



**WASHINGTON, D.C. January 11, 2008**

**TO: NCSJ Leadership and Interested Parties**

**FROM: Edward B. Robin, Chairman;  
Lesley Israel, NCSJ President;  
Mark B. Levin, NCSJ Executive Director**

In Brief: Georgian and Russian Elections

Dear Friends,

Election officials in Georgia have declared Mikheil Saakashvili the winner of last week's presidential election. He won a small but outright majority of the votes cast. Opposition leaders continue to call for public demonstrations to protest the results. However, although there were some irregularities, most western observers found the election to be reasonably free and open. President-Elect Saakashvili faces many immediate challenges, and one of the most pressing is to convince his citizens that he heard their concerns about his style of governing and is willing to change. It will be incumbent on the U.S. government to continue to provide advice and counsel to Georgia, an important ally, as it goes through this difficult period.

The next major election in the region is the March 2nd presidential contest in Russia. While the outcome is not in doubt, and Deputy Prime Minister Medvedev will likely win by a significant margin, it will be important to focus on his statements and policy pronouncements. Most experts continue to believe there will be little difference between the policies of Mr. Medvedev and President Putin. But, even a small transition can result in policy shifts – nuanced though they might be. In the coming weeks, we will provide you with information on Mr. Medvedev, his public views, and how they might impact the Jewish community.

One disappointing note -- in this week's update there is a story about President Putin's decision to appoint Dmitry Rogozin, a "prominent nationalist and political gadfly" as Russia's new permanent representative to NATO. Commentators have speculated that his appointment may signal a desire both to minimize his political presence in Russia and to provoke the West.

Cordially,

Mark B. Levin  
Executive Director



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

NCSJ WEEKLY NEWS BRIEF  
Washington, D.C. January 11, 2008

-----INDEX OF ARTICLES-----

1. *Georgia Leader: Country on Right Track*  
By Lynn Berry  
Associated Press, January 7, 2008
2. *Three-in-Four Russian Voters Back Medvedev*  
Editorial  
Angus Reid Global Monitor, January 6, 2008
3. *Putin Names Nationalist to NATO Post*  
By Peter Finn  
Washington Post, January 11, 2008
4. *Anti-Semitic newspaper distributed in Tblisi*  
JTA Brief, January 6, 2008
5. *Moscow's Denunciation of Georgian Election Foreshadows Troubled Times Ahead*  
By Richard Weitz
6. *New OSCE Chief Frets about Russia*  
Reuters Brief, January 11, 2008
7. *Russia's Surging Economy*  
By Vladimir Kvint  
Forbes, January 8, 2008
8. *NKO Exodus: the Number of Nonprofits in Russia Has Declined Sharply*  
Editorial  
Nezavisimaya Gazeta, December 28, 2007
9. *Putin Won't Be Able To Retain Power*  
By Vladimir Milov  
The New Times, December 25, 2007
10. *Lessons from Iowa: What Can Russia Learn from the American Political Process?*  
By Vladimir Frolov  
Russia Profile, January 9, 2008
11. *Russia enters 2008 at geopolitical highpoint - U.S. report*  
RIA Novosti, January 9, 2008

12. *Azeri Jews: Centuries of coexistence in Azerbaijan*  
By Gabriel Lerner  
Los Angeles Jewish Journal, January 11, 2008

13. *Belarus turns the screw on opposition, U.S. objects*  
Edited By Richard Williams  
Reuters, January 4, 2008

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**#1**

**Georgia Leader: Country on Right Track**  
**By Lynn Berry**  
**Associated Press, January 7, 2008**

TBILISI, Georgia - President Mikhail Saakashvili said Monday there were "an amazingly low number" of violations in a weekend election that returned him to office, while the opposition cited widespread fraud and vowed to take the outcome to the courts and even the streets.

The close U.S. ally won 51.94 percent of Saturday's vote -- narrowly clearing the 50 percent threshold for a first-round victory, the Central Elections Commission said Monday with more than 85 percent of precincts counted. His main challenger, Levan Gachechiladze, got 25.19 percent.

In an interview with The Associated Press, Saakashvili acknowledged Georgia's path had not been smooth but said the election demonstrated that the former Soviet republic was on the road to becoming a European democracy.

"I believe there are many aspects that need to be criticized, this is still a country in transition, this is still not a full-fledged, very well-formed, crystallized society, we still have lots of things to do," said Saakashvili, who has touches of gray hair at age 40 after four years in office, yet still exudes youthful energy.

"But I think we are on the right track and this election has just proven that," he said.

International observers agreed. Although pointing to an array of violations, including cases of multiple voting, they said the balloting overall was in line with democratic standards.

Saakashvili said the balloting "went very smoothly."

"We had almost 3,000 precincts, polling stations, and we have like 40 violations or so registered. This is an amazingly low number. That really shows that it went in a disciplined manner," he said.

Gachechiladze said the opposition has proof Saakashvili did not win more than 50 percent of the vote. He said the opposition would contest the election results in court but would return to the streets if their efforts failed.

The United States congratulated Georgia for holding what it said was the country's first genuinely competitive presidential election.

State Department spokesman Sean McCormack said, however, that monitors had "identified significant problems that must be corrected." The U.S. urged Georgia to investigate those allegations of irregularities before parliamentary elections expected in spring.

"We encourage all political forces to work peacefully and responsibly for a democratic Georgia," McCormack said.

Saakashvili has been under pressure to prove he remains committed to democracy after violently breaking up anti-government protests late last year, imposing a state of emergency and shutting down an independent television station.

His victory was announced late Sunday as Georgians headed to church for midnight services on Orthodox Christmas Eve. Both candidates attended a liturgy broadcast live on national television, and Saakashvili was shown offering his hand to Gachechiladze, who shook it.

Saakashvili, a U.S.-educated lawyer, came to power four years ago after leading street demonstrations that ousted a corrupt government led by former Soviet Foreign Minister Eduard Shevardnadze. Since then, he has displayed formidable energy and determination in transforming Georgia into a country with a growing economy and aspirations of joining the European Union and NATO.

But in a country with a history of upheaval, he may need to add compromise and consensus-building to his political skills.

In giving their assessment of the election, the international observers urged him to reach out to the opposition and direct his attention to easing tensions within the country.

Saakashvili told the AP he was ready to work with the opposition, but he said concerns over a sharp divide in society were exaggerated.

"I would not exaggerate the idea of a deep split," Saakashvili said. "This election campaign went very well. In any normal European country, if somebody gets more than 50 percent outright in the first round, it is called a landslide, and I don't see why Georgia should be otherwise.

"With regard to the political process -- yes, we need to be consensus builders, yes we need to agree on many things. We can never agree on some of the things, because that is how every democratic nation is," he added.

Saakashvili said he was not worried about the opposition's plans to hold protests, saying that peaceful rallies are part of the democratic process.

"Everybody has the right to have peaceful rallies," he said. "I think unruly behavior will not be tolerated, but peaceful rallies are one of the ways to do political campaigns."

In the center of Tbilisi, which glistened with a fresh dusting of snow, Christmas music rang out from churches and children rode a toy train and ice skated at an amusement park set up in front of parliament.

Svetlana Malofeyeva, 32, who was watching the ice skaters with her two children, said she had badly wanted to see Saakashvili win and her friends all knew this.

"Everyone called me to congratulate me and we had a celebration at home," added Malofeyeva, who is unemployed but just completed a three-month jobs program introduced by Saakashvili and has hopes of starting work soon.

## **#2**

### **Three-in-Four Russian Voters Back Medvedev**

#### **Editorial**

**Angus Reid Global Monitor, January 6, 2008**

Dmitry Medvedev remains the overwhelming favorite in Russia's presidential election, according to a poll by the Public Opinion Foundation. 75 per cent of decided voters would back the current deputy prime minister in this year's ballot.

Liberal Democratic Party (LDPR) leader Vladimir Zhirinovskiy is second with 11 per cent, followed by Communist Party (KPRF) leader Gennady Zyuganov with 10 per cent, former prime minister Mikhail Kasyanov of the Russian People's Democratic Union with two per cent, and Boris Nemtsov of the Union of Right Forces (SPS)-who has since withdrawn from the race-also with two per cent.

Vladimir Putin was elected to a second term as president in March 2004 with 71.31 per cent of all cast ballots. In April 2005, Putin ruled out seeking a new mandate, saying, "I will not change the constitution and in line with the constitution, you cannot run for president three times in a row." The next presidential election in Russia is scheduled for Mar. 2.

Russian voters renewed the State Duma on Dec. 2. United Russia (YR)-whose candidate list was headed by Putin-secured 64.1 per cent of the vote and 315 of the legislature's 450 seats. Under the country's recently implemented proportional representation system, only three other political organizations-the KPRF, the LDPR and A Just Russia-elected lawmakers to the lower house.

Last month, Putin endorsed Medvedev as a presidential candidate, and Medvedev said it would be of the "utmost importance" to have Putin as head of government.

On Dec. 12, U.S. state secretary Condoleezza Rice discussed the Russian election, saying, "I would hope that the time will come when Russia is going into a presidential election where there is a realistic chance for a really contested election. And I think that, to me, is the biggest problem with this. Look, somebody saying, 'I have confidence in this person', that happens. But I don't think that people view this election as being contested and that's too bad."

#### Polling Data

Which of these presidential candidates would you vote for if the election took place this Sunday? (Decided Voters)

Dmitry Medvedev 75%

Vladimir Zhirinovskiy 11%

Gennady Zyuganov 10%

Mikhail Kasyanov 2%

Boris Nemtsov 2%

Source: Public Opinion Foundation Methodology: Face-to-face interviews with 1,500 Russian adults, conducted on Dec. 23 and Dec. 24, 2007. Margin of error is 3.6 per cent.

### #3

#### **Putin Names Nationalist to NATO Post**

**By Peter Finn**

**Washington Post, January 11, 2008**

President Vladimir Putin on Thursday appointed a prominent nationalist and political gadfly as Russia's new permanent representative to NATO, a decision that signals the Kremlin's determination to confront the military alliance across a host of divisive issues.

Dmitry Rogozin, a former lawmaker who has been in and out of favor with the Kremlin, has harshly criticized NATO and U.S. policies, including the alliance's eastward expansion and American plans to install a missile defense system in Eastern Europe.

In an interview before his expected appointment, Rogozin said that he hoped to build a constructive relationship between Russia and NATO but that in the post-Cold War world, the alliance had lost its reason for being.

"NATO's problem is that it is trying to invent an enemy in order to keep the alliance together," Rogozin said last month in an interview at the Russian parliament. "That is why people who are looking for a motivation for NATO need to present Russia as an enemy. Why is NATO expanding to the east and at the same time claims that the threat is coming from the south? If the threat is coming from the south, why don't they go to the south?"

Rogozin, 44, led the nationalist Rodina party into parliament in 2003 promising to protect the interests of "ethnic Russians." However, the party, which was created with the Kremlin's backing to siphon votes from the Communist Party, was reined in when Rogozin and other leaders began to strike an increasingly independent line.

Rodina was banned from contesting local elections in Moscow when the courts found that its political advertising was racist. In 2006, Rogozin was forced out of the party leadership.

Rodina was subsequently folded into Fair Russia, another Kremlin creation, which won seats in parliament in last month's elections.

Rogozin attempted to create another party, which was denied registration, and allied himself with some openly xenophobic groups. Analysts here said that the Kremlin remained wary of his appeal and that the appointment to NATO exports a potential rival and simultaneously pokes the alliance in the eye.

"Rogozin is a capable leader, and the first reason for the appointment is to get him out of Moscow," said Alexander Golts, a journalist who specializes in defense matters. "And of course there is a message. It's clear that Russia doesn't want any positive development in relations between the West and Russia. . . . Rogozin will be very happy to annoy NATO. It will be his pleasure."

Rogozin said his rapprochement with the Kremlin came as no surprise and dismissed any suggestion that he was being exiled.

"If they had appointed me a prima ballerina in the Bolshoi Theater or a tiger tamer in the circus, I would be surprised," he said with characteristic wit. "It means that at this point, people such as me are needed. . . . NATO is not Antarctica, not even Siberia."

Rogozin has had particularly strained relations with the Baltic countries -- Estonia, Latvia and Lithuania, all NATO members -- because of his allegations of mistreatment of ethnic Russians there. In 2004, he was refused a visa to visit Latvia after he said it had become a "country of hooligans and outlaws where they get even with our veterans as well as with our children by closing Russian-language schools." He accused the country of having Nazi leadership.

Rogozin said he will oppose any further eastward expansion of NATO, particularly into Georgia, where Mikheil Saakashvili, elected this month to another term as president, is seeking membership.

"Are you seriously ready to accept a country which has not been able to solve any of its serious problems, a country which does not comply with any of NATO's standards?" Rogozin asked. "Why does NATO need to create this kind of problems for itself?"

Russia supports the separatist leaders of two breakaway parts of Georgia, Abkhazia and South Ossetia.

Rogozin said Russia and NATO need to cooperate in such areas as the fight against terrorism, drug-trafficking and transnational crime. But relations are being spoiled by the alliance's fixation on expanding into the former Soviet Union and building up its military capability on Russia's borders, he said.

The Bush administration has said it wants to create a missile defense system in Eastern Europe to guard against a potential threat from Iran. But Rogozin said he did not believe Iran was capable of developing missiles that could target either the United States or Western Europe.

He drew parallels to the Cuban missile crisis of 1962. "What if we put our missiles in Cuba and in Venezuela . . . and say we intend to take down missiles coming from Haiti that represent a threat to our territory?"

Rogozin said Russia and NATO should create a common antimissile system and jokingly warned of the consequences of failing to do so. "Let's have common ears and eyes and a common fist," he said. "What is happening now? Just the opposite. Like in the worst script for 'The Terminator.' "

"To take down one Iranian missile, the antimissile system will have to use 10 antimissiles," he continued. "We may not detect one Iranian missile, but we will detect 10 or 100 antimissiles coming from Poland and the Czech Republic. It means that our machine immediately launches, and the ballistic missiles start turning towards Washington. Here is a brilliant example of a new blockbuster. I would call it 'TerminATOR.'"

#### **#4**

##### **Anti-Semitic newspaper distributed in Tblisi JTA Brief, January 6, 2008**

A newspaper accusing Jews of plotting to "shed the blood" of Georgians was distributed in Tblisi.

According to the Tblisi Bureau of the UCSJ: Union of Councils for Jews in the Former Soviet Union, the newspaper issued by the political movement Axali Sitkva calls for its readers to "say no to Jewish mason spies!" and claims that "other people's property to a Jew is like an abandoned thing, the owner of it is the Jew who will appropriate it. For the Jew to acquire it, Georgians blood should be shed in the streets."

The paper is distributed in the Georgia capital's subway stations.

The UCSJ report did not state what reaction, if any, has come from the police or the Jewish community to the distribution of the anti-Semitic newspaper, which violates Georgia's laws against ethnic incitement.

#### **#5**

##### **Moscow's Denunciation of Georgian Election Foreshadows Troubled Times Ahead By Richard Weitz World Politics Review, January 7, 2008**

According to official results released yesterday, Mikheil Saakashvili won a definitive first-round victory in this weekend's snap presidential elections in Georgia. Saakashvili received a narrow majority of votes, thereby obviating the need to engage in a runoff with the next-highest vote getter. The Central Election Commission concluded the former president garnered 53 percent of the vote on Saturday, while the second-place finisher received 27 percent.

Whatever their effects at home, the events of the last few months are unlikely to either improve Georgia's already troubled relationship with Moscow or bolster its chances of joining NATO, which Saakashvili, his main political opponents, and the Georgian electorate all endorsed in a separate non-binding referendum.

In its preliminary findings, the International Election Observation Mission concluded that, while the results were generally consistent with most international standards for democratic elections, flaws such as a pervasive lack of political trust, cases of intimidation of opposition candidates, procedural shortcomings in election counting, and an unwarranted boost to Saakashvili from his activities as head of state need to be overcome before the next ballot. The mission comprised some 85 parliamentarians and 340 short-term observers from the OSCE Office for Democratic Institutions and Human Rights, the OSCE Parliamentary Assembly, the Council of Europe Parliamentary Assembly, and the European Parliament.

Saakashvili decided to resign one year before his five-year term had expired so that Georgia could hold early presidential elections. Many Georgian citizens, as well as influential international human rights groups like Human Rights Watch and the International Crisis Group, attacked the president for imposing a state of emergency on Nov. 7. The decision involved suspending the operations of the main opposition Imedi TV station and ordering the police to employ force to end a week-long series of street demonstrations by opposition parties. The protesters, hundreds of whom were injured in the police crackdown, claimed they were trying to defend Georgia's democratic system of government against Saakashvili's attempts to consolidate political power. The president accused the protesters of seeking to overthrow the government through illegal means. By holding elections now, Saakashvili hoped to receive a new five-year presidential mandate and reestablish his democratic credentials domestically as well as internationally.

Although the opposition claimed the election was rigged, and sought through mass protests and court petitions to overturn the official results, most of the international community has accepted the legitimacy of the outcome after the OSCE gave its imprimatur. Even the mission for the Commonwealth of Independent States (CIS), a Moscow-led organization of former Soviet republics, found "no obvious offenses" during the elections that "would have prevented citizens from freely stating their will."

The most visible exception to the endorsement of Saakashvili's reelection came from Moscow. Predictably, the Russian government was quick to condemn the ballot -- and the OSCE for accepting the results. The Russian Foreign Ministry issued a statement denouncing restrictions on Georgian opposition candidates, the use of government "administrative resources" on Saakashvili's behalf, and other "numerous violations of elections laws by the authorities." The statement also dismissed the OSCE's assessment as "superficial."

Immediately before his reelection, Saakashvili said that he wants to improve relations with Russia, observing that, "We're not suicidal. We're not crazy in any way." Nevertheless, his earlier insinuations that Moscow had helped ferment the November 2007 protests led Russian Foreign Minister Sergei Lavrov to accuse the Georgian government of pursuing a "clear anti-Russian line" in order "to justify its failures in both domestic and foreign policy."

Relations between Tbilisi and Moscow have never been good since Georgia declared independence in April 1991, following the disintegration of the Soviet Union. They deteriorated even further once Saakashvili assumed office in January 2004, after leading mass pro-democracy demonstrations in November 2003 against then Georgian president Eduard Shevardnadze. While many Russians blamed Shevardnadze for contributing to the U.S.S.R.'s collapse when he was Soviet Foreign Minister under Mikhail Gorbachev, they appreciated that he had refrained from resuming the wars in Abkhazia and South Ossetia or withdrawing from the CIS. The November 2003 "Rose Revolution" -- named after the flowers carried by the protesters -- that toppled Shevardnadze alarmed many leaders in Russia and other former Soviet republics who feared they might experience similar Western-backed popular upheavals.

Tensions soon arose between Saakashvili and Moscow after the president moved to fulfill his campaign pledge to recover the three regions of Georgia -- Adjara, Abkhazia, and South Ossetia -- that had fallen under the control of separatist forces during the Georgian civil wars of the 1990s. The leaders of these territories, like much of the population that remained after hundreds of thousands of pro-Tbilisi ethnic Georgians fled, or were expelled from, the regions, enjoyed close ties with Moscow. Some wanted their regions to leave Georgia altogether and join the Russian Federation. Georgian leaders denounced the "ethnic cleansing" of the territories' original inhabitants and complained that the territories had become lawless areas where smuggling and other crimes ran rampant, to the detriment of the safety and security of the entire Caucasus.

Although Saakashvili recovered Adjara in 2004, Abkhazia and South Ossetia remain under separatist control. The Saakashvili government has called for the deployment of international observer missions in Abkhazia and South Ossetia to supplement or replace the Russian-dominated CIS peacekeeping forces currently stationed there. Russian officials, as well as separatist leaders in both regions, have rejected proposals to allow the deployment of permanent observer missions from non-CIS countries on their territories.

Saakashvili's efforts to withdraw from the CIS and join NATO at some future point have also antagonized Russia's security community. Georgia already has an Individual Partnership Action Plan with NATO and is seeking a Membership Action Plan at the April 2008 NATO summit in Bucharest, en route to full membership at a later date. In late December Saakashvili told Georgian TV that, "In case I am elected president for another term, Georgia will become a NATO member during my second term of office."

Russian representatives have repeatedly objected to NATO's further expansion eastward, especially into the Caucasus, and have blamed the alliance's past membership enlargement for disrupting the European balance of power established after the end of the Cold War by the Conventional Forces in Europe Treaty. Moscow has also intimated that it might increase its military presence in Georgia's separatist regions in retaliation for NATO governments' recognition of Kosovo's independence from Russia's ally Serbia.

Since 2006, the Russian government has imposed an economic embargo against Georgia -- partly to punish Tbilisi for its past behavior, such as when Georgian authorities detained several Russians for spying in October 2006, and partly to discourage future anti-Russian policies, such as Georgia's continued resistance to Russia's membership in the World Trade Organization. Moscow's unilateral economic sanctions have included severing transportation and postal links, prohibiting the importation of Georgian wine and mineral waters into Russia, and carrying out mass forced repatriations of Georgians working illegally in Russia.

Despite these measures, the Georgian economy continues to boom. The GDP grew by over 13 percent in the third quarter from the same period in 2006. Foreign direct investment is also increasing, having reached \$407 million in the third quarter of 2007. Tensions with Russia have failed to prevent the construction of east-west oil and gas pipelines from the Caspian Sea to the Mediterranean through Georgia, bypassing Russia and Iran.

Georgia's growing economy has provided the government with the resources to build up the military. Tbilisi's defense budget is one of the fastest growing in the world. In June, the government almost doubled its military spending to \$575 million for the year. The Georgian Defense Ministry has been purchasing large quantities of Western military equipment, transforming the Georgian army into a professional force by abolishing conscription and converting to an all-volunteer system, and deploying 2,000 Georgian soldiers to Iraq -- making it the third-largest foreign contingent after the Americans and the British.

These steps are removing one possible obstacle to NATO membership and allowing Georgian authorities to consider resuming military operations in the separatist regions. It is this latter prospect -- which could see Tbilisi engaged in a war with Russia over the provinces -- that continues to dampen enthusiasm in some countries (notably France and Germany) for granting Georgia NATO membership.

## **#6**

### **New OSCE Chief Frets about Russia Reuters Brief, January 11, 2008**

Russia's freeze of a Cold War arms control pact threatens European security and it is getting harder to find common ground on security issues, the new head of Europe's main democracy and rights watchdog said Thursday.

Finland's foreign minister addressed the assembly of the Organization for Security and Cooperation in Europe to outline 2008 priorities after a year of tensions over arms control, election monitoring and human rights abuses.

Conflict prevention and crisis management will be the priorities of Finland's OSCE chairmanship, Ilkka Kanerva said.

Key issues were Russia's suspension of the Treaty on Conventional Armed Forces in Europe, Kosovo's thrust for independence from Serbia and frozen conflicts that occasionally flare between former Soviet republics.

Kanerva said OSCE envoys had begun discussions with both sides on how to restore the CFE pact. He also urged member countries not to pose obstacles to OSCE election monitoring.

He said Russia was among countries that needed to accept such monitoring as a "normal" part of democracy and time was running out for Moscow to invite an OSCE observer's mission to prepare for its March presidential election.

The OSCE's election monitoring arm cancelled a mission for the recent State Duma elections, complaining of obstruction.

**#7**

**Russia's Surging Economy**  
**By Vladimir Kvint**  
**Forbes, January 8, 2008**

With the firm belief that, especially in Russia, past is prologue, the first and most important economic trend of 2007 was that nation's continued political and economic stability. This has made possible, and will continue to enable, reliable forecasts of economic trends, and has attracted a great deal of foreign investment in Russia.

Such an ongoing process has also caused Russian entrepreneurs to maintain and increase their domestic investments, rather than invest abroad, as they did before. Moreover, it has resulted in job creation and stimulated economic growth, which is now approaching 8%.

Which indicators are proving the increasing stability and predictability of the Russian economy? First, there's the unprecedented rate of growth of foreign investment, which surged by a factor of 2.5 in 2007. None of the world's 15 leading national economies can compete with this achievement. Some \$100 billion was invested in Russia from abroad over the last 12 months, an all-time record for any emerging market country and a milestone of great historical and psychological significance for Russian business.

Although, in general, the outflow of foreign direct investment has decreased, this trend began to reverse over the last six months. This is a direct response to the economic policies of Putin's government beginning to worry investors. Nonetheless, cumulative foreign direct investment increased by 55%. Most of these investments are long-term. The increase in foreign investment and of cumulative FDI in the real sector of the Russian economy are major economic events of 2007, and promise to continue this year.

It is interesting that, despite Russia's complex political relationship with Great Britain, the British were the leading foreign investors in Russia in 2007 (although, in terms of direct investment, the Netherlands has invested 10 times more than Great Britain). Cyprus accounted for a large amount of foreign investment, however, it did not come from Cypriots; it is "gray" capital that left Russia some time ago and is now repatriating, mostly in the form of FDI. The results of all of this FDI are new jobs--and, eventually, an improvement in the standard of living for Russian people.

One negative trend of 2007 is the steady rise in prices of consumer goods and food, a very dangerous development. The consumer price index surged 12%, but the price of certain foods has risen at a much faster pace--vegetable oil increasing by 150%, butter by 40%, milk by 30%, and grains and bread by 25%. This is not the result of a worldwide increase in food prices--Russian food prices are growing faster than world prices, even faster than in neighboring emerging market economies like China and India.

The rise in consumer prices is a result of increases in salaries, pensions, stipends and other social spending at a pace much higher than what economic growth allowed. This puts more rubles in the hands of Russians, but decreases the purchasing power of the currency. During the last 11 months of 2007, the ruble supply increased by 30%. As a result, taking into consideration the high speed with which money circulates in Russia, the purchasing power of the ruble fell by 20% to 25%, according to my calculations.

Indeed, the increase of rubles in circulation has grown four times faster than the growth rate of the national economy. This trend also resulted in an increase in gas prices. The government implemented many limitations to slow the consumer cost compared with the cost of production. This means that this compressed "price spring" will expand in 2008, resulting in a sharp increase in gas prices for consumers, as well as prices of first necessity goods.

Which takes us to another key trend of 2007 that is likely to continue in 2008--a steady increase in oil prices, with an impact felt across the Russian economy. Certainly the increased world price of crude brought a steady inflow of foreign currency to Russia, as oil accounts for 34.5% of Russian exports. Natural gas accounts for 12% of Russian exports, although this number is declining slightly.

Despite growing prices for natural resources and raw materials, Russia's positive trade balance has shrunk, because imports are increasing faster than exports--which may be a dangerous trend, and likely to continue in this year. It seems that Russia is incapable of substantially increasing the production, and consequently, the volume, of exports of natural resources. The solution to the shortage is the rising price of oil and gas.

Moreover, the development of ethanol production in Russia would partially replace domestic consumption of crude oil and gasoline, which would free up more exports of these products. It would also be beneficial to the environment, but Russia still does not produce any ethanol as fuel.

Another trend in 2007 that is likely to continue this year is the visible rate of growth of military expenses, which is pushing Russia toward a militarized economy, though it is still too early to judge the scope of this trend.

Finally, there has been fast growth in the amount of debt accumulated by Russian consumers. It is interesting that ruble debt has grown twice as fast as debt in foreign currency, which has not been the case in previous years. Taking into consideration Russians' general lack of experience with credit obligations, the possibility exists for a wave of bankruptcies in 2008.

In addition to these trends, I would like to mention several other events which may impact the Russian economic situation in 2008:

--The diversification of natural gas supplies to Europe, which is mostly a result of the new role of Turkmenistan. This will have a direct impact on Russian influence in certain European countries.

--The failure of Russia to become a member of the World Trade Organization, despite expectations to the contrary

--Strengthening economic ties between Russia and China

--The failure of Russia's amnesty of capital program, which was not surprising--it was, in fact, practically inevitable. Russia was the only country in the world to make tax collections the focus of its amnesty of capital program. Most of these programs seek to repatriate capital to create new jobs. The tax rate on repatriated capital is typically between zero and 5%, but Russia's program taxed repatriated capital at 13%. In Italy, 61 billion euros worth of capital was repatriated in only six months of 2002. Russia's program was not economic amnesty, it was bookkeeping amnesty, and was a total failure. The Ministry of Finance is planning an amnesty for undeclared property. The focus of this amnesty is, again, on taxes. Instead, the Ministry of Finance should figure out how owners of these undeclared properties can bring their properties out of the gray areas and into the legitimate economy. This amnesty will most probably occur in 2008.

In the end, the economic results of 2007 were unquestionably positive for Russia. With luck, this broadest trend will continue through the coming year.

**#8**

### **NKO Exodus: the Number of Nonprofits in Russia Has Declined Sharply**

**Editorial**

**Nezavisimaya Gazeta, December 28, 2007**

The departing year was a time of protracted trench warfare between the state and civil society. In the fight against nonprofits the authorities every once in a while mixed up carrot and stick.

The first stage of the mopping-up operation against the NKO [nonprofit organizations] began back in 2006, when all organizations had to negotiate the registration procedure from scratch. Far from all were able to get onto the cherished national register put together by officials of Rosregistratsiya [Federal Registration Agency] at that time. The year of 2007 constituted the second stage. All NKO were required within a strictly allotted timeframe to present quarterly financial reports to Rosregistratsiya. Only large entities with competent specialists could afford to prepare documents in accordance with all the rules of bureaucratic art. Regional organizations were plunged up to their necks in the bureaucratic mire. According to the calculations of the human rights advocates, approximately 80 per cent of all Russia's NKO were unable to hand in reports on time. Some of them were liquidated via the courts. A recently published report of the Moscow Helsinki Group points out that 2,300 civic organizations had been closed down by the end of 2007.

The calamities of Russia's NKO were manifestly connected with the desire of the state to totally push out of Russia organizations that are financed if only partially from overseas. A show inspection of two universities in receipt of a grant from the European Union for the formation of an electoral support network in Russia was conducted this July. United Russia deputies saw this as "an attempt at the European Union's direct interference in the 2007-2008 Russian election campaign" and applied to the Office of the Prosecutor General.

In December the "West-phobia" resulted in a high-profile international row involving the closure of offices of the British Council. Russia's Foreign Ministry decided that there were "no legal grounds" for their operation in the country. The threat of the closure of the Sakharov Museum, the lion's share of whose financing is undertaken by Western sponsors, was a disturbing symptom.

If we are speaking of "carrots," we should recall first and foremost the improbable competition for obtaining grants from the national budget; improbable not only because their distribution has been handled, albeit in veiled form, by the Public Chamber, which exists under the surveillance of the state. The point is that the organizers of the competition hastened to declare among the winners the Moscow Helsinki Group, Memorial, and the For Human Rights movement. It was later learned that Memorial had not taken part in the competition, and the For Human Rights movement had been confused with another regional organization of the same name. The departing year was not without positive aspects, though. The Samara Oblast Court recently dismissed Rosregistratsiya's lawsuit seeking the liquidation of the Samara branch of the Golos association. This branch had earlier called the State Duma elections undemocratic.

**#9**

### **Putin Won't Be Able To Retain Power**

**By Vladimir Milov**

**The New Times, December 25, 2007**

Vladimir Putin's consent to become prime minister if Dmitri Medvedev is elected president has led to many speculations about all power shifting to the Cabinet along with Putin. But this scenario seems unlikely, even if Prime Minister Putin remains physically located in the Kremlin.

The two-level structure of Russia's executive branch - with the presidential administration performing political leadership functions, while the government coordinates routine economic and social affairs - is not new. This system is an extension of the Soviet Union's long-established tradition of governances, in which the top political body, the CPSU Central Committee, had a lightning-rod (the Council of Ministers) to take care of routine matters, while the Central Committee concentrated on political issues. The status of the Central Committee was incomparably higher than the status of the Council of Ministers, which only coordinated the civilian ministries. The present-day division of labor between the presidential administration and the Cabinet merely copies this Soviet model.

Restructuring this system will be extremely difficult. It's not just a matter of the Constitution giving the president a great many powers. Putin and his cohorts have already demonstrated that the law is no obstacle for them; they can always change the law or find an elegant way to get around it.

First of all, almost two-thirds of federal officials - not only the security ministries, but also the Foreign Ministry, the Prosecutor General's Office, the Central Electoral Commission, the Central Bank - have no tradition of reporting to the Cabinet. They are accustomed to looking down on the Cabinet and disregarding it. Their ranks and salaries are higher; they enjoy a system of social privileges. In total, they have almost twice as many personnel as the Cabinet's civilian ministries - and they would regard it as very degrading to be ranked alongside the civilian ministries. If any such decision is made, we can expect widespread sabotage - the kind of resistance that scuttled the state administration reforms of 2004.

Perhaps Putin and Medvedev really are capable of miracles. Yet it's doubtful that such a large-scale reorganization can be achieved, rapidly and effectively, by the same people who messed up a simple government restructuring in 2004. The entire system of government was paralyzed for six months back then; and now the structure is being restored to its former condition, with state committees being re-established and federal agencies separated from ministries. Putin himself has admitted that the government's new structure proved unviable.

Putin's authority shouldn't be overestimated either. It's not real; it's artificial authority, based on television coverage and image. The apparatchiks in power are well aware of this. It would be naive to expect them to tamely restructure themselves and become the prime minister's subordinates; more likely, these very people would be the first to run to the new president in the hope of boosting their status within the bureaucracy.

Perhaps the plan is for Medvedev to step down early. But if he retains presidential powers for any significant length of time, it would be naive to assume that he'll seek Prime Minister Putin's approval for each and every decision. That would be technically impossible: government bodies work on hundreds of bills simultaneously, and Medvedev will attend dozens of meetings every week, making hundreds of decisions. Many new problems will arise every day, all requiring immediate decisions from the president. In order to oversee all these processes, Putin would practically have to sleep in Medvedev's office. All this means that Medvedev will have some degree of independence. And in the presidency, even a small degree of independence can be rapidly converted to a large degree - especially in a situation where influential people approach President Medvedev, expressing discontent with their current status in the ruling system. Thus, a system of dual power is sure to emerge in Russia. Dmitri Medvedev isn't "soft" at all; he's very masterful indeed, and he's backed by some powerful figures from Yeltsin's Family. And he'll have control of an obedient propaganda machine, ready to do a 180-degree turnaround in 24 hours and discover masses of previously-unnoticed flaws in "national leader" Putin.

## **#10**

### **Lessons from Iowa: What Can Russia Learn from the American Political Process?**

**By Vladimir Frolov**

**Russia Profile, January 9, 2008**

The Russian political class tuned out over the long New Year's holidays and largely missed the political earthquake in the United States, where the first event in the 2008 presidential race - the Iowa caucuses -

produced seemingly improbable victories for Democratic Senator Barack Obama, an African-American, and a former Arkansas governor, Republican Mike Huckabee, both of whom were running against well-entrenched party machines.

It's a pity that we in Russia slept through this event, because there are useful lessons from Iowa for the Russian political process.

Lesson one – democratically selecting a presidential candidate in a large country is a long process that cannot be accomplished in just three months.

It has become fashionable for Russian politicians, when faced with Western criticism of the Russian political process, to respond by pointing out that in the U.S. electoral system, presidents are elected not by a direct popular vote but rather through the Electoral College. This is a system that allows a candidate who lost the popular vote win the presidency, as George W. Bush did in 2000, by winning the majority of the electoral votes.

This may well be an outdated procedure that is preserved from the time when communications were provided by horse-drawn carriages. Nevertheless, I can see how an election system that makes a presidential candidate campaign strongly in every region to win its electoral votes, thus winning the election region by region, could do wonders to the unity of the Russian federal state and produce policies that maximize the advantages of Russia's regional diversity.

But what is really remarkable and important about the modern American presidential election is the long and arduous process known as the primaries through which the parties choose the right candidate.

This system opens the field for a large number of contenders to enter the race and prove their mettle, although it has to be recognized that only the most serious candidates from the point of view of the party establishment and financial donors would be able to fund a full-scale primary campaign in every states.

The primaries start in January of the election year, but the candidates need to prepare for them in advance. This makes the presidential selection process a two-year affair. First, a candidate has to determine if there is enough support within his or her party to raise money and bring on campaign strategists to last your campaign at least through the first caucuses in Iowa and the first primaries in New Hampshire. Then he or she has to develop detailed positions on a wide range of issues, including foreign policy, and formulate campaign messages that would distinguish him or her from the rest of the pack. At the same time, the candidates are required to hire campaign staff in crucial states and build campaign operations like phone banks and volunteer networks along with buying advertising time in competitive media markets in key states and develop campaign material. And then you personally go to the states and personally visit every school, library or a police station.

Through this process, people get to know the candidates very well. Their strengths and vulnerabilities are scrutinized and dissected by the local and national media and their political style is measured in a continuous stream of televised debates with other contenders. And to add insult to injury, almost every week independent polls are released to measure their progress, or lack of it, in the campaign.

It is an ordeal few can withstand. But it serves its purpose – only the best get to be nominated.

If such a system existed in Russia, would Communist Party leader Gennady Zyuganov and Liberal Democratic Party leader Vladimir Zhirinovskiy be nominated to run for president for the fourth time after losing every previous election? Would Medvedev be nominated in such a system? And even if he were, would he really want to run?

Russian liberals talked a lot about introducing the primary system to select their presidential candidate, but then nominated Boris Nemtsov, a man with heavy political baggage, only to see him withdraw from the race.

Lesson two – party members, not party bureaucracies select the best candidates.

Barack Obama and Mike Huckabee won in Iowa against the will of their party elders. They and their message resonated with the people.

On the Democratic side, for a long time Hillary Clinton seemed to be a sure bet for the nomination. Her campaign was not particularly inspiring, but highly competent and efficient. She had the best organization, the best donor base, the best media machine and she had her husband, a popular former president, to stump for her. She was the most competent and prepared candidate in the field.

Obama was viewed by the Democratic Party machine as an interesting phenomenon whose time had not yet come. The Democrats might like to nominate the first African-American for president, but not this time around. This was too important an election, the party has a reasonably good shot at the White House and it needs the most experienced and toughest candidate – Clinton. Obama was seen as a distraction.

But Obama, a first term senator from Illinois, positioned himself as a viable agent of change, despite his clear lack of gravitas on many issues. His message of unity and bipartisanship sounded inspirational, while Clinton with her wonkish approach looked dull, promising a restoration of the Clinton presidency rather than change. Democratic voters under 35, who rarely bother to vote, came out in droves for Obama and gave him the victory in Iowa.

On the Republican side, the party establishment backed former Massachusetts Governor Mitt Romney and Senator John McCain. Huckabee, a former two-term governor of Arkansas, was also seen as a lightweight. After all, apart from being a successful governor of an inconsequential state, his only other qualification for claiming the presidency consisted of having won a personal battle with obesity. The Republican Party machine fought against Huckabee and lost. His message of socially conscious conservatism along with the personal warmth he radiated on the campaign trail secured his win in Iowa.

The party machines can affect the outcome in selecting the candidates for president of the United States, but the final say is still with ordinary party members who go to the caucuses or vote in primaries for the candidates they like best. It's their call.

How much of a say did members of the Russian Communist party have in nominating Zyuganov? Or the members of United Russia, Just Russia, the Agrarian Party and the Civic Force in nominating Medvedev? And, perhaps more importantly, how many of them really wanted to have a say in this process? Or cared enough to say something about it publicly?

Russians say that we want to develop strong parties, but we do not trust their members to select the best candidates that would lead the parties in the most important national election. And perhaps in practical reality we cannot trust the party faithful with selecting the candidates, because they don't really give a damn who their presidential candidates will be.

We should not copy the American system. It is their country and it works for them. But when we seek to develop something of our own that would be a better fit for Russia, we need to at least try to make it effective. Here the lessons from Iowa deserve a closer look.

**#11**

**Russia enters 2008 at geopolitical highpoint - U.S. report  
RIA Novosti, January 9, 2008**

A private U.S. intelligence agency, Stratfor, said Russia is now more powerful than it has been since the fall of Communism.

"Russia enters 2008 in the strongest geopolitical position it has known since the Cold War's end," Stratfor said in a report entitled Annual Forecast 2008: Beyond the Jihadist War - Former Soviet Union, published on January 8.

"The rampant decay of its military has largely been halted, new weapons systems are beginning to be brought on line, the country is flush with petrodollars, its debt has vanished, the Chechen insurgency has been suppressed, the central government has all but eliminated domestic opposition, the regime is popular at home, and the U.S. military is too locked down to make more than a token gesture to block any Russian advances," the report said.

But Stratfor analysts said Russia's extensive influence was being challenged on the energy and political front, including in Asia and Europe.

"Chinese pipelines to Kazakhstan and Turkmenistan (to be constructed in 2008) threaten to divert the energy that until now could only flow northward and serve Russian purposes," the report said, adding that the Kremlin has been ignoring the problem.

"China is stealing Central Asia, building a network of infrastructures that will make it more attractive for the Central Asian states to integrate with China than to use Soviet-era links to Russia."

On another front, Russia has to contend with NATO's eastward expansion, the think tank said.

"NATO and the European Union occupy Russia's entire western horizon and are flirting with expanding their memberships. Rising defense modernizations in Asia are forcing Russia to deal with two military fronts - something at which Moscow never really succeeded during Soviet times."

The agency predicted that Russia's main state oil and gas companies would absorb smaller players this year.

"First, the consolidation that began in Russia's energy sector in 2003 will culminate. This will be the year that state giants Rosneft and Gazprom swallow up - whether formally or through 'alliances' - most of the remaining independent players in the country's energy industry."

Stratfor experts expect this to be part of an effort to consolidate what has proven to be Russia's most effective foreign policy tool - energy - but said the peak of Russia's energy domination may have passed.

"In 2008 a number of natural gas import projects will begin operation in Western Europe, reducing that region's dependency on Russian energy and allowing the Western European states to be more dismissive of Russian interests."

"The Russians need a defining confrontation with the West. Russian power is at a relative peak, and American power at a relative low. It is a temporary circumstance certain to invert as the United States militarily extricates itself from Iraq, and one that Russia must exploit if it seeks to avoid replicating the geopolitical retreat of the 1990s," the report said.

"By 'confrontation' we do not necessarily mean a war - simply a clash that starkly lays bare Russia's strengths against Western weaknesses."

According to Stratfor, one of the options for Russia to demonstrate its strength could be on the issue of Kosovo's independence, backed by Western nations and strongly opposed by Moscow.

"For Russia - which has publicly invested much political capital in opposing Kosovar independence - European success would be more than a slap in the face," the report said. "Moscow must prevent this from happening... Simply put, for the Western world, Kosovo is not even remotely worth an escalating conflict with Russia."

The report also suggests other options, including the conflict between Russia and Georgia over the latter's two separatist republics, Abkhazia and South Ossetia.

"The former pro-Western Soviet republic of Georgia, long a thorn in Moscow's side, has two secessionist regions that rely on Russia for their economic and military existence. Russia could easily absorb them outright and thus break the myth that American protection in the Caucasus is sustainable."

Two other ways is Gazprom's takeover of the Russian-British joint venture TNK-BP and a union with Belarus, a former Soviet neighbor, whose economy is heavily dependent on Moscow.

"Gazprom could swallow up Russian-British joint oil venture TNK-BP, destroying billions in U.K. investment in a heartbeat," the report said. "Union with Belarus would return the Red Army to the European frontier and turn the security framework of Eurasia inside-out overnight."

Stratfor analysts said that once it has finished with the Middle East, the U.S. is likely to concentrate its efforts on former Soviet republics where Russia is struggling to retain its influence.

"When that happens, Russia will face a resurgent United States that commands alliances in Asia, Europe and the Middle East. Russia must use the ongoing U.S. entanglement in the Middle East to redefine its immediate neighborhood or risk a developing geopolitic far less benign to Russian interests than Washington's Cold War policy of containment," the report said.

## **#12**

### **Azeri Jews: Centuries of coexistence in Azerbaijan**

**By Gabriel Lerner**

**Los Angeles Jewish Journal, January 11, 2008**

"This," says the guide, a man in his 20s with a round face, a hint of a mustache, beard and very short hair -- "this below us is the city of Quba."

We are standing at the top of a cliff, overlooking an urban development that at first sight looks like any other in this country -- bright tin roofs, low-slung buildings, a few cars covered in dust because of the wind, but no commercial signs or logos -- and, surprisingly, few mosques for a Muslim Shiite country like Azerbaijan.

Then I see the river that runs through Quba, and in the distance I notice a cluster of distinctive houses. They are more attractive, much larger, and decidedly different compared to others in surrounding areas. None of these houses looks like any other.

"This is where the Jewses [sic] of Quba live," says the guide, pointing at the group of houses I was looking at. "They are very successful."

Behind us is a cemetery. While the rest of the group stares at the river and the city, I walk alone toward the cemetery's iron gates, where I immediately recognize a Mogen David. This gate is not unlike one at the cemetery outside Buenos Aires, where my father is buried, or one in Rishon Letzion, Israel, that contains my ex-father-in-law's remains, or even the cemetery where my sister rests in L.A.'s Eden Memorial Park in Mission Hills. I walk slowly, reading the Russian and Hebrew inscriptions and staring at the photographs of the deceased etched in stone.

"They [the Jews] have the best cars," continues the guide. "Ferraris, Mercedes. They have them all. Jewses in Quba live very well." His face portrays satisfaction and pride, and the other members of my group -- journalists from Europe and the United States -- listen and nod. I am with this group to cover for La Opinión an international conference on the role of the media in the development of tolerance, organized by the Organization of the Islamic Conference (OIC).

Not unlike the Jews of Sefarad (Spain) during the First Caliphate, Azerbaijan's Jewry is interwoven into the fabric of this state, which emerged in August 1991 from the Soviet Union. And despite their minuscule numbers -- maybe 12,000 in a population of 8 million -- their presence is known and acknowledged, especially that of the Jews of Quba. These Mountain Jews, as they are called, have been living in this area for a very long time, perhaps 2,500 years; they consider themselves the descendants of those Jews exiled to Babylon after the destruction of the first Temple in 586 B.C.E., remaining in what is modern day Iran. In the eighth century, when the Muslims from the Arab Peninsula conquered the area, they brought the Jewish tribe, an ally, to the area of Baku to serve as a barrier against the Kazakhs to the north. In 1730, they were officially allowed to put down roots and own property in the Quba province.

## In Quba

I have read this and other accounts about the Mountain Jews, and now I am ready to meet them. I am the only Jew in the group. The others seem to sense my emotion and begin taking pictures of us as we approach a small group of congregational leaders. As I reach the group of Azeri Jews, I look at them looking at us and realize, all of a sudden, that these people and I have more in common than anybody else here, and so I step up, and the guide introduces me to the head of the community, and then I say "Sholem Aleichem," and I also say in Hebrew, "Ani Yehoudi," and point to myself. We stare at each other, each noting our similarities, and we hug in the middle of a street in Quba, Azerbaijan.

Now I feel part of them. We enter the building, and my "cousin" speaks to me in Azeri, which is translated into English. He is a mathematician, he says. He points to signs on the wall with lists of names, those of Jews who died in the long fight against the Armenians: a few dozen. Like everybody else on our trip, he speaks of the allegiance to President Ilham Aliyev, with special attention to the memory of his father, the late President Heydar Aliyev.

While 93 percent of the population is Muslim, the constitution mandates no state religion, a legacy from the former Soviet Union. The residents wear Western clothes, and in the official meals we were offered throughout the trip, vodka, wine and beer were served. Ethnically, I cannot differentiate between Azeris and Mountain Jews. But Yevda Abramov, the Jewish member of the Parliament representing rural Quba, whom I met in Baku, explains these differences.

"The Jewish community," Abramov says, "differs from the rest of the population in education and lifestyle. We are very educated and operate businesses. We kept the Persian language," referring to the Jewish version of the dialect Tat, "but 25 percent of the words we use are in Hebrew."

## The MP

Like almost everything else in Baku, the Parliament building is undergoing massive additions and renovations but will no doubt maintain its unmistakable Soviet-era character -- solemn, impersonal, with massive amounts of concrete, small doors and an oversized walkway. Abramov's office is a small room, devoid of decorations, on the building's fifth floor.

"I ran against 17 other candidates of my own party" (the ruling New Azeri Party), Abramov states. "I won over all of them, and an international agency was watching the election. This is a democracy."

In Quba, Abramov was a teacher, a principal and a rural organizer. "Today Quba is not unlike any other Jewish community," he tells my translator, who then speaks to me in Spanish. "Our rabbi, butcher, mohel, chazzan -- all were educated in Israel."

Since the Helsinki Accords of 1972, the Jews of Azerbaijan have been exiting the country in large numbers, mainly going to Israel, where they number more than 50,000. Since most of the emigrants were Ashkenazis from Baku, the Mountain Jews remained here, as the majority of the community in the country.

Abramov, a bulky man with a prominent mustache, discusses the successes of Jews in Azerbaijan, mostly in holding government positions. There are some well-known Azeri artists who are Jewish. According to him, his country is a model for religious liberty in the world, "especially compared to Armenia," he emphasizes, where "there are not even 10 Jewish families today."

While the country keeps a remarkable pace of development and focuses on very rapid urban construction, exploitation of its huge oil reserves and the expansion of the apparatus of the state, its main concern is the conflict with Armenia. My hosts took me to a "recently discovered mass grave" -- a horrific pile of bones at the end of a soccer field in a small town. These are, they claimed, the remains of hundreds of Azeris slaughtered by Armenians in 1918. At the same time Armenians were slaughtered by the Ottoman Empire.

Abramov supports the official line. "If there is a war between Armenia and Azerbaijan," Abramov says, "many Jews will die. Please, clarify that to the world. In the war for Karabakh, the first fallen hero was Jewish. Send the message."

Between 1992 and 1994, the war between the two new countries left 30,000 dead and 800,000 refugees, almost all of them Azeris. Armenia, a country of less than 2 million, compared to 8 million of Azerbaijan, conquered the region of Nagorno-Karabakh, about 16 percent of the territory of Azerbaijan. One of the refugees was Emin Alesgerov, my translator. "I lived there with my grandparents; I was 7 years old, and they told us to leave. My grandparents still want to go back," he told me.

The conflict is central to the government's policies. Idahav Orijov, minister of religious affairs, becomes emotional describing the war. He stands by a map on the wall in his office and shows me a spot that represents his hometown in the area controlled by Armenia. Then he describes a series of settlements destroyed by the conquerors. Nazim Ibrahimov, minister of the diaspora -- a population he put at 50 million (35 in Lower Azerbaijan, in Iran) in 36 countries -- tells me about the need to organize that diaspora "like the Jews, the Italians, the Irish of the United States did," to counter the influence of the Armenian diaspora.

Recovering the lost territory is considered the supreme goal of the state. To gain support for their cause, they resort to every imaginable resource, including an alleged strategic alliance with Turkey, a main ally, and Israel, with which they established diplomatic relations in April 1992. When I went to meet the head of the embassy in Baku I found an old friend.

#### The Ambassador

Arthur Lenk, a native of New Jersey, served as Israeli consul for communications and public affairs in Los Angeles between 1998 and 2000. We had met on several occasions back then, as the consulate implemented a distinctive process of recognizing the increasing importance of the Latino community in the United States. Then he returned to other assignments in Israel, and in September 2005 he submitted his credentials in Azerbaijan.

Now we are looking at each other, smiling and speaking Hebrew, surrounded by other Israelis and Azeris -- and a sizable contingent of security agents. He invited me to the celebration of Yom HaAtzmaut, the 59th anniversary of Israel's independence. Lenk says that "the most interesting thing I found here is the human link, the fact that there is a sizable Jewish community that lives as brothers and partners, as part of a Muslim country. This is not always understood in the world and is vital for Israel.

"While there are those who speak in terms of a clash of civilizations, in Azerbaijan they talk about the other Islam, the moderate. Their relationship with Israel, in business, energy and regional interests, is a compelling example of tolerance and coexistence," Lenk says. "They are an important partner of Israel; here, we buy one-sixth of our oil."

All together, that's more than a billion dollars every year. According to Jane's Defence Weekly, Israel sells to Azerbaijan "battlefield aviation, artillery, antitank, and anti-infantry weapons." The Washington Institute for

Middle East Policy includes in Israel's involvement "training for Azerbaijani security and intelligence services, as well as security for the Azerbaijani president during his foreign visits."

While as a diplomat he emphasizes bilateral collaboration, Lenk cannot ignore the fact that there is still no Azeri embassy in Israel.

"It is true, but this is not our decision, and they must consider it in the perspective of their own interest. I try to convince my Azeri friends that the presence of Israel serves their own goals."

In the hall of the Hyatt-Regency, Jewish youth sing the national anthem of Azerbaijan and "Hatikvah." I stand close to Lenk -- we sing too. I returned home to Los Angeles at the end of April. Since then, Azerbaijan never disappeared entirely from the news; first were stories about imprisoned journalists that sent an image of an authoritarian regime. Then, on Nov. 6, Azerbaijan announced that it foiled an attack by Wahabi extremists aided by Al Qaeda on the U.S. Embassy. Baku tries to dispel an insistent rumor about military cooperation with the United States and Israel that would allegedly include providing an air base for an attack on Iran's nuclear sites. In August, President Aliyev made an urgent trip to Tehran to meet Iranian President Mahmoud Ahmadinejad, six days after the visit to Baku by Israel's transportation minister Avidgor Lieberman.

This area is in turmoil and under tremendous pressure for change and development. In this process, the Jews of Azerbaijan, Quba dwellers, the Mountain Jews who claim to have arrived 2,500 years ago to the area, are patient witnesses as well as participants.

### **#13**

#### **Belarus turns the screw on opposition, U.S. objects**

**Edited By Richard Williams**

**Reuters, January 4, 2008**

MINSK (Reuters) - Belarus slapped a travel ban on a veteran opposition party leader and moved closer towards closing down another party opposed to President Alexander Lukashenko, activists told Reuters on Friday.

The U.S. embassy in Minsk immediately condemned the actions of the former Soviet state ruled with an iron grip by Lukashenko, saying they could threaten trade relations, already hit by U.S. sanctions imposed last year on a state company.

Anatoly Lebedko, leader of the liberal United Civil Party, said he had received papers from the Interior Ministry banning him from travel and called it a political move after he had met President George Bush in December.

"The travel ban is a political decision," he told Reuters by phone. "The problems began after I visited the United States, where I and my colleagues had a conversation with President George Bush."

He said the Interior Ministry had linked the ban to a libel case against him which began in 2004 when he criticized the Belarusian government on Russian television. The case is yet to reach court.

The Justice Ministry said on Friday it had applied to the Supreme Court to close down the Communist Party, already suspended since August, because "the party violated the decision (to suspend it) and continued its political activities".

"The government wants to close our party because our ideas of social fairness are very popular. We are dangerous for the authorities," Communist party leader Sergei Kalyakin told Reuters. Kalyakin met Bush together with Lebedko.

The United States and the European Union accuse Lukashenko, in power for 13 years, of strangling democracy by jailing his opponents, shutting down independent media and rigging polls, including his own re-election to a third term in 2006.

Both barred Lukashenko and dozens of officials from entry after that landslide victory, which was followed by unprecedented protest rallies. He later jailed opposition candidate Alexander Kozulin for his role in the protests.

#### U.S. HITS BACK

Lukashenko says his rule has protected ordinary people from the political and economic turmoil of other ex-Soviet states since the fall of communism -- he maintains high social spending and is generally liked by the population.

In November, Washington forbade Americans from doing business with the state oil firm and threatened more action, prompting Lukashenko to say on Sunday he would expel the U.S. ambassador. In a tit-for-tat verbal exchange, the United States hit back.

"Moves by the Belarusian regime to block persons from this right (to leave a country) for political reasons could threaten the status of normal trade relations between Belarus and the United States," the embassy said in a statement on Friday in reaction to Lebedko's travel ban.

Belarus, squashed between its former giant overlord Russia and three EU member states, has tried to move away from dependence on Moscow especially after last year's dispute over gas import prices leading to supply cuts.

But in December, Belarus signed a fresh gas price deal and an agreement for a loan of \$1.5 billion from Moscow, with another potential \$2 billion loan to come.

"Minsk is not afraid to worsen relations with West because it had got Russian support again," Jaroslav Romanchuk, head of the Belarusian Mises think tank, said.