



Advocates on behalf of Jews in Russia,
Ukraine, the Baltic States & Eurasia

NCSJ WEEKLY NEWS BRIEF

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#1

Concerns Mount over Russia's Democratic Deterioration Democracy Digest, March 31, 2006

Pressure is growing for the advanced democracies to use the occasion of the forthcoming St. Petersburg G8 Summit to voice their opposition to the Kremlin's growing authoritarianism. Various civil society events are planned to express solidarity with Russia's beleaguered democrats and to allow the divided internal opposition to establish some unity of purpose.

President Vladimir Putin's chairmanship of the G8 has been marked by growing criticism of Moscow's anti-democratic and anti-western tendencies.

Russia's deterioration presents a major challenge given that "no other nation has regressed from openness to authoritarianism as dramatically and decisively." The Bush Administration's new National Security Strategy states that Moscow has an "uneven commitment to the basic values of free-market democracy," demonstrating the need to encourage innovative Russian thinking and new opportunities for cooperation. But the Kremlin's strident response to this muted criticism accuses the US of "using populist slogans in its own interests." "No one has, or can have, a monopoly on the interpretation of democracy," said a Foreign Ministry statement, asserting that "each state must follow its own path toward democracy."

Putin's G8 presidency has already been a public relations disaster, says a London-based think-tank, citing the Kremlin crackdown on NGOs and its efforts to cut off energy supplies to Georgia and Ukraine. The country is neither politically nor economically free, rendering its G8 presidency "anomalous," argues Russia in the Spotlight: a G8 Scorecard. Moscow violates the principles of the 1975 founding Rambouillet declaration of the then G6, the Foreign Policy Centre report notes, recommending that the advanced democracies develop a coherent strategy to force Russia to face up to its international obligations.

Such sentiments are echoed by a Council on Foreign Relations task force which asserts that Russia has moved away from democracy and needs to stabilize its rule of law before being accepted as a legitimate member of the G8. "Cooperation is becoming the exception, not the norm" in US-Russian relations says the report. "What we're doing is trying to promote democracy," said John Edwards, co-chair of the task force, and former senator and vice presidential candidate.

The G7 should convene a meeting without Russia to send a "strong signal that we can expand the agenda without Putin," said co-chair and former congressman Jack Kemp. "Early and explicit discussion is far preferable to harsh but meaningless critiques on election day and the morning after," the report says. The US should "consistently and forcefully" address Russia's authoritarian trend. Current electoral practices -- denying registration to opposition candidates and restricting access to broadcast media -- pose "a very real risk that Russia's leadership after 2008 will be seen, externally and internally, as illegitimate." Organizations like the Levada Center need increased funds and technical assistance to provide professional exit polls.

"There are European concerns here too," says Stephen Sestanovich, the task force director and a CFR fellow for Russia and Eurasia. "We're in a new era because of the change of direction in Russia's democratization." German chancellor Angela Merkel met with activists from the Moscow Helsinki Group, Soldiers' Mothers Committee and Memorial, amongst others, on her first trip to Moscow, signaling a shift in German foreign policy. "Under Schroeder, Russia dominated German diplomacy at the expense of the trans-Atlantic relationship," said one expert. "Merkel wants to rescue the trans-Atlantic relationship by bringing Germany back into the Western picture." On the other hand, a united G8 front is likely to be complicated by a traditionally Russophile France which "continues to view Putin's Russia favorably, a stance that, as the gas conflict proves, is out of touch with reality."

The advanced democracies' failure to protest Russia's democratic deterioration has emboldened Putin, who reportedly boasted on his return from last year's G8 Gleneagles Summit that not a single leader raised the

case of Mikhail Khodorkovsky (the Russian prosecutor promptly opened a criminal investigation into Mikhail Kasyanov, a former prime minister and likely liberal opposition candidate in the 2008 presidential elections).

. . . as Political Regression Continues With Russia already lacking three of the fundamental requirements of democracy, the country's democrats and their supporters fear that liberties will be further threatened the day after the G8 summit when draconian new anti-NGO measures will likely be put into effect. The NGO law, even as amended following extensive protests, requires foreign and - at least de facto - domestic NGOs to re-register with a state agency that will examine their activities before determining whether they can continue operations.

Although the new law does not take effect until April, the likely impact can be gauged from the Kremlin's recent actions. The authorities recently froze the assets of the Russian PEN Center after accusing the writers' advocacy group of failing to pay \$80,000 in taxes on Moscow land that the group does not even own. The Russian-Chechen Friendship Society, a NED grantee, has seen its volunteers kidnapped, tortured and four of them killed. In February 2006, Stanislav Dmitrievsky, the society's director was convicted of inciting ethnic hatred and sentenced to four years of probation for publishing the comments of Chechen leaders.

Under the new law, the Federal Registration Service can invoke threats to the "constitutional order" to justify ending funding for certain activities. Government officials gain unprecedented discretion for deeming programs or projects detrimental to Russia's national interests. Registration officials are empowered to close the offices of any foreign NGO undertaking programs that do not have the objective of "defending the constitutional system, morals, public health, rights and lawful interest of other people, [or] guaranteeing the defense capacity and security of the state." The registration authority is awarded discretionary power to audit the activities and finances of non-commercial organizations, request documents, and to attend any of the meetings, including internal strategy or policy discussions.

"The institutions of civil society in normal contemporary democracies control bureaucratic structures in order to reduce the level of corruption, to monitor and stop human rights violations on the part of bureaucracies," human rights veteran Lyudmila Alexeyeva contends. "But this law turns all of that upside down." Yuri Dzhibladze, president of the Center for Development of Democracy and Human Rights, called the anti-NGO measure a reflection of an obsession with Ukraine's 2004 electoral revolution, the Kremlin's "orange paranoia."

The Kremlin also finalized appointments to a new Public Chamber, an official citizens advisory group. "Now they'll say that the public chamber is the expression of civil society and all the rest of us are marginal," said Alexeyeva.

Some Western apologists for Putin have tried to justify his authoritarianism, echoing the judgment of Sergei Markov, a Kremlin insider, that "Russia has as much democracy as it can have at this stage of its development." Its defenders describe Russia's current system as "sovereign democracy," a term that evokes Soviet claims that the communist state was a form of "popular" or "advanced" democracy, as opposed to a "liberal, bourgeois" version.

But "it is one thing to work in a country that is partly free," says former Putin aide Andrei Illarionov. "It is another thing when the political system has changed and the country has stopped being free and democratic." Russia is now more akin to a privately held company, says Illarionov, with greater similarities to Iran or Venezuela than the "tumultuous but hopeful" country of six years ago.

Chess grandmaster Garry Kasparov, who heads the United Civil Front, has called on Russian opposition groups to form a coalition and submit a single candidate for the 2008 presidential elections. Kasparov has been scathing about the Kremlin's anti-Western rhetoric. "Our ruling bureaucracy is greatly tempted to isolate Russia from the West," he observes, "even though these 'patriots' keep their own money in Western banks."

Others are concerned that the domestic opposition remains too fragmented. The Moscow election of December 2005, says one observer, confirmed that the democrats' future electoral success requires them to "develop constructive, realistic alternatives to the policies of the current officeholders; widen and strengthen regional networks; and relentlessly communicate its message to a seemingly uninterested electorate in comprehensible language."

"All revolutions, in the end, turn from euphoria to disillusion," notes Vaclav Havel and democratic transformations are no different. Older generations in particular tend to "see freedom as a burden, because it entailed continuous decision-making," he says. The Putin regime has expertly manipulated popular sentiment and exploited social customs like *krugovaia poruka*, or joint responsibility. Many Russians have been led to identify democracy and the rule of law with an insecure and troubled existence.

"Authoritarian Internationale" Leads Anti-Democratic Backlash Putin is not only a non-democrat at home, but an active anti-democrat abroad, threatening to raise gas prices for Ukraine's democrats and cut them for Belarus's dictator, embracing Uzbekistan after the Andijon massacre, and orchestrating fake phony elections in war-torn Chechnya.

Russia is only one of several regimes alarmed by the "color revolutions" in Serbia, Georgia, Ukraine and, arguably, Kyrgyzstan, and alerted to the fragility of their hybrid, quasi-democratic rule. "Ukraine's Orange Revolution was Russia's 9/11," argues Ivan Krastev of Bulgaria's Centre for Liberal Strategies. The scenario of popular protests, mobilized through civil society and opposition groups, pressuring ruling elites to surrender power, prompted a re-assessment of strategies and "political technologies" required to maintain authoritarian rule.

The color revolutions are invoked and exploited by repressive regimes to portray democracy assistance as "regime change by stealth" and to justify clamping down on allegedly subversive activities. "In our country, there will be no pink or orange, or even banana revolution," President Alexander Lukashenka of Belarus commented. Kazakhstan's President Nursultan Nazarbaev justified proposed restrictions on NGO activity by citing, "the dangers that arose in neighboring countries when foreign NGOs insolently pumped in money and destabilized society."

Democracy promotion groups are increasingly confronting new agencies, largely associated with authoritarian "petro-states," committed to undermining, countering and reversing liberal democracy. "As they become more powerful economically," notes Igor Torbakov, "the undemocratic countries blessed with hydrocarbons seek to enhance their geopolitical clout." This almost amounts to a rival "democracy retardation" movement, incorporating ersatz democracy promotion groups (as in Russia where the Duma allocated \$17 million for "civil society groups"), increased funding for radical Islamist groups from Saudi/Wahabbi, Iranian, and related sources, and reported Venezuelan financing of radical populist or "Bolivarian" parties across Latin America.

Authoritarian regimes claim that democracy promotion is being used by the advanced democracies to secure traditional foreign policy interests. As a leading State Department official noted recently upon returning from Moscow, Russian officials are convinced that the "US government or the West directs the activities of NGOs in order to weaken Russia, or in order to advance, as one Russian said, 'your own geopolitical games in our neighborhood.'"

The offensive against democratization, and particularly against forms of internationally-funded democracy assistance, predates the color revolutions. But Ukraine's Orange Revolution clearly accentuated existing trends and prompted a more aggressive and coordinated response on the part of the world's authoritarians and autocrats. Indeed, indications of collusion among such regimes have led to speculation about an emerging "authoritarian internationale."

China's communist authorities have tightened controls on international NGOs and reportedly sent researchers to Uzbekistan, Kyrgyzstan, Ukraine, Georgia, and Belarus to assess the role of pro-democracy

NGOs and propose countermeasures. The Foreign Ministry's Bureau of International Organizations has set up a new unit to review the work of foreign NGOs in China.

Beijing has upgraded censorship techniques, "intimidating both political dissidents and American companies alike," according to a recent report. They are also exporting their techniques to other repressive regimes. Belarusian dictator Alexandr Lukashenka reportedly acquired China's latest internet monitoring and control technology while in Beijing in December 2005.

A further indication of inter-governmental coordination is the Shanghai Cooperation Organization (SCO), comprising Russia, China, Kyrgyzstan, Kazakhstan, Uzbekistan and Tajikistan. At their July 2005 Moscow summit, Vladimir Putin and Hu Jintao issued an open attack on democracy promotion, attacking those who, they claim, "ignore objective processes of social development of sovereign states and impose on them alien models of social and political systems."

The range of legal and extra-legal measures designed to undermine democracy assistance range from constraints to cooptation, from coercion to closure. Many states are manifestly repressive towards independent NGOs while others maintain a more ambiguous position, allowing civil society groups to operate under restrictions and the threat of arbitrary interference or dissolution.

Alongside recent setbacks in Belarus and Ukraine, the backlash at least acts as a forceful reminder that democracy promotion is not an uncontested field or a one-way process.

#2

Belarus: Good Performance, Bad Result Democracy Digest, March 31, 2006

"Just as Mugabe's Zimbabwe is sheltered by Mbeki's South Africa and Castro's Cuba is hugged by Venezuela's Chavez, Lukashenka's Belarus has the support of Vladimir Putin, who shows scant respect for the democratic norms of the European values he professes to believe in," argues Denis MacShane, the UK's former Minister for Europe. It was partly due to interventions by Moscow that the recent elections in Belarus and Ukraine - the European Union's closest eastern neighbours - produced "uncomfortable results for those who believe in peaceful democratic revolutions."

While the results disappointed some, the volatile politics leading up to Ukraine's parliamentary elections could at least be seen as an "expression of democratic politics, not their rejection," says Stanford's Michael McFaul. By contrast, the presidential election campaign in Belarus was marked by unprecedented repression against democratic forces.

Observers "should not lament the 'failure' of revolution but hail the beginning of a genuine democratic movement", says Vitali Silitski, a leading Belarusian activist and commentator. Lukashenka could have won a free and fair election, he argues, and his opponents have much to do to communicate their message to Belarusian society - while enduring even more repressive political climate. But democrats can take heart from the campaign's achievements: the opposition not only achieved unity and, in Alyaksandr Milinkevich, presented a credible alternative to Lukashenka, but invigorated the democratic activists' network, and proved that support for democratic change is widespread.

Milinkevich surprised many observers with his performance, especially since he was denied national media exposure and forced to rely on grass-roots campaigning, assisted by the energetic Zubr student movement. In an unprecedented move for Belarusian politics, Milinkevich went door to door to canvass for votes. "Half the doors remained closed to him," said Vintsyuk Vyachorka, head of the largest opposition group. "The main problem is the fear of the people. To overcome it, we must show this hesitant majority that there is a responsible leader who has no fear himself."

The work of civil society groups had a great impact on an electorate that was in other respects wary and cowed. "Citizens are being informed and the electorate is being energized," the National Endowment for Democracy's Rodger Potocki told a congressional hearing prior to the election. A January 2006 survey found that only 11 percent of respondents knew of NGO election-related activities. By the end of February, 48 percent were aware of civic campaigns. The priority now, Potocki notes, is for legal and humanitarian assistance to those who are being imprisoned, hospitalized, expelled or unemployed during the post-election crackdown.

Such assistance should come in large part from the European Union, says Urban Ahlin, Social Democrat chairman of the Swedish Parliament's Foreign Affairs Committee. The EU should open an office in Minsk, make visas for Belarusians cheaper and easier to obtain, increase student exchange programmes, and fund civil society programs. But to be effective, Ahlin argues, the EU should remodel the slow-moving 'European Initiative for Democracy and Human Rights' along the lines of the NED and similar groups with a better record of "disbursing funds swiftly and flexibly."

The Belarus election demonstrates why Europe should create a "21st century progressive front for democracy," argues MacShane, comprising a European Democracy Foundation financed by the EU but operationally autonomous from the Commission and Council of Ministers. The rules of the Commission's EIDHR are "so complex and inflexible that few NGOs can benefit", says the Center for European Reform. They too argue that the EIDHR should be reconstituted as an independent agency.

The reported eight-day absence of Lukashenka following the election suggests that the shake up of the regime was much more significant than generally known, suggests Slovakia's Pontis Foundation. Its analysis of the elections suggests that the EU should expand sanctions and visa bans against regime officials, and maintain a "much higher level of contact" with both Belarusian democratic forces and the regime. Minsk's need for greater trade and cooperation with the EU gives the latter a degree of leverage it has so far failed to utilize.

The Belarus election may at least prompt a degree of realism amongst some of the more excitable advocates who misleadingly conflate democracy promotion with regime change, whether in Minsk or Tehran. Indeed, it was predicted prior to the election that "directly transferring to Belarus the strategies that worked in [Serbia, Georgia and Ukraine] would likely be ineffective."

#3

A New Era For Ukraine

Op-Ed: State Of The Union

By Viktor Yushchenko

The Wall Street Journal, April 3, 2006

KIEV -- Freedom triumphed in Ukraine a week ago as citizens voted in elections that international poll monitors judged to be democratic and fair -- not a given for a land that was once part of the Soviet Union. Regardless of the configuration of the next government, the result underscores that Ukraine's course of Euro-Atlantic integration remains on track.

One cannot help but wonder how our history might have been different had the Orange Revolution come a little earlier. My country's return to normalcy is the result of a number of important policies we have implemented since those fateful days in the fall of 2004.

First, we ended government censorship, unleashing rigorous and free media, which for the first time presented all the different political points of view and gave equal airtime to government and opposition candidates. This true competition between the parties sparked tremendous interest among the public, prompting two-thirds of registered voters to participate in the elections.

Second, the campaign and elections were conducted in an environment free of intimidation, fear and outright voter manipulation. This has not always been the case. In the past, candidates were being followed and harassed by police and secret service officials. Phones were tapped and family members of politicians threatened.

In the aftermath of the 2004 presidential election, more than 5,000 officials were prosecuted for falsifying election results. This time, there were strict controls to prevent election officials from abusing their powers. Parties were free to organize rallies and community gatherings without government interference.

Law enforcement agents kept the peace and encouraged people to report troublemakers. The entire election process demonstrated an unwavering commitment to democratic values and respect for civil rights.

This election completes Ukraine's post-Soviet transition. We begin a new chapter in parliamentary democracy and local self-government. Changes to our constitution took effect three months ago, shifting some executive powers, such as nominating the prime minister, from the presidency to parliament.

The essence of these changes is political power-sharing, requiring closer interaction between citizens, parties and government. The new coalition government must be formed two months after the official results are confirmed. Within my constitutional powers as president and commander-in-chief, I will appoint the ministers of foreign affairs and defense.

During discussions with the election winners last week, I suggested that lawmakers must now put aside their narrow political interests and campaign rhetoric and strive to unify the country. Cultural, religious and linguistic differences have no place on the political agenda.

Similarly, federalism and special economic privileges will narrow and not strengthen Ukraine's economic opportunities and competitiveness. To this end, I'd like to see a "stability pact" signed by all parliamentary forces, outlining the general principles of national unity. The harmonious regional and socio-economic development of our country is a common goal upon which all parties should be able to agree.

Then I believe both the new government and the loyal opposition will jointly recognize the political boundaries that stabilize the nation and secure our democratic evolution.

If the post-election period focuses exclusively on a game of musical chairs, where party leaders are more interested in ministerial portfolios and prized legislative committee chairmanships than reaching specific policy goals, then this election's success and the opportunity to move Ukraine forward risk being lost.

Therefore, a parliamentary majority must outline its vision, the specific laws and government programs it wants to pursue, and, most importantly, find the professional staff to deliver results. Voters are expecting no less.

Since the Orange Revolution, new economic horizons have opened for Ukraine. Our trading relations with the United States and the European Union have reached new heights. We hope to join the World Trade Organization this year. We've implemented tough and long-delayed reforms, among them market pricing for energy resources, bank liberalization, and better intellectual property protection.

Expanding domestic consumer demand will continue to be a major source of economic growth and job creation in the short term. Additional steps will be required to upgrade our education, health care and social services systems.

Court reform and the fight against corruption must move forward. Developing our transport infrastructure and expanding energy exploration, production and conservation top our agenda. As do the sale of state assets in public tenders to strategic investors to modernize outdated and under-funded production facilities.

In 2004, we began rebuilding public trust in government, starting a new dialogue that has led to greater openness, new freedoms and a revival of national pride. Voting patterns point to growing support for European democratic values.

Finding the right formula to complete Ukraine's first test in parliamentary democracy and putting together a government will be the major test during the next few weeks.

#4

Russians Sense the Heat of Cold War Intensifying U.S. Criticism of Government and Its Role in Region Evokes Resentment

By Peter Finn

Washington Post, April 3, 2006

MOSCOW -- In this city, it's beginning to feel like a new Cold War, driven by what many people here see as an old American impulse: to encircle, weaken or even destroy Russia, just as the country is emerging from post-Soviet ruins as a cohesive, self-confident and global power.

The specter of a U.S. nuclear first strike even resurfaced this month. An article in Foreign Affairs magazine, published by the Council on Foreign Relations, suggested that the United States could hit Russia and China without serious risk of retaliation. That sent heads spinning here with visions of Dr. Strangelove.

"The publication of these ideas in a respectable American journal has had an explosive effect," former Russian prime minister Yegor Gaidar wrote in an article in London's Financial Times newspaper. "Even those Russian journalists and analysts who are not prone to hysteria or anti-Americanism took it as an outline of the official position of the U.S. Administration."

"Today, it's accepted by most of the establishment that we are under pressure, that we are being surrounded, and it's leading to a defensive nationalist vision," said Sergei Rogov, director of the Institute of the United States and Canada in Moscow.

Intensifying U.S. criticism -- that Russia is rolling back democratic institutions, interfering in the countries of the former Soviet Union and using its vast energy resources to further its interests -- is leading to widespread resentment here and seen as little more than self-serving rhetoric. Russians widely believe that U.S. programs to promote democracy in Ukraine, Georgia and Belarus are a Trojan horse intended to sideline Russia and expand NATO.

Academics point to reports such as one released recently by the Council on Foreign Relations: "To ease Russian pressure on neighboring states," it said, "the United States should work to accelerate those states' integration into the West."

"We are gradually being pushed to the northeast of the Eurasian continent away from the seas . . . to the place where the depths of freezing is more than two meters," said Natalia Narochnitskaya, vice chairman of the international affairs committee in the State Duma, the lower house of Russia's parliament, and a member of the nationalist Rodina Party.

She rues the loss of the three Baltic states to European Union and NATO membership and the possible loss of Russia's naval presence on the Black Sea.

"The messianism of American foreign policy is a remarkable thing," she said. When Secretary of State Condoleezza Rice speaks, Narochnitskaya said, "it seems like Khrushchev reporting to the party congress: 'The whole world is marching triumphantly toward democracy but some rogue states prefer to stay aside from that road, etc. etc.' "

The Sept. 11, 2001, attacks appeared to put U.S.-Russian relations on a new and remarkable footing. President Vladimir Putin facilitated the stationing of American troops in Central Asia to support military operations in Afghanistan. In 2002, Putin, still regarded as a reformer, was offered a year-long chairmanship of the Group of Eight leading industrial democracies.

Today, some public figures in the United States, including Sen. John McCain (R-Ariz.), have suggested that President Bush boycott the G8 summit in St. Petersburg this summer to register dismay at Russia's foreign policy and its internal direction.

Many U.S. officials hold up the administration of President Boris Yeltsin in the 1990s as imperfect but headed in the right direction; people here say those years were simply chaotic.

"For a person of democratic and liberal persuasions, I can say that Russia has never been freer or more affluent," said Sergei Karaganov, chairman of the Russian Council on Foreign and Defense Policy. "Putin inherited a non-state, so he first wants to build a state and create the conditions for modernization and democracy. Do I worry about some domestic developments? Of course. I could be more critical than most Americans. But it's like blaming winter for following autumn."

In Moscow, strains in the relationship are viewed more as a result of the United States' inability to accept the fact that Russia is no longer the servile entity of the 1990s -- when it blustered but, in the end, always caved because it was weak.

"We have safeguarded and will safeguard our national interests," Russian Defense Minister Sergei Ivanov, told reporters last week. "If someone dislikes this, this is not our problem."

On certain issues, such as the nuclear ambitions of North Korea and Iran, Russian officials say they will work with the West, but on their own terms. There is, for instance, broad agreement with the United States that Iran should not acquire nuclear weapons, but little consensus on what steps to take to prevent that from happening. Russia is opposed to imposing sanctions on Iran, with which it has strong economic ties.

But in the area known as Russia's "near-abroad," the former Soviet republics at its periphery, Russia and the West often take diametrically opposed views of the same situation.

In Belarus, Western governments condemned the recent reelection of President Alexander Lukashenko as a farce. Russia declared the contest free and fair, as it has in contested ballots across the former Soviet Union.

Even if Russians recognize electoral fraud, they are not going to concede the point, said Rogov. "My suspicion is that since we see no better alternative, we prefer the status quo -- no matter how bad it is."

Narochnitskaya said the underlying issue is not democracy but influence. "The hysteria around Belarus and the demonization of President Lukashenko has more to do with his anti-NATO, anti-Western stand than his lack of democracy," she said. "Belarus is a missing piece of the puzzle assembled from the Baltics to the Black Sea. There are points on the map where we can yield, but there are some where it's important not to do so."

The point that appears to animate Russians most is Ukraine. Since that country's Orange Revolution, the popular protests that swept President Viktor Yushchenko into power 16 months ago, relations between the two countries have soured. At the beginning of this year, the Russian state-owned energy giant Gazprom briefly cut off natural gas supplies, which are critical to Ukraine's heavy industry and households. In parliamentary elections last month, Yushchenko's party suffered a humiliating setback to a Moscow-backed candidate.

In Washington and European Union capitals, the cutoff was seen as punishment for Yushchenko's Western orientation, particularly his desire to bring Ukraine into NATO.

For Russia, such a move would be anathema. The defense and civilian industries of the two countries remain closely intertwined, and Russia's Black Sea fleet is based in the Crimea on Ukrainian territory.

"The idea of admitting Ukraine into NATO is hammering the final nail into the coffin of Russia as an independent great power," Rogov said. "We go out, you go in. Unfortunately, it's almost a consensus in Russia, that the West is trying to isolate Russia."

#5

Rights Groups Complain Russia Is Stalling Aid Funds From Other Nations Are Stuck in Bureaucracy; U.S. Monitors Situation

By Guy Chazan

Wall Street Journal, April 3, 2006

MOSCOW -- Russian authorities are holding up millions of dollars in Western aid to Russian human-rights and democracy-building organizations, in what the groups say is another sign of growing Kremlin pressure on civil society.

The government has virtually stopped registering certain categories of foreign grants to Russian nonprofit groups, effectively paralyzing the work of a number of grass-roots organizations, diplomats and charity workers say. A big casualty is the U.S. Agency for International Development, several of whose Russian programs are now blocked. European Union grants also have been affected.

The U.S. government has brought the issue up with the Russian presidential administration and is watching developments very closely, a U.S. official said. Much of the U.S. government's funding for efforts to promote democracy in Russia, a Bush administration priority, goes through USAID. The two sides are discussing the issue intensely, and U.S. officials say they still hope the Russians will avoid imposing long-term impediments in the way of nongovernmental organizations.

"This is political pressure on the donors," said Lilia Shibanova, head of Golos, an electoral watchdog that has been waiting nearly two years for approval of its USAID funding. "The authorities want to tighten control of all foreign grants, especially those for human-rights projects."

A Russian government official denied programs are being deliberately held up, noting that approvals regularly take several months to complete.

Diplomats and representatives of the groups said the delays are unprecedented and seem to target groups doing human-rights or other potentially political work, while less-sensitive technical projects appear to be going ahead smoothly.

Concerns about the delay come with Russia's nongovernmental organizations already bracing for a new law that will significantly expand state control of the country's nonprofit sector. The measure, which comes into force this month, was denounced in Europe and the U.S. as undermining Russia's fledgling democracy. U.S. officials say they are concerned that the holdups in approving grants could become much more systematic and wide-ranging as the new law is implemented.

The Kremlin's hardening approach to NGOs reflects a widely held suspicion in Moscow that foreign-funded civil-liberties groups are trying to foment a Ukrainian-style Orange Revolution here. Russian intelligence officials have publicly accused Western spy agencies of using not-for-profit groups as a front for instigating unrest and weakening Russian influence in the former Soviet Union.

Charities said the authorities are particularly mistrustful of USAID because of its strong support for human rights and democracy-building projects -- though the agency itself said that is just one of many spheres in

which it is active. Grants given through the EU-Russia Technical Cooperation Program also have been affected.

An EU official in Moscow said, "So far, we have not officially been informed of any problem with registration" of foreign grants.

At issue is the work of the Russian government's Commission for Humanitarian Programs and Technical Assistance, the interministerial body that certifies aid to Russia as tax-exempt.

Rights groups say the commission is meeting far less frequently than it used to and is issuing far fewer tax-exemption certificates. Procedures have been made more bureaucratic: Applicants say they now must provide letters from government ministries promising to monitor how each grant is spent -- a pledge many officials are reluctant to give.

Straightforward humanitarian aid, such as medical equipment for hospitals, still tends to get waved through quickly, diplomats said. Some human-rights NGOs said their projects have been waiting almost two years to obtain tax-exemption -- a procedure that used to be a formality.

The government denies singling anyone out. "There is no discrimination against certain categories of recipient," a government official said. The commission, he said, was meeting once a month and certifying as many as 100 applications at each sitting.

Most of USAID's programs in Russia are unaffected, and even those not certified can sometimes continue to operate. Still, donors often won't release grants unless they have been exempted from Russian tax, which can be as high as 24%.

"We're in a legal vacuum," said Ms. Shibanova of Golos.

Another group affected is Internews, which received an EU grant in November to develop Russian media and has been waiting since then for it to be registered. The New Eurasia Foundation, which allocates grants to Russian NGOs, has been waiting more than a year for the commission to register two USAID grants totaling \$2 million. As a result, it has had to freeze some of its activities.

"We're now in a state of complete uncertainty about our future and the future of the programs we fund," said Olga Moshkova, the head of New Eurasia.

---- Neil King Jr. in Washington contributed to this article.

#6

Did Russia Help Saddam During the War?

By Mark Kramer

Washington Post, Sunday, April 2, 2006

What are we to make of the furor over whether the Russians aided Saddam Hussein's government around the time of the U.S.-led invasion? The Defense Department's newly released 210-page study clearly cites Iraqi documents from March 2003 that contain information allegedly provided by Russian diplomats and intelligence officers. A day after its release, a spokesman for the Russian Foreign Intelligence Service (SVR) denied that any such intelligence had been supplied to Iraq. And now Secretary of State Condoleezza Rice says she will seek clarification from the Russian government.

First, it's important to understand that the impressively documented Pentagon report was never intended to assess whether, or under what circumstances, the Russians may have provided such information. The analysts were responsible only for assessing the Iraqi regime's perspective on the war.

Which brings us to the two main documents in question: an undated, three-page handwritten description of U.S. force deployments as of early March 2003 based on information allegedly provided by Russian Ambassador Vladimir Titorenko; and a typed, eight-page description of U.S. war plans dated March 25, 2003, and based on information also attributed to Titorenko. There is no inherent reason to doubt the authenticity of these documents, which are publicly available, or others cited in the report. Whether the information they contain is accurate is another matter.

The SVR's denials are largely irrelevant since the Russian agencies in question are the military intelligence service (GRU) and the Foreign Ministry, not the SVR. Reports in the Russian and Western press in March 2003 indicated that Gen. Vladislav Achalov, the former commander of Soviet airborne forces who supported the attempted coup in Moscow in August 1991, visited Baghdad shortly before the March 2003 invasion, accompanied by another retired Russian general. Photographs taken at the time confirm that the two generals were awarded medals by the Iraqi defense minister on behalf of Saddam Hussein. Achalov has since acknowledged that he traveled to Iraq at least 15 to 20 times in the years leading up to the war.

Press reports from March 2003 and afterward also indicated that other GRU officers were working with the Iraqi regime on a daily basis before and during the war, often through Abbas Khalaf, the former Iraqi ambassador to Moscow who sent numerous reports to Iraqi leaders citing GRU and diplomatic sources. In addition, a GRU "working group" known as Ramzaj, which posted daily assessments on a Russian military Web site, was widely described in the Russian press as aiding the Iraqi government. Although Ramzaj's forecasts and some of its information proved to be wildly off the mark, the reports in major Russian dailies and respected trade publications lend strong credence to the assertions in the Iraqi documents that Titorenko and some Russian military intelligence officers aided the Iraqi efforts to withstand the U.S. invasion.

If Titorenko did provide illicit assistance, his motive may have been largely financial. When the Volcker commission issued its final report on fraud and corruption in the United Nations oil-for-food program last October, it listed the ambassador and his son as having received allocations of some 23.7 million barrels of oil worth well over \$1 million in total.

The commission's report listed numerous other Russian politicians and political entities, including Russian President Vladimir Putin's then-chief of staff Alexander Voloshin, the speaker of the upper house of the Russian parliament, Yegor Stroyev, the Russian Communist Party, and the pro-Moscow government in Chechnya, as recipients of large oil allocations worth many millions.

However, it is unlikely that Titorenko's apparent actions and the GRU cooperation were authorized at high levels. Russian opposition to the war -- motivated mostly by the enormous profits Russian companies and elites had been reaping from the oil-for-food program -- was much stronger than many U.S. experts had anticipated. But this opposition does not necessarily mean that Putin or then-Foreign Minister Igor Ivanov would have condoned transferring information that might cost American lives and would stand a high chance of eventually being detected.

One excerpt from the Iraqi document, dated March 25, 2003, has drawn particular attention. It refers to "information that the Russians have collected from their sources inside the American Central Command in Doha." Many journalists have construed this as meaning that the Russians had a spy working there. Far more likely is the possibility that the Russian information was collected through electronic means or possibly even through an authorized sharing of information.

Indeed, had a spy actually been present in Central Command, he or she presumably would have provided accurate information. But one of the interesting aspects of the intelligence allegedly turned in is that some of it proved to be egregiously wrong. If Saddam Hussein and his aides relied on this information to any significant degree, they ended up worse off than if they had ignored it or never received it.

Indeed, the erroneousness of some of the intelligence suggests that U.S. commanders may have deliberately floated false information. (Gen. Tommy Franks, who was in charge of the war, alludes to such a plan in his memoirs.) The American commanders, like the rest of us, knew from press reports that GRU officers were in Baghdad apparently assisting the Iraqis. The Americans may have counted on the likelihood that false information would be picked up by Russian military intelligence and divulged to the Iraqis. If this was indeed the case, the U.S. scheme worked brilliantly.

The attempts this past week by Russian officials to link the publication of the Pentagon report with the ongoing debate about Iran in the U.N. Security Council are far-fetched: The notion that the 210-page study was suddenly conjured up to serve a transitory diplomatic interest is preposterous.

Even more preposterous is the claim by Sergei Oznobishchev, head of the Moscow-based Institute of Strategic Evaluations and Analyses, that Pentagon officials issued the report because they are irritated by Russia's strengthening position in the international arena. This statement reflects a high degree of wishful thinking about Russia's place in the world today.

So what are we to make of all this? The Iraqi documents have exacerbated U.S. concerns about Russia only a few months before Putin is to chair the G-8 summit in St. Petersburg. The uproar surrounding the disclosures is a sign of how frayed the West's relationship with Russia has become. The Russian government would be wise to clear up the matter as expeditiously as possible.

#7

U.S. Reporter in Russia Claims Harassment

By Judith Ingram

AP, April 1, 2006

MOSCOW -- An American journalist said Saturday that interrogators alleging she has information about attacks in southern Russia have confiscated her notebooks, tapes and computer hard drives, threatened her and subjected her to long rounds of questioning.

Kelly McEvers, a 35-year-old, New York-based freelance journalist, arrived in the southern region of Dagestan two weeks ago to research the impact of Islamic extremism. She said Saturday that her interrogators' aim appeared to be identifying and harassing her sources in Russia's restive North Caucasus region, which she began visiting in March 2005.

"It seems like past history would show that people who talk to journalists can be punished for that, at the very least go under surveillance," McEvers told The Associated Press in a telephone interview from an apartment in the Dagestani capital, Makhachkala, where she was expecting police interrogators to pick her up for another round of questioning.

Regional Interior Ministry spokeswoman Anzhela Martirosova, who had said Friday that McEvers had been detained, said Saturday that she had no information about the matter.

McEvers said she was detained for questioning for 10 hours on Wednesday, six hours Thursday, and 10 hours Friday.

During the most recent interrogation, which was joined by a prosecutor from Chechnya, "they threatened to take me to Chechnya if I didn't cooperate," she said.

"They say I have information about acts of violence, which is totally and completely bogus, of course," she said.

The interrogators have let her return to a private apartment each night to sleep, but during the day she has been their prisoner _ unable to use a phone, unable to contact the U.S. Embassy in Moscow and intimidated by tough-looking men, she said.

McEvers, who is on a fellowship from the International Reporting Project at Johns Hopkins University's School of Advanced International Studies in Washington, said she had been interviewing students, imams, villagers and others about developments in Dagestan, which she called the "most Muslim" republic in southern Russia.

#8

Senior Russian MP brands US trade policy "absurd" for Soviet-era restriction ITAR-TASS, April 4, 2006

Moscow, 4 April: The USA is displaying double standards and a politicized approach to trade relations with Moscow by retaining the Jackson-Vanik amendment with regard to Russia and lifting it with regard to Ukraine, Chairman of the State Duma International Affairs Committee Konstantin Kosachev said today.

The 1974 Jackson-Vanik amendment to the American law on trade "linked" the normalization of trade relations with the problem of Jewish emigration from the USSR. This problem has not existed for a long time now, but the US Congress does not wish to rescind the amendment, trying to use it to exert pressure on Russia on other political and economic issues.

"I know that the very existence of this amendment, which is linked to the situation of the Jewish population in our country, prompts bewilderment and amusement among the Jewish community in Russia itself. In the past few years something like 100,000 Jews have returned to Russia, and to say that some kind of obstacles are being created for Jews who cannot leave our country is ridiculous," he said.

He said that "Russia as a state, and the State Duma in particular, have to remain above these totally absurd and petty devices and constructs of our opponents". "The Jackson-Vanik amendment has no practical meaning in our trade relations, because each year it is suspended by orders issued by the US president," he added.

"The very existence of this amendment in American legislation, in my opinion, creates a problem not for Russia but for the USA itself," he said. "In this situation I would regard it as humiliating to tug American legislators by their coat-tails and plead with them to do something for Russia."

He added that "I would object to the State Duma passing a separate statement on this issue".

#9

Poll Shows 12% of Russians See 'Positive Ideas' in Fascism By Sergey Varshavchik Nezavisimaya Gazeta, April 3, 2006

"Twelve out of 100 Russians Polled Have Fascist Sympathies. FOM Figures Show Two-Thirds of Population Seeing Nationalism as Serious Threat"

The ideas of fascism enjoy a certain popularity in Russia and have quite a wide range if not of adherents, at least of sympathizers. Moscow has a particularly high number. This is evidenced by figures from the latest sociological poll done by the Public Opinion (Obshchestvennoye Mneniye) foundation (FOM). They show 12% of those polled agreeing with the opinion that fascism as a system of views contains some positive ideas.

Twice as many men as women are inclined to take a positive attitude to the fascist system of views (16% as against 8%), and young people or those in middle age are more likely than the elderly to do so (15% and 13% respectively as against 7%). On the other hand a respondent's inclination to show indulgence or sympathy toward fascism is in no way connected with his or her standard of education, in the sociologists' view.

One-third of those polled stated that there are people with fascist views in the places where they live, and 12% stated that there are a lot of such people. Some 13% of those taking part in the survey believe that their town has gotten more supporters of fascist views over the past year or two, while 8% have the impression that the numbers have not changed, and 3% feel that there are fewer such people around. Some 47% of those taking part in the survey say that there are no fascist followers in their town or village.

Residents of Moscow encounter supporters of fascist views with particular frequency: Only 8% said that there are none in the capital, while more than half (54%) stated that the city has a lot of fascist supporters, while 22% said that it does not have many. Muscovites also encounter fascist propaganda more often than others, with 47% having been confronted by pamphlets and leaflets containing fascist rhetoric and fascist symbols.

The poll participants were asked to characterize the fascist views that have currency in Russia today, and 62% of them responded on the issue. Half of them stated that in today's Russia fascist views consist in intolerance toward people of a different nationality (to the point of racism and genocide) and glorification of one's own nation (30% of the answers). Many described the fascism of today in our country as an ideology of hatred, cruelty, and violence generally (11% of answers; moreover, some respondents also added that ethnicity is of no significance in this connection: "brutality toward children, old people, and women regardless of ethnicity"; and "indiscriminate violence against all people"). Some people identified fascist views with criminal behavior and a refusal to acknowledge the state or the law (6%).

Two-thirds of those taking part in the survey (67%) think that those who hold fascist views constitute a real danger to society. A significant proportion of those polled -- 24% -- do not agree with that, however. Among respondents who approve of certain tenets of fascism the proportion of those who do not see it as a threat is 43%, whereas among respondents who totally reject fascism only 22% take that view.

Asked which organizations (including political parties) in Russia adhere to fascist views, respondents most often named the Russian National Union (11%), the National Bolshevik Party (8%), and skinhead gangs (7%); some considered the Liberal Democratic Party (4%), Motherland (Rodina), and the Communist Party of the Russian Federation (1% each) as holding fascist views.

#10

Israeli president lauds Russian Jewish leader JTA Brief, April 5, 2006

Israel's president praised a Russian Jewish leader's plans to hold a second World Holocaust Forum. Moshe Katsav made the comments last week in a meeting in Jerusalem with Moshe Kantor, president of the Russian Jewish Congress.

The forum would be held in conjunction with annual commemorations of the massacre at Babi Yar, a ravine outside Kiev, Ukraine, where 33,000 Jews were killed in September 1941.

#11

Moscow synagogue attacker appeals sentence on mental health grounds
AP, April 04, 2006

MOSCOW (AP) - The lawyer for a man sentenced to 13 years in prison for attacking worshippers in a Moscow synagogue filed an appeal with Russia's Supreme Court Tuesday to have his client's sentence reduced, arguing he was mentally unstable.

Alexander Koptsev was convicted last month of racially motivated attempted murder for stabbing nine men at the synagogue with a hunting knife in January.

Defense lawyer Vladimir Kirsanov asked the high court for a lighter sentence for Koptsev, saying he was mentally ill, ITAR-Tass reported. Kirsanov also argued that Koptsev did not kill anyone and that the injuries he inflicted did not render any of the victims disabled, according to the news agency.

The Moscow City Court dropped a charge of inciting interethnic hatred, a ruling that has already been appealed by prosecutors.

Roughly 1 million Jews live in Russia, according to the Federation of Jewish Communities, and the Jewish community is currently experiencing a revival after a wave of emigration to Israel and other countries that followed the Soviet breakup.

Rising xenophobia in recent years has seen hundreds of racially motivated attacks including on dark-skinned immigrants from former Soviet Central Asia and the Caucasus Mountains region. Rights activists say hate groups are emboldened by authorities' mild approach to prosecuting hate crimes, and complain that literature from neo-Nazis and other extremists is sold freely.

Also Tuesday, lawyers for a teenager sentenced to 5 ½ years in prison for his role in the stabbing death of a 9-year Tajik girl appealed his conviction, citing technical irregularities in the trial in St. Petersburg, ITAR-Tass reported.

Roman Kazakov, 16, had initially been charged with murder in the February 2004 incident, but a jury later reduced the charge to hooliganism - a decision that outraged rights activists.

Meanwhile, the trial of 13 people charged with the murder of a Peruvian university student last fall opened in a city south of Moscow. One of the accused faces murder charges, while the others have been charged with robbery or hooliganism. All face an additional charge of carrying out a crime for racial reasons.

Enrique Arturo Angeles Hurtado was attacked at a sports complex in Voronezh last October, along with two friends - another Peruvian and a Spaniard who also attended Voronezh State University. The killing prompted a formal protest from Peru.

Over the past six years, at least seven foreigners have been killed in apparently racially motivated attacks in Voronezh, where many foreign students attend university.

#12

Jewish refugees in war-torn region dream of two different homelands

By Michael J. Jordan

JTA, April 5, 2006

TBILISI, Georgia, April 5 (JTA) -- Marina Gasviani dreams of two homes. One is the Jewish homeland.

In a corner of the bedroom here that she shares with her younger sister, Marina has decorated the white wall around her computer desk with a large Israeli flag, map and photos from her visit to the Jewish state -- a trip last summer courtesy of birthright israel.

"This is my small Israel," she says of her pseudo-shrine in near-perfect English, her green eyes glittering. "I like to feel like I'm there; it's a place very close to my soul."

Like many young Jews of the former Soviet Union, Marina has mulled making aliyah -- joining her older sister, Ekaterina, who immigrated to Israel five years ago.

But Marina has a second home that also occupies her thoughts: her hometown, Sukhumi, the Black Sea city and capital of the Georgian province of Abkhazia.

When the separatist Abkhaz minority rose up in the early 1990s, the ensuing warfare in Abkhazia would claim at least 10,000 lives and drive out an estimated quarter-million Georgians and others from their homes. From Sukhumi alone, a once-vibrant Jewish community of 3,000 has shriveled to about 200, most of them elderly.

In fact, ex-Soviet Georgia has also been torn by a second, albeit far less lethal, ethnic-based separatist movement, from the province known as South Ossetia.

From that territory, too, several hundred Jews were on the run.

To be sure, no Jew in Abkhazia or South Ossetia, it seems, was expelled "as a Jew." Georgian rulers, it's said, have been especially renowned for their hospitality toward Jews; indeed, Jewish roots in ancient Georgia can be traced back 2,600 years.

Nevertheless, here they are: Jewish refugees. Which in this day and age, is rare.

While the Jewish existence today has its trials -- the threats to Israel, an upsurge of anti-Semitism across the Diaspora -- Jewish flight is not one of them.

Iranian Jews face their share of persecution. But perhaps the only recent event comparable also occurred in the 1990s: interethnic killing that tore apart Yugoslavia also destabilized the Jewish communities of Croatia, Serbia, Bosnia, Kosovo and Macedonia.

In 1992, the American Jewish Joint Distribution Committee evacuated some 2,000 Bosnian Jews, Muslims and Christians, via buses and airlift, from the besieged capital, Sarajevo. (Four years later, the Jewish Agency for Israel would airlift several hundred Jews out of war-torn Grozny, Chechnya's capital.)

For a fledgling state like Georgia, the enormous cost of housing and feeding a quarter-million refugees -- in a country of only 5.6 million -- coupled with the civil war and economic crisis that followed in the mid-1990s, has been catastrophic. Once among the most prosperous ex-Soviet republics, Georgia is now one of its poorest.

Each refugee receives free housing from the Georgian government, plus a monthly stipend equal to a mere handful of dollars.

It's far from adequate. So for Jewish refugees, the JDC helps fill the vacuum.

The JDC, the leading Jewish welfare agency in the former Soviet Union, primarily assists the elderly. There's no special category for the refugees.

"But we assist them as we would any other Jew in need," says Sergey Vlasov, the Tbilisi-based JDC representative for Georgia and Armenia.

Yet today, more than a decade later, Georgia's two internal conflicts continue to simmer, with no resolution in sight. And two, virtually anonymous communities of Jewish refugees continue to live in limbo.

Tina Khakhiaschvili had only moved to Tskhinvali, the provincial capital of South Ossetia, five years earlier. Tskhinvali is the hometown of her husband, Robert Schaptoschvili, and his family had deep Jewish roots in the city.

A city of roughly 35,000, Tskhinvali was at one point home to some 1,000 Jewish families and a thriving community of Jewish businesses, many downtown.

Warfare has since seen the community dwindle to roughly two dozen Jews -- again, mostly elderly.

Before the war, Tina and her husband lived well, she says.

She taught German, while he owned two clothing factories, one in Tskhinvali, the other in the city of Gori, about 15 miles to the south, in Georgia proper.

The couple enjoyed a two-story villa in the city center, with two cars and a garden. A daughter, Bela, arrived in 1990.

But in October 1991, her husband caught wind that "a big criminal group" -- allegedly led by local Ossetes, with help from paramilitary forces -- was "going to start a war" by provoking local Georgians. "And three-four days later," says Tina, "it started."

The couple became alarmed by glimpses of looting of homes in the suburbs. With a 1-year-old to consider, they became one of the first families to flee.

They ultimately settled in Gori, but their quality of life nosedived.

With the economy feeble and jobs scarce, Robert hasn't been able to restart the business. Tina hasn't found work teaching, sometimes earning cash by cleaning offices.

So, after relative affluence in Tskhinvali, the family now relies on the 14 lari, or \$7.80, per month, per family member, from the government -- plus help from the Gori branch of the JDC-supported Hesed for food and other assistance.

"Can you imagine pulling up all the roots from your home and life, then go somewhere else and have to start your life over again?" Tina said recently. "And when you look back, you remember you had a home, job and cars? It's hard to imagine."

After her family's experience in Tskhinvali, she says, she doesn't want to return.

"An Ossetian family is now living in our home, and we couldn't get it back anyway," says Tina. "Besides, someone else's feet have been in my home and yard, and I wouldn't feel free there anymore. I want to rebuild my life here."

Nora Kalachava is a self-described "Sukhumi girl," nostalgic for her seaside city of sub-tropical weather and fertile land that produces oranges, lemons, pomegranates, tea and tobacco.

Long divorced from her Georgian husband, Nora was living in Sukhumi with her daughter, Zhanna, then 5, and her mother, Lida, then 67, when war broke out in 1992.

The daughter of a deaf-mute father, Nora worked as a sign-Georgian translator. And while the city was divided roughly into Georgian and Abkhaz sections of the city, Nora's family lived in an ethnically mixed, five-story apartment building with Georgians, Abkhaz, Russians, Greeks, Ukrainians and Kazakhs.

Warfare, she says, unleashed "indescribable violence and torture." However, with two dependents and nowhere to go, Nora decided to stay put.

Enduring it for a full year, a terrifying thought possessed her. "I was waiting for death, dreaming all day the Abkhaz were coming after me, saying 'We're going to kill you,'" she says. "At the same time, I was hungry, I was cold."

One day, she contends, an Abkhaz neighbor who coveted her apartment called on some "thugs" to kick her out. Neighbors knew she was Jewish, not Georgian, she says, but there was nothing anti-Jewish about the expulsion.

After arriving in Tbilisi, she said, she couldn't rid herself of either the morbid thoughts, or the cold and hunger. She entered herself into Tbilisi psychiatric institution, and lived there with Zhanna for more than two years.

Better today, Nora says, she and Zhanna, now 18, again live with her mother, now 80, with other refugee families in a former sanatorium, on the eastern outskirts of the capital, overlooking the modest Sea of Tbilisi.

It's a grim place, despite the cacophony of competing music and cooking, and shouts of glee from teens kicking a soccer ball in an adjacent recreation center.

The elevators don't work. The circular, concrete stairwell is hazardous, with its lack of lighting and broken steps. Some apartments have sheets for doors. And the hallways are lit by single, naked light bulbs -- or not at all.

Because they are three, Nora's family actually has two small adjacent rooms, with tiny kitchens attached. The first is dilapidated, with worn wooden floors and water-stained walls. Wires stick out of an exposed light socket. The lone personal touch is a large rectangular clock on the wall, projecting a kitschy waterfall scene.

The second room, however, is surprisingly cheerful and well-maintained. Hased has refurbished this room, with a new bureau for clothes, two beds, furniture, a whitewashed ceiling and cappuccino-colored wallpaper with floral prints.

Nora says she tried to keep the renovation as discreet as possible, to avert the jealousy of neighbors. On this day, she also urges her visitors to keep a low profile.

"Everybody living here wants help," she says. "We also keep it a secret that we're Jews and getting help from Hased. We just want to live a quiet life."

Her mother's pension is the equivalent of \$15 per month. But Nora, who says she hasn't been able to find translation work, is three years away from the pension age of 60.

So, the three of them receive assistance from the JDC-funded Hased, mostly in the form of hot Meals on Wheels -- like grilled meat, fish, soup, salads and fruits -- and monthly packages of food staples like butter, flour, oil, salt, milk, sugar, tea, soap and toothpaste.

Hesed has been a "great help for us," she says. But living off assistance "has been very hard. Very hard. But what can we do? How else can we live from month to month?"

Zhanna has built a new life in Tbilisi. But Nora, asked through a translator if she'd return home, gives two thumbs-up.

"With great pleasure I'd like to go back," she says with a smile. "I believe in God, and I believe I will go back there."

The Gasviani family also dreams of returning.

In Sukhumi, too, inter-ethnic relations were relatively harmonious. One manifestation is the degree of inter-marriage: her father is Georgian, her mother Jewish.

The Gasvianis lived in the city center, among Georgians. So when war broke out, says Zorbeg, it wasn't difficult to know in which homes the Georgians lived.

"We couldn't stay, because my last name is Georgian and it was very dangerous," says Zorbeg. "We'd always lived in peace with the Abkhaz. But in those last years, our last name divided us from them."

As the uprising evolved into warfare, even a walk outside became risky. In March 1992, Zorbeg learned his younger brother, Vakhtang, had died. Some Abkhaz had set fire to a home, Zorbeg was told, and when Vakhtang heard children inside crying for help, he ran in to assist. The ceiling collapsed on him.

So Zorbeg's family hid in their apartment building basement, with other families.

Though the situation steadily worsened, Zorbeg says his decision to flee was actually split-second.

"There was fighting in the streets, with rumors they were killing people in their basements," he says. "The bullets were flying, and we heard the Abkhaz were coming."

On Oct. 27, 1993, amid heavy fighting, the Gasviani's building caught fire.

Zorbeg scooped up his youngest daughter, Kristina, then 4, and with Nelly, Marina, then 12, and eldest daughter Ekaterina, 13, the family bolted from their home, taking nothing with them. The five headed into the mountains, hiking by foot from village to village -- for a week.

Twelve years later, the family lives with other refugees in the distant, hilly suburbs west of the capital, in a shabby former dormitory of Tbilisi State University.

The Gasvianis have blended into the Jewish community here: Marina is program coordinator of the Tbilisi Hillel, younger sister Kristina, now 16, studies at a Jewish school, and Nelly volunteers at the Orthodox boys' school, often in the kitchen.

Zorbeg, however, hasn't been able to find work. So the family strains under both the economic and psychological burdens of dislocation. They rely on a monthly state subsidy of \$6 per person, plus food and other assistance from Hesed.

Marina's salary is also crucial, but she politely declines to divulge her earnings.

She and her father say they, too, would return to Sukhumi -- if they could. They learned that half their apartment building had collapsed during the fire. It was later rebuilt, but an Abkhaz family is now said to be living in their home.

Besides, the Abkhaz-Georgian border remains sealed. Still, they hope.

"In Sukhumi, we had everything; here we've had to rebuild our lives from zero," Zorbeg says. "Every refugee who doesn't live in his own home hopes to return to home."

Marina adds simply: "Our place is in Abkhazia. It's our home."

#13

Film helps Ukrainians confront views on Judaism, homosexuality

By Vladimir Matveyev

JTA, April 5, 2006

KIEV, Ukraine, April 5 (JTA) -- Audiences of different faiths and ages in Ukraine packed premiers of a documentary that explores Orthodox Judaism and homosexuality. But some of the better known Jewish institutions in the country refused to host the showings of "Trembling Before G-d," saying the topic was too controversial.

Those who agreed to host the film say they believe a discussion of the thorny topic is needed in Ukraine.

"This is just a beginning. Ukraine really needs these types of movies," said Rabbi Alexander Dukhovny, leader of the Reform movement in Ukraine.

The filmmaker, Sandi Simcha DuBowski, and Rabbi Steven Greenberg, believed to be the first Orthodox rabbi ever to openly declare his homosexuality, spent two weeks in March in the Ukrainian capital of Kiev and the southern port city of Odessa showing the movie and talking to people in theaters, community centers and on television.

During their trip, the 2001 documentary portraying gay Orthodox Jews who struggle to reconcile their faith and their sexual orientation, was shown in the former Soviet Union for the first time.

Hostility and bias toward gays and lesbians in Ukraine is still commonplace, as it is in many other parts of the former Soviet Union.

"The attitude toward gays and lesbians has changed but not enough, some gay people believe," said Anatoliy Yarema, a TV host and reporter.

Ukraine decriminalized homosexuality -- treated during Communism as a punishable offense -- in 1991, the year of Ukrainian independence.

Yarema, who had Dubowski and Greenberg on the air of his TV show "One Plus One," said that "it is still very difficult" to be openly gay in Ukraine.

Stas Naumenko, the editor of the One of Us gay-interest magazine, said that there still is a "passive resistance" toward gay people in post-Communist Ukraine.

As if to prove the thesis that gay people do not often feel comfortable here, many of those who attended the screening of "Trembling Before G-d" in Kiev's House of Cinema preferred to leave the theater shortly before the lights went on and the discussion started.

And yet, compared to other FSU states, Ukraine is considered to be one of the most advanced in its attitude toward gays and lesbians.

There are a few gay and lesbian publications, One of Us and gay.ua, a few gay bars and a night club in Kiev and, of course, Internet sites. In September 2003, the first, albeit small, public gay pride demonstration was held in Kiev.

More than 100 people attended the premiers in Kiev and Odessa. Fewer attended other screenings, and only about 20-25 people attended the events hosted by Jewish organizations.

Attempts were made to screen the film in a number of Jewish community institutions, but many of them refused to get involved.

Most Jewish leaders approached thought the subject was too controversial. Others were cautious for religious reasons or displayed some bias.

"At first we didn't know what this film was really about. Now we refuse to screen it in our institute because we are not going to propagate such things," said Leonid Finberg, director of the Institute of Jewish Studies in Kiev.

Kiev's Solomon University also refused to host a screening.

"Most people in Ukraine still don't understand the problem because of their upbringing, elements of Soviet mentality and fear, because homosexuals were persecuted in the Soviet Union," said Vladimir Schukin, a Jewish psychiatrist.

At a screening at the Odessa Jewish community center a Chasidic man cautioned Greenberg and Dubowski: "You will be beaten here."

But no violence took place, and this attitude was the exception among those, both Jewish and non-Jewish, who came to see the film.

"A remarkable film for thoughtful people of different beliefs, one of the best and bravest," said Yulia Voronova, a student.

A young Jewish leader said the movie helped him come to terms with his own prejudices.

"I had a negative attitude" toward gay people, said Aleksey Gaidar, an activist with the Netzer Jewish youth club in Kiev. "But the movie touched me."

#14

America cannot have it both ways with Russia

By Nikolas Gvosdev and Dimitri Simes

Financial Times, April 6, 2006

The United States has insisted it is serious about working through the United Nations to put meaningful pressure on Iran to give up its quest for a nuclear weapons capability. But the anaemic statement issued recently by the UN Security Council (itself a product of three weeks of intensive negotiations) does not bode well for success. It is a useful first step but clearly falls far short of what the Bush administration wanted.

Yet, as Brent Scowcroft, the former US national security adviser, observed recently: "To deter Iran, it is essential that there be a united front between the US, the European Union, Russia and China to prevent Iran from exploiting any differences or finding any sort of wiggle room that would allow it to continue with its programme."

Russia does not want a nuclear-armed Iran. And the government of Vladimir Putin, Russian president, understands very well that it is in Russia's interests to be on the right side of the US on an issue as important as this - especially when Washington is acting in concert with the big European powers. But Tehran with the bomb is a far less existential threat to Russia than the US. Those in the west who repeat the mantra that an "Islamist" Iran with nuclear weapons would jeopardise Russian security are seemingly unaware that from Moscow's perspective, Iran has, on the whole, behaved as a "responsible citizen" in Russia's neighbourhood.

Russia may be prepared to pay a price to accommodate US concerns, even at the expense of valuable economic ties with Tehran - but co-operation with the US on Iran is being endangered by the propensity of some in the Bush administration, as well as a rising chorus of voices outside government, to shift US policy from its current approach of engagement towards an unrealistic notion of "selective co-operation".

Proponents of an "a la carte" partnership expect Moscow to fully support Washington on an issue of grave importance to the US, while believing that the US can, at no cost, pursue policies that Russia perceives to be hostile to its interests in the post-Soviet space.

Most Russians believe that Washington has adopted a strategy of opposing all manifestations of Russian influence in the Eurasian space, even when Russia has legitimate concerns - although its recent move to charge market rates for natural gas was handled clumsily. The US championed the case of a pro-American government in Ukraine, that it should continue to obtain gas from Russia at heavily subsidised rates. Now observers in Moscow are waiting to see whether Washington will do the same for a Belarus that has been notified that it, too, must pay market prices for Russian energy.

Reasonable people can argue that the US position on all these questions is fair and serves American interests. But they cannot deny the obvious - that such actions are bound to be perceived by Moscow in a completely different light - and that this has a very real impact on Russian calculations about whether to support the US on critical international issues.

Some in Washington argue that Russian doubts do not matter - that Russia will be "with us" on Iran, and that there is no need to kowtow to the Kremlin. But there is a big difference between token co-operation (as reflected in the recent UN statement) and the sort of active, engaged effort (including free sharing of intelligence between two services still wracked by a good deal of cold war-era suspicion) that could lead to genuine success in preventing Iran from acquiring nuclear weapons.

After all, even though Russia and the US both have been targeted by al-Qaeda, the post-1999 chill on relations precluded any joint action in dealing with the Taliban in Afghanistan prior to September 11 2001 - as Mr Putin himself had proposed.

The Bush administration has not yet settled whether pursuing a new containment of Russia in Eurasia is a higher priority than forging an effective coalition of the permanent five members of the Security Council on Iran's nuclear programme.

Selective co-operation - the idea that the US can reap the benefits of partnership with Russia on Iran while still making efforts to roll back Russian influence in the post-Soviet space - is a chimera. America can undertake the latter if it is prepared to forego the former. Foreign policy is not a morality play - and free lunches are rarely available, especially not from Mr Putin for perceived adversaries. Wishful boasting to the contrary will not make us safer.

#15

Top U.S. official denies NGOs work for Washington in Russia

By Arkady Orlov

RIA Novosti, April 6, 2006

WASHINGTON, April 6 (RIA Novosti, Arkady Orlov) - A senior official in Washington rejected claims Thursday that non-governmental organizations in Russia were working for the United States.

Barry Lowenkron, the assistant secretary of state for democracy and human rights, told journalists attending a briefing that the Bush administration and the Russian government had discussed a new law on NGOs in Russia that has been heavily criticized in the West. The legislation comes into effect in April 10 and places restrictions in the organizations, which some Russian politicians have said work against Russia's interests.

Lawmakers and political scientists have claimed that the organizations helped "color revolutions" in neighboring ex-Soviet countries, particularly Ukraine and Georgia, which swept away the ruling elite in favor of West-leaning authorities.

Officials in Washington have criticized Russia's "backsliding" on democracy under President Vladimir Putin.

Lowenkron said the U.S. would continue to support NGOs and added that Congress was closely following the issue.

The official also said Russia and the U.S. remained divided over the issue.

#16

Ukraine president opts for Orange coalition

By Ron Papeski

Reuters, April 6, 2006

KIEV (Reuters) - Ukrainian President Viktor Yushchenko's party backed a coalition with other "Orange Revolution" liberals on Thursday, consigning to opposition a party sympathetic to Moscow that won first place in a March 26 poll.

A spokeswoman for Our Ukraine said its leadership had agreed to team up with the Socialist party and the bloc of former Prime Minister Yulia Tymoshenko -- the president's estranged ally who had the best score of all liberal groups.

But there was no indication who might be named prime minister. Nor was it clear whether the other parties agreed or when an accord could be formally signed.

The fiery Tymoshenko, whose bloc finished second in the poll and far ahead of the president's party, has made clear she will settle for nothing less than getting back her job as prime minister.

She has also pledged that, if returned to office, she would cancel a deal with Russia sharply raising gas prices.

"We declare our intention of creating a coalition of democratic forces after political groups are formed in (parliament)," read a statement issued after a late-night meeting of Our Ukraine's political council.

"The basis of our union will be the intention to implement the program of President Viktor Yushchenko."

Prime Minister Yuri Yekhanurov and Roman Bezsmertny, head of Our Ukraine's election campaign, were assigned the task of meeting Tymoshenko and the head of the Socialist Party to agree on a future coalition program.

By opting for a purely 'orange' coalition, Yushchenko spurned a deal with his old Moscow-backed adversary, Viktor Yanukovich, whom he humiliated in the December 2004 revolution but whose Regions Party finished first in the election taking around 32 percent of the vote.

DRAGGING FEET

Both Bezsmertny and Tymoshenko scheduled news conferences for later in the day.

In the run-up to the announcement, Tymoshenko and Socialist Leader Oleksander Moroz had accused Our Ukraine of deliberately dragging its feet in coalition talks under way now for more than a week.

Both Tymoshenko and Moroz had stood alongside Yushchenko at weeks of rallies in Kiev's snow-covered Independence Square in the "Orange Revolution" -- overturning a rigged election initially won by Yanukovich.

The Supreme Court ordered a re-run of the poll -- won by Yushchenko, who immediately appointed Tymoshenko prime minister.

But after months of infighting over privatization policy and her attempts to control markets the government split into two camps, each accusing the other of corruption.

The president dismissed Tymoshenko, prompting mass disillusion among supporters who had taken part in the protests.

Yanukovich, the president's defeated rival in the 2004 poll, made a comeback in the March election, conducted under new constitutional rules, when his Regions Party finished first.

But Tymoshenko's fiery rhetoric clearly appealed to voters and her bloc came second with 22 percent to 14 percent to Our Ukraine.

With the president's powers reduced, the 450-seat parliament is for the first time empowered to name the prime minister -- and is given about 60 days to form a working government.

The combined number of seats won by "Orange" parties clearly outscored the Regions Party, which on Thursday said it would only take part in a coalition if Yanukovich was named prime minister. It also demanded other top cabinet posts.

#17

A Russian 'Wine Blockade' Against Georgia and Moldova

By C. J. Chivers

New York Times, April 6, 2006

MOSCOW, April 5 The wines and spirits section of the Azbuka Vkusa supermarket, one of Moscow's largest, has an utterly new look.

Until last week there was a robust selection of wines from Georgia and Moldova, long the most popular in the former Soviet world. Now, on shelves once crowded with dry Tsinandalis and sweet muscats, stand hastily relocated wines from Italy, Bulgaria, Ukraine and France.

Throughout Russia it is the same. Wines from Georgia and Moldova have been banned.

The wine blockade, as it has instantly become known, has opened a new trade dispute between Russia and two of its former Soviet satellites, further souring relations between the Kremlin and the two nations, whose governments have moved closer to the European Union and the United States.

It has also raised fresh questions about the degree to which Russia is committed to free trade and willing to live within a market-based system, rather than using trade as a lever to reward or punish other countries for political reasons.

Russia now holds the rotating presidency of the Group of 8 industrial nations, and has been lobbying for access to the World Trade Organization. Its conduct this winter during a gas dispute with Ukraine had already drawn sharp criticism.

By banning the wines in the midst of the festering political disputes, said Mark E. Tkachuk, an aide to the president of Moldova, Russia again "ignores its own reputation."

The ban arose swiftly from within Russia's federal bureaucracy in late March, when Dr. Gennady Onishchenko, Russia's chief sanitary officer and head of the Federal Service for Consumer Rights Protection and Human Welfare, asked the Federal Customs Service to block imports of wines and wine materials from Georgia and Moldova, citing unspecified safety concerns.

In statements since, Russian officials have said variously that the wines contain heavy metals or pesticides, or are not wines at all, but counterfeit alcohol cocktails labeled as wine. Dr. Onishchenko extended the attack in a letter on Tuesday, saying problems were found "also in brandy and sparkling wines."

The action has been met with a chorus of denunciations from importers, who say Dr. Onishchenko provided no evidence for his claims and declined to discuss his concerns. Their businesses, they say, are in jeopardy and there has been no public evidence why.

"So far it is not clear and it has not been explained what methods were used for wine checking, and what specifically was found," said Andrei E. Yegorov, a spokesman for Vinny Mir Holding, the largest wine importer in Russia. "For 10 years Russia has been issuing certificates saying that everything is O.K., and then one day it all changed?"

Georgian and Moldovan wines, and Moldovan products exported to make wines in Russia, are by far the largest sources on the Russian market. Mr. Yegorov said businesses stood to lose as much as \$700 million for orders on the books.

Officials and business executives in Georgia and Moldova, whose vineyards and wineries have markedly improved from Soviet times, have also cried foul. The abrupt closing of the market has led to concerns that nascent wineries, or wineries with debt, might not survive the grape-growing season, given the expected crash in cash flow.

"If this ban lasts long, there may be no vintage this year," said Benoît Fil, a French director of Georgian Wines & Spirits in Telavi, Georgia. The company sells about 3.5 million bottles of wine each year, 60 percent of it in Russia, he said.

Mikhail Svimonishvili, Georgia's agricultural minister, said that he had appealed to Russian officials to provide test data showing what problems they had identified, and that he had sent batches of wine to laboratories in Switzerland, France and Germany for analysis. Russia has not given him the test data, he said.

"Georgia exports wines to 35 countries, to Europe, the United States, Japan, Canada, and we have zero problems with these claims of pesticides or heavy metals," he said. He said the ban seemed related not to wine, but to politics.

Both Georgia and Moldova have snubbed Russia's supremacy in the region, demanding that the Kremlin release its hold on breakaway territories in the two countries, and accusing Russia of using its control of energy resources to bully them in fuel and electricity markets.

Dr. Onishchenko, through his spokeswoman, declined several requests for an interview. On Tuesday, several wine businesses announced that they planned to take him and his agency to court. Courts in Russia, however, rarely rule against the Kremlin.

Mr. Yegorov, of Vinny Mir Holding, offered no prediction of how long it might take to open the market again. "From the very beginning the actions of the government have been illogical," he said. "So it is difficult to say how this will be resolved."

#18

Spielberg, Pinchuk make Ukrainian Holocaust film by Yulianna Vilkos, Kyiv Post, April 06, 2006

The premiere of the film is scheduled for this September, to coincide with the 65th anniversary of the massacre at Babi Yar, a large ravine near Kyiv, where approximately 34,000 Jews were murdered by the German SS over the course of two days, beginning on Sept. 28, 1941. Uncovered at this site was a mass grave, where 100,000 Jews and others were killed by the Nazis from 1941 to 1943.

The film will draw primarily on video testimonies of Ukrainian Holocaust survivors found in the digital archives of the Shoah Foundation.

"The documentary will address the tragedy of Babi Yar and the larger history of the Holocaust in Ukraine," said Douglas Greenberg, chief executive of the Los Angeles-based Shoah Foundation, at a private meeting with Ukrainian journalists during his visit to Ukraine on March 28.

Greenberg said the project is the product of a dream shared by Spielberg and Pinchuk, who met a year-and-a-half ago in the United States.

"We've always wanted to make a documentary film about the Holocaust in Ukraine, because it's such an important chapter [in the history of the Holocaust]," said Greenberg.

"And on the other side, there was Mr. Pinchuk, who was also interested in the subject," he added.

Spielberg established the Shoah Foundation in 1994 after finishing work on his Oscar-winning "Shindler's List." The aim of the foundation was "to videotape and preserve testimonies of Holocaust survivors and other witnesses before it was too late," said Greenberg. The Foundation has since collected 52,000 video testimonies from Holocaust survivors in 56 countries and in 32 languages, including 3,200 testimonies from Ukraine.

According to Greenberg, the organization is now working on ways to bring these testimonies back to the countries where they were collected "for educational purposes," by creating educational programs and documentaries, for example.

The Ukrainian project will be the Foundation's seventh documentary on the Holocaust in a language other than English, according to Greenberg.

Revealing personal interest in the success of the film, the Foundation's director noted that both his and Spielberg's families hail from Ukraine. For Pinchuk, who is one of the richest men in Ukraine, there is a personal element to his involvement in the project as well.

The powerful businessman was raised in a Jewish family in Dnipropetrovsk and is currently known for his support of the Jewish community in his native city.

"For Mr. Pinchuk, the project is, first and foremost, a desire to take part in something that would eventually benefit the wider world community," commented Frenchman Thomas Eymond-Laritz, head of Pinchuk's staff.

"But it is also a sign of respect to the Jewish community of Ukraine," he said.

However, the film's producers are not willing to discuss either the project's total budget or the Ukrainian-Jewish businessman's exact contribution.

"All I can say is that the funding from the Foundation's side came from many donors in the United States, who helped to collect the testimonies to begin with, while Pinchuk provided immediate production funds in Ukraine," said Greenberg.

The documentary, which will be about 70 minutes long, is being filmed in Ukraine and is directed by the Ukrainian director Serhiy Bukovsky. The 45-year-old, who is not Jewish, has more than 20 years of experience in documentary filmmaking and has won awards at a variety of film festivals in Ukraine and abroad.

Greenberg said they had no intentions of recruiting an American director, as "he would not be able to make an appropriate picture of Ukrainian history."

Although the majority of the materials used in the documentary will be from the video archives of the Shoah Foundation, Greenberg said that approximately one-fifth of the film will feature fresh footage taken in Ukraine in the last year. Among other things, this includes interviews with elderly Ukrainian Jews, who still remember what the Jewish community was like before the Holocaust, said Greenberg.

Film director Bukovsky said he shot footage at a number of locations – mostly towns in western and central Ukraine, where there were large Jewish settlements – to provide the cultural and historical background for the film.

"Because there are no video chronicles of the Holocaust, we are looking for other solutions to avoid having just 'talking heads,'" said Bukovsky.

"It is not the kind of film where you can do much creative directing, but I am trying to make it as engaging as possible," he added.

Greenberg said that unlike the Foundation's projects in other countries, the Ukrainian documentary will also feature testimonies by Ukrainians who helped Jews during the Nazi occupation.

For Bukovsky, avoiding moralizing in the documentary has been the toughest part of his work on the project.

"The biggest challenge for me has been finding a balance between educating and moralizing in the film," said Bukovsky, adding that his task as a director is to spur people on to make their own conclusions, rather than to sermonize.

The producers say they did not reach a final agreement regarding how and where the documentary would be distributed, but the plans conceived are rather grand.

"We do expect [the film] to be broadcast on Ukrainian television, and we also hope to release in Ukrainian theaters," commented Greenberg.

According to him, the film will be released in both Ukrainian and Russian, the languages spoken in Ukraine, and will also be subtitled in English for viewings in the United States, Europe and Israel.

"The story of the Holocaust in Ukraine is different from its story in other parts of Europe, and we think that it needs to be told in other parts of the world as well," said Greenberg.

Greenberg said he hoped the film would eventually be distributed in Ukrainian schools, as well. The Foundation is in the process of creating a teacher's guide that will help Ukrainian teachers make better use of the documentary in their lessons on the Holocaust, he said.

Meanwhile, Kyiv's Jewish community is looking forward to the film's premiere and has high expectations.

"There have been quite a few documentaries about the Holocaust made in Ukraine, but the good ones were few," said Leonid Finberg, head of the Kyiv Institute of Jewish Studies.

Finberg, who has assisted Bukovsky with use of the Institute's archives, expects the film to be "original and moving."

"This is a story that isn't Ukrainian or American, Polish or German," echoed Greenberg.

"It's a human story, and from this point of view, the fact that it's going to be told about Ukrainians and in the languages that Ukrainians speak makes it very important for your country," he said.

#19

Vodka-makers clash over brands' spiritual home

By Neil Buckley and Jenny Wiggins

Financial Times, April 6, 2006

A seven-year-old premium Russian vodka brand and Pernod Ricard are engaged in a battle over whether Stolichnaya vodka, marketed internationally by Pernod as "Genuine Russian Vodka", is really Russian at all.

Russian Standard, launched in 1998 by Roustam Tariko, a billionaire Russian entrepreneur, has become Russia's top-selling premium vodka. The company began selling vodka under the Imperia brand last year in the cut-throat US premium market. But it enraged Stolichnaya, the most popular Russian vodka in the US, by suggesting it was made in Latvia.

International rights to the Stolichnaya brand are owned by Russia's SPI Group. Distribution rights in the US and several other countries were licensed in 2001 to the UK's Allied Domecq, bought by Pernod last year. Pernod and SPI have stated in US court documents that Stolichnaya is distilled in Kaliningrad, a Russian enclave between Poland and Lithuania, from Russian grain and water, then shipped in bulk for bottling in Latvia.

Pernod's Allied Domecq arm in the US wrote to Russian Standard's PR company last autumn demanding that it cease PR and marketing campaigns that it said implied Imperia was the only authentically Russian vodka in the US and that cast doubt on Stolichnaya's Russian origin.

Russian Standard will today announce that it rejects Allied's request.

It cites Russian customs documents showing that no vodka under the Stolichnaya brand was exported from Kalingrad to Latvia in 2004-2005, and all the vodka that was exported was of a different recipe from Stolichnaya.

Pernod yesterday insisted Stolichnaya was Russian.

"Stolichnaya is distilled from Russian grain in central Russia and therefore it is genuinely Russian," the company said. It added this was consistent with labelling rules for other spirits, such as Scotch whisky - which can be distilled in Scotland but bottled elsewhere.

One person familiar with the situation said Pernod had carried out extensive due diligence last year, including sending a team to Latvia, and was comfortable with the Russian origin of Stolichnaya and the production process.

Russian Standard's Mr Tariko stood by his claims. "Because they sent me a letter, I had to investigate, and I found some interesting things," he said. "If Stolichnaya comes from Latvia rather than Russia, they should be honest. We think they should be proud of their Latvian heritage."

#20

Moscow issues West a warning

By Judy Dempsey

International Herald Tribune, April 7, 2006

BERLIN-With Chancellor Angela Merkel shifting German foreign policy more markedly toward the United States and the defense of human rights, Russia's foreign minister, Sergey Lavrov, on Thursday warned the West against isolating his country from helping to broker disputes with Iran and other conflicts in the Middle East.

His warnings come amid growing criticism by the Bush administration and several EU countries over Russia's crackdown on human rights groups and of the Kremlin's willingness to use its vast energy resources as political pressure on its neighbors.

"We often hear from some countries that Russia is becoming strong and unpredictable. But this is not the case," said Lavrov, a former ambassador to the UN who was appointed foreign minister in March 2004. "In the 1990s, when the Commonwealth of Independent states was disintegrating and there were fears of Russia breaking up too, some people in the West said they wanted a strong and united Russia. Now we are here. They should be grateful."

His warnings, made at a lunchtime meeting sponsored by Deutsche Bank in Berlin, were combined with a charm offensive during a two-day visit to Germany. He met Merkel and officials of Germany's biggest companies and banks, which have built on traditionally strong ties to establish a strong presence in Russia.

Germany is still one of Russia's most important Western partners, despite Merkel's attempts to rebalance her foreign policy by breaking the special axis that her Social Democratic predecessor, Gerhard Schröder, had forged with Paris and Moscow at the expense of ties with the United States and the EU.

Russia's image has deteriorated in Germany after Schröder's close ties with President Vladimir Putin came under close scrutiny.

The Economics Ministry in Berlin disclosed last week that just before Schröder left office last November, his government issued a credit guarantee of €1 billion, or \$1.2 billion, to Gazprom, Russia's state-owned energy company, to build the North Sea Gas Pipeline with two German companies.

Schröder was appointed chairman of the new company overseeing the construction of the pipeline shortly after leaving office, while the deal itself was clinched last September, just before Germany's parliamentary elections in which Schröder lost to Merkel, a conservative.

Lavrov said he had no idea if Gazprom - the world's largest gas company - would still take up the credit guarantee. "I know nothing about it," he said.

He did say, however, that Merkel supported the pipeline, which will cost over €10 billion to construct. "We wish to diversify the routes of energy exports," he said, adding that the project would lead to more energy security.

But he brushed aside any notion that the pipeline would in fact increase Europe's dependence on Russia for its energy, and that the energy relationship was a one-way street. "Energy security requires consideration for the interests of both energy suppliers and energy consumers," he said. "We depend on Europe for our exports and we also need stable and reliable demand."

Thirty-five percent of Russia's energy is exported, but exports account for 70 percent of Gazprom's revenues because Russia's domestic energy prices are subsidized. Over 80 percent of Gazprom's exports are sold to Europe.

Flush with a large trade surplus because of record-high energy prices that has enabled Putin to pay off debt to the Paris Club of Western creditor nations, Russia has more confidently taken foreign policy initiatives.

These include the recent invitation to leaders of Hamas, the Islamic movement that won the Palestinian elections, to visit Moscow. Russia also offered to process uranium for Iran inside Russia in a bid to break the stalemate with the United States and the European negotiating group of Britain, France and Germany over Iran's nuclear program.

Lavrov said those initiatives were justified because Russia was not prepared to accept any "clash of civilizations" between the Western world and the Middle East. In barely veiled criticism of U.S. policy in Mideast, Lavrov said Washington's plans to democratize the region were obsessive.

"We have to take into account the overall energy needs of the world and the obsessions with democratizing the region overnight," he said. "We can't take sides in the conflict of civilizations. We want to help to bring both sides together. We want fair play. Russia's foreign policy is free of ideological considerations."

Lavrov insisted that Russia was pursuing an "unbiased" approach in the region that was crucial to global energy security. Even if all the ambitious plans are implemented to save energy, "the need by the world for energy supplies will not diminish," which is why a new concept of international relations was needed that involved Russia and Germany.

"There must be no going back to zero sum games or political games," he said. "We want to play in a team."

#21

In Russia, a Warning of 'Irrational Exuberance'

By Andrew E. Kramer

New York Times, April 7, 2006

MOSCOW, April 6 Russian stocks, buoyed by high oil prices and a surge of foreign investment, have been soaring. After an 83 percent gain in the RTS stock index last year the best stock market performance outside the Middle East in 2005 the index is up nearly 33 percent so far this year.

That market boom has multiplied the already apparent signs of wealth in the Russian capital. A Lamborghini dealership has opened. Airline travel has picked up. A trade fair for companies aimed at millionaire customers came to Moscow.

Amid the optimism and enthusiasm, one man is striking a discordant note.

Oleg V. Vyugin, Russia's top market regulator, has repeatedly taken to issuing dour warnings.

Recently he has cautioned that the Russian market is showing some "alarming signs" of become too expensive compared with other emerging markets that have been the darlings of global investors for the last year.

"Russia was considered a desirable object for investment," he said. "This drove the market up. But that flow will not last forever."

Institutional investors, he noted, have already snapped up most of the bargains in oil, telecommunications and consumer companies. Future growth will come slower, he cautioned.

Mr. Vyugin, the head of the Federal Financial Markets Service, emphasized that he did not believe that the stock market was overheated or overvalued relative to the profitability of the companies listed. Rather, he said, the potential problem lies in the volatility of the huge flows of money from Western emerging-market funds.

Foreign money, he said, "flows in and it will flow out."

Emerging markets from Asia to South America have done very well for institutional investors in the last year, and Russia has been a particular favorite. In the first three months of this year, through March 29, investors put more than \$3.4 billion into Russia out of a total flow to emerging markets of \$24.2 billion, according to Brad P. Durham, managing director of Emerging Portfolio Fund Research, a company based in Cambridge, Mass.

Russia's weighting in global emerging market funds, known as GEM funds, rose from 4 percent at the beginning of 2005 to 6.6 percent at the end of the year, he said, indicating growing interest compared with other markets.

Mr. Vyugin, 53, a lanky, bespectacled man who wears drab charcoal suits and has a shock of unruly gray hair, seems to relish the role of reclusive naysayer in a garish boomtown.

Analysts praise his grasp of economics and staid mannerisms, and take his past as a Soviet-trained mathematician as a sign of intellectual rigor. In a city of scandals, intrigue and overnight fortunes, where businesses are sometimes raided by masked gunmen, Russia may need a market regulator who by his own admission rarely leaves his apartment except to go to work, they say.

"He has a scientific background, and people appreciate that," said Anton A. Strochenovsky, an economist at Troika Dialog bank, where Mr. Vyugin worked as a banker in the 1990's. "He's quite reasonable. His views are solid."

Russia passed an obscure but important barrier this year, Mr. Vyugin and analysts say. For six years after the economic crisis of 1998, Russian companies traded at a price-to-earnings ratio that was lower than those for most other emerging markets.

Now, Russia is projected to trade at a ratio of 13.3 in 2006, compared with an average of 12.3 in emerging markets, according to calculations by Mr. Durham's company.

This winter, Gazprom began trading at a higher price-to-earnings ratio than Exxon Mobil, according to a report by Hermitage Capital, a Moscow fund with investments in Gazprom.

"Russia has been a market like Brazil that traded below the average," Mr. Durham said. "That has changed." Russia is no longer cheap.

Chris Weafer, the chief analyst at Alfa Bank, said, "Certainly, there's an element of foreign money chasing the BRIC scene," referring to the emerging market category of Brazil, Russia, India and China. "It is the type of money that would reverse out if Russia was getting too expensive or there was a problem."

Still, Peter Westin, an economist at MDM Bank in Moscow, said Russian companies do not look overpriced compared with Indian and Chinese companies. "We might be getting into that period, but we're not there yet," he said.

Back in the office of Mr. Vyugin, the regulator, he said that for now oil prices and United States interest rates were working in Russia's favor. His warnings, he said, were meant only for new private investors in Russia who risk buying in at the top of the market. He switched into English briefly to recall Alan Greenspan's caution against "irrational exuberance."

Then he glumly admitted he did not think his warning would have much effect. "I can't teach brokers whether the market is overheated," he said. "They know better than us, I hope."