of [Johnson & Johnson](#). Drug makers [Ipсен](#) and [Sanofi-Aventis](#) echoed the sentiments.

The State Duma passed amendments last month that forbid producers of generic drugs from using for six years the data from pre-clinical, clinical and pharmacological trials, which are provided by companies registering new drugs in Russia.

The amendments, which were a necessary condition of Russia's accession to the World Trade Organization, will go into effect as soon as the country joins the body.

"Data exclusivity protection exists in many developed countries. But its absence in Russia put producers of original drugs at a disadvantage," said Yulia Fyodorova, a lawyer at CMS. "Drug makers must disclose the confidential information on clinical trials while registering the medicines, but this information can be easily used by generic makers, which want to register their medicines with the same formula."

Vladimir Shipkov, executive director of the Association of International Pharmaceutical Manufacturers, said enforcing the norm would increase investment attractiveness of the Russian market for international drug makers.

Marina Veldanova, head of Ipsen in Russia, said the amendments make market regulation clearer to the pharmaceutical companies. But there are still some ambiguities, she said. "Not everything is clear enough or detailed enough for us," she told The Moscow Times.

Veldanova also said drug makers faced a number of problems conforming to the new law on the circulation of medicines, which went into effect on Sept. 1, since they learned about it very late in the process.

"We were informed in the middle of spring, and it's very difficult for a company to change the business cycle, especially the production cycle, within three to four months," she said.

Gays Hold First Legal City Rally

Gay rights activists on Friday held the first street protest sanctioned by City Hall, picketing the local office of a Swiss airline that they accused of mistreating their leader.

Former Mayor [Yury Luzhkov](#), who governed the city for 18 years until being ousted by President [Dmitry Medvedev](#) earlier in the week, was a vehement opponent of the gay movement. Street events staged by gay activists were banned under his rule, and unauthorized rallies dispersed by police.

But on Friday, police protected the activists instead of cracking down on them. This involved stopping about a dozen hooded young men, described by the activists as neo-Nazis, who fired water pistols at the participants. Two of the assailants were arrested.

Activists with the Georgiyevtsy Orthodox movement also released roosters — birds whose name is used in Russian as a derogatory term for gays — at the rally, Interfax reported.

[Nikolai Alexeyev](#), organizer of Friday's picket, said he received a death threat by telephone from an unidentified member of another Orthodox movement, Narodny Sobor, who demanded that he cancel the event, Interfax reported.

"The police worked professionally, and we are thankful to them," said Alexeyev, who has been roughed up and detained several times by police in the past. "They protected us."

Friday's picket targeted [Swiss International Air Lines](#), accused by the activists of involvement in Alexeyev's odd disappearance at Moscow's Domodedovo Airport on Sept. 15.

Alexeyev claims that the airline removed him from the boarding gate ahead of his flight to Geneva at the behest of four unidentified men, not in uniform, who took him to a police station.

He said he was warned to withdraw complaints filed against Russia at the European Court of Human Rights and then deported to Belarus.

Government Proposes Ban on Cigarette Ads by 2012

Prime Minister [Vladimir Putin](#) approved the anti-smoking program on Sept. 23, his press service said, which aims to cut the number of adult smokers by a quarter between 2010 and 2015, and reduce smoking-related diseases and deaths.

Up to half a million people die from smoking-related causes a year in Russia, whose population, the United Nations says, could shrink to 116 million by 2050 from 142 million now.

Tobacco advertising — currently only allowed in some printed media — would be banned by 2012, according to a lengthy document published on the official Government.ru web site. Tobacco ads on outdoor billboards were banned in 2007.

The program also proposes a ban on smoking in public places such as offices, theaters and public transportation, including long-distance trains, by 2015.

Though a total ban on closed spaces is proposed, the document says restaurants and bars — most of which currently do not have nonsmoking areas — could be excluded.

About 80 percent of Russians are exposed to passive smoking daily, and 40 percent of women smokers continue the habit through pregnancy, the document said.

Russia's love affair with tobacco will be hard to break. In 1990, a shortage of domestic cigarettes led to a "tobacco rebellion" on the streets of the biggest cities, forcing the Soviet government to appeal for an international emergency shipment.

In June, the Health and Social Development Ministry forced manufacturers to put anti-smoking messages on cigarette packs, warning of lung cancer, wrinkles and impotence, adopting standards similar to those in the European Union.

Russia remains one of the world's top tobacco clients, however, with 409 billion cigarettes produced in Russia last year, according to the Association of Tobacco Producers.

Five militants killed in Russia's N. Caucasus
Two of the killed militants were women, Nikolay Sintsov said.

Two anti-terrorist operations kicked off on Saturday in Makhachkala.

Unknown assailants attacked by fire a car belonging to an officer of the Dagestan's Directorate for Combating Economic Crimes in Makhachkala on the same day. The policeman died in hospital.

25 Russians charged in large-scale U.S. banking fraud

A total of 25 Russians have been charged in a large-scale banking fraud case in the United States, the Attorney's Office for the Southern District of New York said on Friday.

The Russians, all aged 20-26, are among a large group of detainees arrested by the FBI on Thursday, many of whom had arrived in the United States on student visas from Russia, Ukraine, Belarus, Moldova and Kazakhstan.

Prosecutors said most of the detainees had been used by East European hackers as "money mules" to open bank accounts later used to receive and transfer the stolen funds. They may face up to 30 years in prison as well as fines of up to \$1 million.

The fraudulent scheme used the Zeus Trojan virus. When computer users clicked on a link or opened an attached file, malware was activated, which noted usernames and passwords that the victims typed on infected computers, the FBI said.

The FBI said the arrestees received 8-10 percent of funds stolen from bank accounts as payment for their illegal activities.

"The mouse and the keyboard can be far more effective than the gun and the mask," U.S. Attorney Preet Bharara told journalists.

Russia, U.S. to sign child adoption deal by year end

Russia and the United States are likely to sign a child adoption agreement by the end of 2010, the Russian Foreign Ministry spokesman said on Thursday.

"The text of the Russian-U.S. agreement on cooperation in international adoptions, intended to provide solid guarantees of adopted children's rights, was agreed upon during the bilateral consultations in July," Andrei Nesterenko told journalists in Moscow.

He said a final round of consultations, after which the document will be ready for signing, is expected to take place before the end of the year.

In June, a 7-year-old boy who was placed alone on a one-way flight to Moscow by his U.S. adoptive mother with a note claiming he was "psychopathic."

Following the case, Russia threatened to prohibit child adoptions by U.S. citizens until the countries sign an intergovernmental agreement guaranteeing the rights of adoptive children.

Russian census takes off in Far East

The population survey began in 40 remote areas of the Kamchatka Peninsula two weeks before the nationwide start of the census, and will continue until October 14, a spokesman for the local administration said.

The census, the second since the collapse of the Soviet Union in 1991, will take place on October 14-25.

Food/Energy & Environment

IFAW launches international tiger protection week

The Youth Voices for Tigers program will be held as part of IFAW's Animal Action Week, which runs from October 4-10. This year the Animal Action Week focuses on tigers, which the organization describes as "one of the world's most iconic and endangered species."

The event coincides with the Year of the Tiger in the Chinese zodiac and the UN International Year of Biodiversity.

The world's wild tiger population has plunged from 100,000 to 3,000, primarily due to poaching and habitat loss over the past century, according to IFAW.

Founded in 1969, IFAW saves animals in crisis around the world. With projects in more than 40 countries, the organization rescues individual animals, works to prevent cruelty to animals, and advocates the protection of wildlife and habitats.

Drought's impact on inflation becomes apparent – minister

The impact of the summer drought on Russian inflation has already become apparent and will remain until the end of 2010, Russian Finance Minister Alexey Kudrin said on Saturday.

"In the beginning of the next year the drought's influence will start to decrease and the prices will flatten out," Kudrin told Rossia 24 TV channel.

Russian inflation was 0.9 percent in September, according to the Ministry of Economic Development.

Russia has lost some 30 million tons of grain due to the heat wave that had gripped much of European Russia from mid-June to August. The drought cut grain crops by a third, the potato harvest by 24.4 percent, and vegetables by 6.1 percent. Russia imposed an export ban on wheat in August following a drought this summer that wiped out around a quarter of the nation's crops.

Russian, Ukrainian leaders to talk cooperation, attend forum

Russian presidential aide Sergei Prikhodko said the two leaders will also attend an interregional cooperation forum dedicated to transport infrastructure development, border trade and environmental problems.

He added that Monday's meeting, which is the ninth between the two presidents, is a stage in the preparation process for the November session of the Russian-Ukrainian intergovernmental commission.

Medvedev and Yanukovich are also expected to discuss economic cooperation.

Bilateral trade in January-July 2010 almost doubled year-on-year to \$19 billion.

Russia, China sign several documents on cooperation

BEIJING, September 27 (Itar-Tass) - Russia and China have signed several documents on cooperation in the energy sector.

The documents, which have been concluded, include a protocol on making amendments to the agreement between Russian and Chinese governments on oil cooperation of April 21, 2009 and a protocol to the memorandum on understanding on coal cooperation; and an agreement on cooperation in the fight against terrorism, separatism and extremism.

In the energy sector the parties signed several documents: a memorandum on understanding between the Russian Energy Ministry and China's National Development and Reform Commission in the field of energy efficiency and use of renewable energy sources; a memorandum on understanding between the Russian Energy Ministry and China's State Energy Grid on cooperation in the development of power supply; and a roadmap on cooperation in the coal-mining industry.

Among key agreements are a document between Russia's State Atomic Corporation, Rosatom, and China's Nuclear Energy Industry Corporation on strategic cooperation in the field of use of nuclear energy for peaceful purposes.

Russia may lift grain exports ban.

As for the ban's timeline, Medvedev stressed that it could be canceled once the state "has an understanding of what we have." He also reiterated that stopping grain exports was a difficult but vital decision.

Meanwhile, the ban is not the only possible measure to stabilize the situation on the market, the leader noted. As he noted, he is currently waiting for the government to submit its proposal once the grain situation is clear.

As recently as early September, however, Russia's PM Vladimir Putin condemned certain agricultural producers for holding back grain and waiting for exports to resume, asserting that the government had no intention of changing its stance on grain exports in the near future. At that time, he said that there would be no talk of any cancellation of the ban until the "grain balance" and next year's harvest became clear, which reporters widely interpreted as an extension of the ban until September 2011.

Deputy PM Viktor Zubkov, in turn, announced at the meeting that Russia's grain reserves were 10 percent higher than last year's figures. Although this year's wildfires burnt down 13m hectares of grain in Russia, the situation is "manageable, though far from simple." According to Zubkov, Russia will end up with 30m hectares less grain than initially planned.

The deputy PM also expressed concern over soaring buckwheat retail prices, which started growing on low harvest rumors in August, while wholesale prices remained unchanged.

As reported earlier, the government imposed a ban on grain exports from Russia from August 15 until December 31 because of abnormally hot weather and drought. Notably, the Anti-Monopoly service launched surprise audits on three of the largest buckwheat suppliers on suspicion of antitrust law violations today.

Geo-Strategic

Medvedev Considers Kurils Visit in November

Medvedev said earlier in the week that he would soon visit the islands, which Japan calls the Northern Territories, and Tokyo warned that would badly damage relations.

Medvedev is expected to attend a meeting of the Asia-Pacific Economic Cooperation group in Japan in mid-November, and a visit to the islands could bring a major rift.

"We would consider it right and appropriate to link a trip to the Kurils to the next visit to Japan," the source in Medvedev's administration said.

The dispute is flaring up just as Tokyo is locked in a territorial dispute with China over a separate group of islets.

Medvedev said Wednesday that bad weather had thwarted his plans to visit the islands after three days in China last week but vowed to make the trip soon, pointedly calling the Kurils "an important region of our country."

Japan's foreign minister warned that such a visit would "severely harm" relations. Firing back, Russia's Foreign Ministry called Tokyo's claim to the islands a "dead end."

Neither Medvedev nor his predecessor, [Vladimir Putin](#), has visited the cluster of small islands, just northeast of Japan's Hokkaido, as president.

The dispute is a perennial subject of talks when Japanese and Russian leaders meet, but there have been no signs of a potential breakthrough for years.

Politicians in both countries have used tough talk on the dispute to bolster their credentials as patriots.

Russia hopes for fair verdict in alleged arms dealer's case

We hope that the Thai Themis will make a just decision, fully in line with Thailand's legislation and the norms of international law, and that our compatriot will eventually be able to return home, the ministry's spokesman, Andrei Nesterenko, said in a statement on Monday.

The Bangkok Criminal Court rejected on Monday a U.S. request to drop a second set of charges against Bout, delaying his extradition.

Bout, 44, was arrested in Thailand in March 2008 at the request of the United States. His extradition to the United States was ordered by the Thai appeals court on August 20, but was not carried out because the United States brought new charges against the Russian national in February.

In accordance with Thai law, Bout cannot be extradited until the second charges are brought to court.

The court decision on the second set of charges is expected on Tuesday afternoon.

Bout claims he has never been involved in the arms trade and that there was no evidence of his involvement in the business.

Russia-Belarus relations reach deadlock – Kremlin

Belarusian President Alexander Lukashenko's attempts to "enter a new [presidential] term using anti-Russian rhetoric," have affected his personal relations with the Russian authorities, Timakova said, adding that the relations would never revert back to how they were before.

[Russian President Dmitry Medvedev criticized Lukashenko in his video blog](#) on Sunday for trying to pass Russia off as Belarus's main enemy in the run-up to the Belarusian presidential elections on December 19.

"The Belarusian leadership has always been characterized by a desire to create an external enemy image in the public consciousness," Medvedev said. "The United States,

Europe and the Western countries acted as such 'enemies' earlier. Now Russia is declared the enemy."

Medvedev's video blog is a biting and not unexpected response to Lukashenko's 'crafty policy,' Russian political expert Dmitry Badovsky said.

"Lukashenko's key aim is to be re-elected, which is why he is maneuvering between the two sides," Badovsky said. "Soon he will try to make friends with Moscow again."

There has been speculation that Russia, which has traditionally backed former collective farm manager Lukashenko, may lend its support to an opposition candidate in the elections.

Lukashenko has expressed confidence that neither the Kremlin, nor the West would exert pressure on Belarus during the [forthcoming polls](#).

Russia increases combat capabilities in Arctic.

Russian naval ships and submarines have already conducted over ten military patrols of the Arctic in 2010, Vysotsky said.

"In accordance with the Russian Armed Forces' plan of strategic deterrence we take measures aimed to demonstrate military presence in the Arctic," the navy commander said.

The Russian Navy is currently taking measures to integrate the [Glonass satellite system](#) with the RSDN-20 radio-technical navigation system, he added.

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

Russia and other countries with an Arctic coastline all lay claims to the region's seabed, said to contain one quarter of the world's mineral resources. The untapped riches are becoming more accessible due to melting ice.

Russian Prime Minister Vladimir Putin told a recent international conference in Moscow that the Arctic would not become a battleground as potential territory disputes could be resolved through negotiation.

Medvedev, Obama discuss process of new START ratification

Russian President Dmitry Medvedev and his U.S. counterpart Barack Obama discussed the process of ratifying the new strategic arms reduction treaty during a telephone conversation on Friday, the Kremlin's press service said.

The treaty was signed by the U.S. and Russian presidents on April 8 in Prague as a replacement for the START 1 treaty that expired in December 2009.

The agreement is yet to be ratified by both chambers of the Russian parliament and the U.S. Senate. The Russian and U.S. presidents earlier agreed that the ratification processes should be carried out simultaneously.

Earlier on Friday, U.S. Secretary of State [Hillary Clinton urged the Senate to ratify the treaty after the November 2 mid-term elections.](#)

During the telephone conversation, the presidents also confirmed that they had concluded bilateral talks on Russia's accession to the World Trade Organization and exchanged views on a number of topical international issues.

"The U.S. and Russian presidents reaffirmed their readiness to coordinate steps to strengthen international and regional stability," the press service said.

Russian expedition ship seized in Canada over debts

A Russian expedition vessel has been detained in the Canadian port of St. John's on the island of Newfoundland over debts.

"The vessel was seized following a suit by a haulage contractor over a \$251,000 debt," Pyotr Osichansky of the International Transport Workers Federation (ITF) said on Thursday.

Canadian ITF inspectors will visit the ship in the next few hours, Osichansky added.

Russia reiterates only diplomacy can solve Iranian nuclear issue

Russia believes that diplomatic negotiations are the only way to settle the tensions surrounding Iran's nuclear program, Russia's envoy to the UN said on Wednesday.

"Russia does not see any alternative to a diplomatic settlement of the Iranian nuclear problem through constructive dialogue between Tehran and the Iran Six," Vitaly Churkin said at the UN General Assembly.

He emphasized that Russia would do its utmost to aid the resumption of the multilateral talks with Iran.

"As for sanctions, they are not a goal in and of themselves. The sanction regime imposed by the UN Security Council is to send Iran a signal about the necessity of full-fledged cooperation with the International Atomic Energy Agency [IAEA] and give a boost to the negotiation process," Churkin said.

Russia is categorically opposed to situations "when unilateral decisions on imposing sanctions are taken in parallel with collective measures in the UN Security Council," Churkin said.

International pressure on Iran increased in early February when Tehran announced it had begun enriching uranium to 20 percent in lieu of an agreement on an exchange that would provide it with fuel for a research reactor.

In June, the [UN Security Council passed a resolution imposing a fourth set of sanctions on Iran](#) over its nuclear program.