

WASHINGTON, D.C. November 7, 2008

TO: NCSJ Leadership and Interested Parties

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



In Brief: Elections; The Economic Crisis Continues

Dear Friend,

We are at the end of a remarkable week in American history, and have begun the transition to a new presidential administration. What seems ordinary and normal – the transfer of power – to most Americans is not so ordinary in other countries.

On Tuesday, America demonstrated to the world once more why our political system is so unique. Democracy is alive and well; concerns that the election problems of 2000 and 2004 would haunt us in 2008 turned out to be unfounded. And, unlike other recent elections held in the world, Americans had clear, distinct choices. The two major political parties vigorously contested one another at the national, state and local levels. Now the real work begins for the newly elected President and Congress in dealing with the difficult economic and political challenges ahead.

While most international leaders offered congratulations to President-elect Barack Obama, the Russian President delivered a strange and confrontational message from Moscow. In unusually harsh words President Medvedev singled out the United States for causing most of the world's major economic and security problems. One would think that with a new U.S. president taking office, Russia would look for ways to cooperate with the United States. Energy, Iran, the financial crisis, arms control, and terrorism are just a few of the issues on the bilateral agenda. There are far more questions than answers about the Kremlin's reaction to the U.S. presidential election. To better understand this reaction, we have included a number of stories about Medvedev's speech and the U.S.-Russia agenda.

The global financial crisis continues to impact the former Soviet Union. Whether it's lower prices for Russian oil and gas or currency and loan problems in Ukraine, the region's record levels of growth are over. The United States and the West are convenient scapegoats for some governments and extremist groups. Already neo-Nazis and skinheads are targeting migrants in Russia and elsewhere. NCSJ and others must continue to press governments directly and through the Organization for Security and Co-operation in Europe (OSCE) to counter these messengers of hate and violence, and not allow innocent victims to be blamed for a country's economic ills.

November 9th-10th marks the 70th anniversary of Kristallnacht. An event of such magnitude and terror must never be forgotten and never again be allowed to occur. Commemorative programs are being organized around the world and should provide an opportunity to fight xenophobia, extremism and anti-Semitism.


Last week, I wrote about the 2008 Limmud Conference in Yalta, which recently concluded. Limmud brings together Russian-speaking young adults to discuss any and every imaginable issue of interest to the Jewish community. The meeting was an overwhelming success with more than a thousand people participating. We have included a few stories highlighting the conference.

The annual NCSJ Board of Governors meeting will take place on Wednesday, December 10th in Washington,

D.C. Please visit www.ncsj.org/Board.html for details and registration information.

Finally, I have been privileged to work with five administrations during my tenure at NCSJ. Every single one has been a strong proponent of human rights in general and the rights of Jews in the former Soviet Union in particular. Our movement has always enjoyed bipartisan support and I look forward to continued success in advancing NCSJ's and the American Jewish community's agenda in the FSU with the incoming Obama administration.

Sincerely,

A handwritten signature in black ink that reads "Mark B. Levin". The signature is written in a cursive, flowing style.

Mark B. Levin
Executive Director



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

NCSJ WEEKLY NEWS BRIEF
Washington, D.C. November 7, 2008

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#1a
In Ukraine, Shocking Theft at Jewish Burial Site
FJC, October 31, 2008

An upsetting incident has occurred in the Ukrainian city of Pervomaisk, Nikolayev region. Namely, the theft of a very expensive memorial Menorah, erected in memory of tens of thousands of Jews murdered during the Holocaust, who were buried in a mass grave at this site. Tragically, the large Menorah, constructed of metal, was stolen during Simchat Torah.

Chief Rabbi of Pervomaisk Levi Perelstein and Mikhail Shefkin, the Chairman of the local Jewish community, immediately notified the police and submitted a complaint to law enforcement agencies. The police announced they would launch an investigation and try to find the culprits. Rabbi Perelstein expressed confidence that all angles are being investigated and does not rule out the possibility that the thieves stole the object to melt down the metal.

While the Menorah is worth thousands of dollars, the thieves may have performed this crime not for its monetary value, but rather as an anti-Semitic act. This scenario seems even more likely considering that the robbery took place on the final holiday of Tishrei – a day that is otherwise marked by great joy for Jews. Nevertheless, no conclusions are being drawn just yet in terms of whether this vile act was indeed an anti-Semitic act.

It is worth noting that this is not an isolated incident. Other vandalistic acts have also recently taken place locally, with anti-Semitic graffiti appearing the Jewish cemetery.

Rabbi Perelstein, who also serves in the region as a Chabad Lubavitch emissary, conducts a yearly Yahrtzeit ceremony at this burial site, which is also visited by thousands of people annually, who come here to honor the innocent victims of the Holocaust. Such commemorative ceremonies are common among the members of the Federation of Jewish Communities of Ukraine and their peers in the wider Federation of Jewish Communities of the CIS and Baltic Countries, of which Lev Leviev is the President.

#1b
New Kosher Venues Enrich Moscow Jewish Life
FJC, November 3, 2008

MOSCOW, Russia – A wonderful new addition has been made to the series of stores and services catering to the Jewish population of Moscow. As reported earlier by fjc.ru, a new kosher shop and cafe have been opened in the building of the 'Shaarei Tsedek' Charity Center, which is located in the Marina Roscha neighborhood, not far from the landmark Moscow Jewish Community Center.

So far, both new kosher venues have been very popular among locals and visitors alike. The cafe offers customers the opportunity to have breakfast with fresh 'blini' (crepes), together with sour cream, jam or red caviar, or else fresh rolls with jam and sugar. These and other treats are also available for takeout, which is good news to many housewives, who have already shown a tendency of buying pancakes and pastries and reheating them at home.

The shop has recently shown good sales of chala, which is baked directly in the kitchen of the charity center. The most fortunate of customers are lucky enough to acquire them when they are still hot (just out of the oven). It never occurs that products from one day are left till the next – they simply sell that fast that only fresh stock is available on any given day.

All baked goods produced here are 'pat Israel' (strictly kosher Jewish bread). Operating hours are from 9:00 AM to 6:00 PM every day except Saturday. For those persons who have not stopped in to check out the kosher cafe and store, a visit to the 'Shaarei Tsedek' Charity Center will certainly be worth the trip.

The 'Shaarei Tsedek' Center is run under the Auspices of the Federation of Jewish Communities of Russia. Apart from the kosher cafe and shop, the building also hosts a number of other services, resources, meeting and activity rooms, kitchen and dining room, and well equipped medical treatment rooms, in addition to storage facilities that ensure the success of the humanitarian food aid campaigns regularly carried out by the 'Shaarei Tsedek' Center.

#1c

Vandals attack new Ukrainian war memorial

JTA, November 4, 2008

Vandals attempted to damage a new war memorial at a Jewish cemetery in southwest Ukraine.

Unidentified persons made an attempt to damage a not-yet dedicated memorial to victims of political repression and Romanian soldiers who were killed during World War II.

The vandals succeeded in moving the memorial and damaging the fencing at the site, erected in the city of Chernovtzy last week.

Law enforcement agencies are investigating the case, but no arrests have been reported.

#1d

Belarus to Welcome New Holocaust Monument

FJC, November 5 2008

BREST, Belarus – In Belarus work has finished on the construction of a monument, which is to be erected near the village of Smolyarka (Brest Region) on the site of a mass murder of 1,500 Jews during World War Two.

“Here visitors will find a large memorial stone dedicated to those Jews who died here, inscribed with text in three languages - Belarusian, English and Hebrew, indicating that here laid to rest are the victims of genocide,” explained Boris Bruk, the Chairman of the Jewish community of Brest.

The main sponsor of this Holocaust memorial was the Lazarus family from the United Kingdom, while the Arslanov Family – who are from the town of Bereza (Brest Region) – provided the funds for the landscaping around the monument.

“While the Arslanov family are not Jewish, they have been, from the very beginning, very actively involved in perpetuating the memory of the victims of the Holocaust,” commented Boris Bruk. - By the way, it Galina Arslanova reported in our community about the burial, she agreed with the military registration and enlistment office on the excavation”.

Now the project is at an advanced stage. The monument is installed, while the upgrading of the adjacent territory is nearly completed. The memorial’s inauguration is planned to take place on November 23 and it will be attended by the two sponsoring families that made this undertaking possible. “We are grateful to these families and look forward to continuing work with them,” remarked Boris Bruk.

The Jewish community of Brest belongs to the Association of Jewish Communities of Belarus and by affiliation, to the Federation of Jewish Communities of the CIS and Baltic Countries, headed by Lev Leviev.

#1e

Jewish Agency HQ vandalized in Russia

JTA, November 5, 2008

Vandals painted swastikas and anti-Semitic graffiti on the Jewish Agency for Israel headquarters in the southern Russian city of Saratov.

The graffiti appeared late Sunday night on both the headquarters and on a neighboring building that houses local operations of the Chesed welfare agency, according to Jewish.ru.

Earlier that day, the building had been used for classes and training for Jewish children and teenagers.

The local Jewish Agency representative said it was not the first anti-Semitic incident in the city in recent years.

In 2005, skinheads attacked a student; in 2006, someone broke a window in the Jewish Agency headquarters; and in May 2007, extremists planted an explosive device in the local synagogue that failed to detonate.

#2

More than 1,000 attend Limmud FSU Jewish learning conference

By Jonny Paul

Jerusalem Post, November 1, 2008

The organizers of the biggest informal educational conference in the former Soviet Union states, which wrapped up on Thursday, are amazed with the success and scale of an operation that has seen more than 1,000 people from across the FSU learn about a broad range of subjects of Jewish interest.

Over the four days of the Limmud FSU conference, over 13,000 kosher meals were served, 8,000 sausages eaten and 24,000 bottles of mineral water consumed. The Yalta, a 2,000-bed mega-hotel, was taken over by the event. The lobby was full of participants between lectures, using laptop computers, updating profiles on Facebook, swapping stories and socializing.

Many participants had little to do with Jewish life back home.

The kosher food came from Dnepropetrovsk, Ukraine's third largest city situated 600 km. north of Yalta. With it came seven kashrut supervisors recruited from the Chabad community in Dnepropetrovsk, who had the arduous task of koshering the hotel's kitchen in 24 hours.

"One of the principles of Limmud is to have a Jewish program and kosher food, it's very simple," said Galina Rybnikova, project manager for Limmud FSU.

The Jewish Agency was integral to the operation - responsible for all the technical and electronic equipment, flights, buses and cars for lecturers. This included buying and transporting 5,000 plates, cups and bowls from Kiev.

"Our lives are very intense and deal with the urgent and not the [merely] important. Limmud is an amazing opportunity to stop time and do the important things - connect to Judaism and Israel," said Bilana Shakhar, head of the Jewish Agency in Kiev.

Also vital to the success of Limmud FSU was the army of volunteers.

Julia Belilovskaya from Kiev has been a volunteer for a year.

"The first time I came to Limmud in 1999 in London, I saw how this huge machine works. I was really shocked when I saw young people with walkie-talkies and checking if every thing was working and in order. Then I saw a person around 60 years old cleaning tables who was clearly a volunteer - this really impressed me. When I heard about Limmud FSU I knew it could not work without volunteers, thus I got involved as a volunteer," Belilovskaya said.

Other logistic challenges included getting participants to lecture halls on time. With most lecture rooms on the 16th floor and only five elevators, it was like rush hour in the London underground.

Limmud FSU was a great success. More than 170 sessions were offered by 150 presenters, and all organized by a committee of 20. This added to logistical problems as they were in different parts of the FSU.

One of the most important panels was the Program Committee, in charge of fixing the entire content for the conference. The committee was made up of Dima Maryasis from Moscow and 11 volunteers, from Odessa, Kharkov, Minsk, Kiev and Lugansk; the distances between them were huge.

"We never dreamed that Limmud FSU would be such an outstanding success," said Andrew Gilbert, chairman of Limmud International. "This spectacular gathering of over 1,000 people means that Limmud FSU is now a firm and established part of the Limmud international family."

In another testimony to the success of Limmud FSU, organizers ended up having to reject hundreds of applicants.

"The main difficulty was how to refuse people, as we ended up with more people than places," said Galina Rybnikova, Limmud's project manager. "It was very serious problem for us. In the end we had to ask them why it was important for them to attend Limmud and we chose the best responses."

With Thursday set aside for a summary and feedback session, much was crammed into Wednesday. The morning included an art session, making Shabbat candle sticks; a look into how Israel went from poverty to become an economic power; and Jewish genealogy as found in the archives of the former Soviet Union. Singer Neshama Carlebach gave an insight into the musical journey of her father, the late Rabbi Shlomo Carlebach, while Ukrainian historians looked into the Ukrainian national movement and the Jews during World War II.

The afternoon session kicked off with lectures on the role of women in Judaism; the Jewish religion through the eyes of Christianity; and a look at the remaining Jewish community in the Crimea.

The ideology and doctrines of Israel's political parties seemed a very apt topic at this time, and a lecture on the paradoxes of the artist Marc Chagall, and an in-depth look at Jewish cinema were some of the other choices.

A grand finale concert on Wednesday night by Neshama Carlebach went into the night, with participants dancing and singing in the aisles.

Chaim Chesler, founder of Limmud, shared future plans for Limmud FSU with The Jerusalem Post.

"The next Limmud will be called Limmud Chagall and we will concentrate on the art and culture in the FSU and the Jewish influence in both. It will be held in Vitebsk, southern Belarus, the birthplace of Marc Chagall, next June, and will be sponsored by the Jewish Museum in New York, Jewish Museum in Paris, the Israel Museum and the Chagall Museum in Vitebsk.

"Next October's Limmud FSU will be called Limmud Shalom Aleichem to commemorate 150 years since the birth of the best-known Jewish writer and will be held in Odessa, where [Haim Nahman] Bialik, [Ze'ev] Jabotinsky, Ahad Ha'am, [Simon] Dubnov, [Meir] Dizengoff, and [Isaac] Babel came from. We will also be bringing the grand-daughter of Shalom Aleichem as our guest."

#3
Limmud touches Russian-speaking Jews
By Grant Slater
JTA, November 3, 2008

YALTA, Ukraine — The view of this seaside tourist town twinkling precariously in a narrow gulf between black mountains and a black sea would have been enough to halt any attempt at conversation.

But near a top-floor hotel window with panoramic possibilities, Efi Lahav and Katya Milinkaya paid Yalta no mind as they wrestled with the finer points of Judaism in the Diaspora, conversing in English stilted with Hebrew and Russian accents.

"When I returned from Israel and I talked to people at home about my trips and the things I learned there, they listen to me but they don't understand the nuance of what I say," confided Milinkaya, an 18-year-old student from Donetsk, Ukraine.

Their heart-to-heart came in the final night of Limmud in the former Soviet Union, which has emerged as an immense opportunity for Russian-speaking Jews to plug in to world Judaism during a three-day rush of frenetic networking and increasingly polished confab culture.

Limmud began in London with a conference that now brings in more than 3,000 participants annually. The programs focus on Jewish education through conferences built on the spirit of volunteerism.

Here at the second FSU-wide Limmud, more than 1,000 participants came to learn from an array of speakers—Soviet-era refuseniks, well-known American Jewish philanthropists, Russian-speaking oligarchs, a horde of Hillel devotees and Birthright alumni as well as Israeli politicians.

Schmoozing is the law of the land in Russian-speaking countries, where deals are often sealed with a handshake and most people prefer novel-thick address books of handwritten contacts. Limmud FSU has tapped into that and taken it global.

In feedback surveys from the first Limmud held last year near Moscow, participants listed the opportunity to meet with the elite of the Jewish world on their own turf as their top experience of the conference, said Chaim Chesler, Limmud co-founder and a former Jewish Agency for Israel representative to the former Soviet Union.

"They could meet important people in the Jewish world in the lobby or after a session, and talk to them one-on-one," he told JTA.

If the top-floor conversation between Lahav, with his generations of roots in Jerusalem, and Milinkaya, who just last year awoke to the fact that she wanted to visit Israel, is any indication, foreign visitors to Limmud relish the opportunity as much as the locals.

Lahav, an Israeli-based consultant for a children's home in Odessa, told his young acquaintance, "It's a very special situation when I am traveling around the world everywhere. When I meet an Israeli or Jewish person, after we are covering in a moment that we are Jewish, then we feel like brothers."

Conversations like this one played out thousands of times last week in the sprawling Hotel Yalta, an intimidating stone-faced exemplar of Brezhnev-era architecture built to commemorate the 60th anniversary of the Bolshevik revolution.

The irony of more than 1,000 Jews—mixing Chabad and Reform, Orthodox and secular—gathering freely in this monument to Soviet-era repression was not lost on the participants.

Neither was the fact that at this southernmost tip of the Crimean peninsula that extends Ukraine into the Black Sea, the heads of state from the Allied powers met in 1945 to plot the endgame for World War II.

Anatoly Gendin, the chairman of the Crimean branch of the Reform movement, said he had been to many conferences and had ample opportunities to celebrate his Jewish identity in the nearly 20 years since he took to activism.

Still, a Limmud conference on the Crimean peninsula left him struggling to convey his feelings.

"Twenty years ago when we began, what we're doing now would have been in the realm of fantasy," Gendin said as the hotel lobby buzzed around him. "We stayed in small rooms. We met in apartments, and now we are here in the biggest hotel in Yalta."

Limmud organizers focus on independence as the measure of their success. The first Moscow conference relied almost wholly on funds funneled from the West through private donations, the American Jewish Joint Distribution Committee and the Jewish Agency.

This year, a sharp-witted and occasionally controversial Ukrainian media tycoon picked up half the \$800,000 bill. Vadim Rabinovich committed to the funding after visiting the first Limmud in Moscow.

"This is a person who can make a decision in a few seconds and have it be the right choice," said Osik Akselrud, the chair of Limmud FSU who has worked closely with Rabinovich for the past two years.

Participants from poorer countries paid a \$70 to \$80 registration fee for the four-day conference, while participants from larger cities such as Moscow paid their travel expenses, Chesler said.

Organizers say they are pressing for more local funding for next year's conference, possibly through the president of the World Congress of Russian Jewry and Russia's most prominent Jewish politician, Boris Shpigel. Rabinovich, Shpigel and others met at a highly publicized gathering the day before the conference in Kiev, and Chesler said he had pressed the issue with Shpigel.

The logistics of staging an event for 1,000 people at a remote resort town required a massive effort by 250 volunteers and a year of planning by a host of organizing and fund-raising committees.

Kosher food had to be shipped in. Each night, a gala performance with glossy, pre-produced videos and long speeches went well past midnight. Every hour, participants had their choice of eight seminars on four floors.

Veterans who have played at other Limmuds were brought in for the performances. For the most part, Limmud FSU after two years has started to resemble its predecessors around the world.

The organizers say they will distribute the 2009 conferences throughout the year and spread them across the region to make them more accessible. The next Limmud FSU—in Vitebsk, Belarus—will be dedicated to the Jewish artist Marc Chagall and focus solely on arts issues.

The main event will be next fall in Odessa, dedicated to the Jewish writer Shalom Aleichem.

On the last night in Ukraine, Akselrud made a teary farewell on stage before shifting the tone to a pep rally.

"Who wants to go to Limmud next year?" he asked.

The hands shot up across the room.

"Who would pay even \$500 to go to Limmud next year?"

The hands stretched higher.

#4
As Ukraine Staggers, Its Leaders Quarrel
By Sabrina Tavernise
New York Times, November 4, 2008

KIEV, Ukraine — Four years ago this month, hundreds of thousands of people took to the streets of this capital city to take back an election they saw as stolen. That outpouring, called the Orange Revolution, brought fresh

hopes for freedoms and for a release from the country's Soviet past that few other former republics had ever experienced.

The early promise of those days frayed in recent years, but economically times were good, and the country always seemed to manage.

But now, confronted by the global financial crisis, the new Ukraine is facing the single biggest test of its stability, and its leaders, by most accounts, seem to be close to failing.

Yulia V. Tymoshenko, the prime minister, and Viktor A. Yushchenko, the president, onetime political allies, are now locked in a bitter power struggle that has paralyzed the state, leaving it without a leader at precisely the time it most needs one.

Even as the West bends to help it, with the International Monetary Fund pledging an emergency \$16.5 billion loan last month, it barely pulled itself together to meet the conditions for the money. Mr. Yushchenko, intent on getting rid of Ms. Tymoshenko, is trying to force early elections for December. To make sure the elections come off, his party spent most of last week trying to slip a campaign finance clause into the legislation that was required for the loan.

On Monday he relented and signed the crisis legislation into law without the clause. But his administration continued to insist that the elections proceed.

"It is a crime to conduct elections in this situation," said Yulia Mostova, a prominent writer at Dzerkalo Tyzhnya, a weekly newspaper published in Kiev. "The chain of authority in Ukraine is broken. It's at war with itself."

Ukraine's paralysis raises difficult questions for the West. It is a country of 46 million in a strategic spot between European Union countries and Russia, and its stability is crucial to the region.

Mr. Yushchenko has taken a combative approach toward Russia, which demonstrated a new willingness to settle disputes by force in Georgia this summer. He has pushed for Ukraine to join NATO, an agenda not particularly popular among Ukrainians, 17 percent of whom are ethnic Russians. And he has vowed not to renew a contract that allows Russia's Black Sea fleet to dock in a Ukrainian port. On Saturday, a ban on Russian cable television programming took effect.

For Ukrainians, the fears are more about their immediate future. At one point last week, their currency hit its lowest point since it was introduced in 1996, and securities that insure Ukrainian government debt are trading at near-default levels. But perhaps their greatest disappointment is over their leaders, whose energies are focused not on ways to lift the country out of crisis, but instead on what is widely seen as a selfish struggle over power.

"People feel let down to the point of tears," Ms. Mostova said. "Many feel they've been used. Ukraine had a chance for a qualitative, civilized jump forward, but it wasn't taken."

Ukraine's economy is particularly vulnerable. About 40 percent of its foreign currency earnings come from the sale of industrial metals, which have plunged in price in recent weeks. And while its government has borrowed responsibly, its banks have not, having taken billions of dollars in foreign currency loans. With global credit markets drying up, those loans will be difficult to refinance. Ukraine's central bank has already had to bail out one, Prominvestbank, the country's sixth largest.

Despite the turmoil, Mr. Yushchenko's main focus in recent weeks has been on attacking Ms. Tymoshenko. He has issued presidential decrees blocking the majority of her decisions since she became prime minister for the second time in December. When a judge in Kiev ruled that his decree to dissolve the Parliament and call elections was illegal, Mr. Yushchenko disbanded the court.

"Yushchenko thinks he is God," said Mikhail Pogrebinsky, a political analyst at a research and polling center in Kiev, pointing to Mr. Yushchenko's visit last week to Istanbul, where he gave Patriarch Bartholomew I of the

Eastern Orthodox Church a specially minted coin with his image on it, while at home his country's currency plummeted.

Ms. Tymoshenko is also capable of political magic tricks. Last year she colluded with Mr. Yushchenko, withdrawing all her deputies from Parliament to give him legal justification for dissolving it and calling new elections.

Neither has ever liked the other. Ms. Tymoshenko, a former gas industry executive whose head is wreathed in a signature blond plait, is Ukraine's political celebrity.

Mr. Yushchenko, a former banker whose own popularity has plunged, has lashed out. There are even hints of the political fight in Mr. Yushchenko's infamous poisoning episode, which left his face pockmarked and ravaged in 2004: His political opponents have been called in for questioning in the case.

Ms. Tymoshenko came from Ukraine's business world, where quick wits and bare knuckles made fortunes in the 1990s. But her aim appeared to be less money than power, and she later joined the government. She and Mr. Yushchenko led the revolution in 2004 with the motto, "bandits to prisons," but they soon grew beholden to yet another set of wealthy men.

Oleg O. Zarubinsky, a member of Parliament from an opposition party, put it bluntly: "Our political parties aren't funded by membership fees."

Oleksandr S. Donii, a Ukrainian lawmaker who led a popular student movement against the Soviet regime in 1990, compared Ukraine's first-generation businessmen to divers dizzy with the bends. "The Ukrainian business elite was born too quickly," he said, adding that "there was no sense of social responsibility."

The country's current predicament is not entirely the fault of its leaders. It runs much deeper, into the roots of Ukrainian society. Communism pitted citizens against one another, leaving people distrustful and incapable of the collective action that holds governments accountable in developed countries.

"We trust our brother, son, father, mother and godfather, but no one else," said Ms. Mostova, the writer. "That's our problem."

That is why the Orange Revolution was so important: It seemed to break that pattern.

"People found their backbones," Ms. Mostova said. "They cried in front of strangers."

But after the protests ended, there was little follow-up. The crowd came together and then broke apart.

Still, the fact that it happened at all was a big step forward for Ukraine, which has been independent for only 17 years, and is now going through a period that Mr. Pogrebinsky compares to the tumultuous late 18th century in the United States, during the ratification of the Constitution.

The economic crisis, for all its pain, may also be a catalyst. Financial turmoil has swept out governments in Indonesia, Turkey and Russia in recent history, and even, many argue, the Soviet Union. Today's Ukraine may be similarly susceptible.

Ms. Tymoshenko seems to realize this. In a television talk show about the economic crisis on Friday night, she extended a hand to Mr. Yushchenko. "Let's for once not get into these political dogfights and come together as a national team with a united program, like the president said," she declared. "Be a team in the face of this big global challenge."

Mr. Yushchenko did not return the favor. He accused Ms. Tymoshenko's government of accumulating debts from energy purchases "like fleas on a dog," and of allowing inflation to rise.

"Who did it?" he railed. "The world crisis? Lies! The crisis is sitting right here."

#5

Moving Forward In U.S.-Ukraine Relations

by Borys Tarasyuk

RFE/RL, November 6, 2008

I would like to congratulate Barack Obama on his decisive victory in the U.S. presidential election. His marathon campaign, which lasted 21 months, met with well-deserved success. I would also like to give his opponent, Senator John McCain, his due. In my opinion McCain did not succeed largely due to the disenchantment of Americans with the present administration.

Since gaining its independence 17 years ago, Ukraine has had bilateral relations with the United States. Both Republicans and Democrats have played roles in those relations. But what does the future hold for U.S.-Ukrainian relations as a new administration settles down in Washington?

If you ask any serious Ukrainian politician whether a Democrat or a Republican U.S. president is better for Ukraine, he or she will reply that ultimately there is really no great difference. And this is the truth.

Aside from the confusion surrounding President George Bush's 1991 "Chicken Kyiv" speech, which most likely was prompted by a desire to buck up Soviet leader Mikhail Gorbachev rather than a deep conviction that Ukraine should not be independent, the United States has always been aware of Ukraine's strategic importance in terms of the democratization of the post-Soviet space. This awareness has been convincingly demonstrated time and again during the last 17 years.

It happened that bilateral relations developed most dynamically during the administration of Democratic President Bill Clinton. This is only natural: our young country was embarking on a new path of independent development. We were laying the foundations for reform in all spheres, and the support of the most powerful country on Earth was very important.

A pivotal moment came when Ukraine voluntarily agreed to give up its nuclear weapons in exchange for security guarantees from the United States, Russia, and the United Kingdom (later, from Germany and France as well). The 1993 trilateral declaration of the United States, Russia, and the United Kingdom and the 1994 Budapest memorandum (signed by the United States, Russia, the United Kingdom, Germany, and France) would have been impossible without strong U.S. support.

Even now, despite the aggressive behavior of one of the signatories, those documents continue to play a serious and positive role in the region.

During the 1990s, the work of the Kuchma-Gore Commission was a powerful impetus driving political and economic relations. Unfortunately, this work was halted by domestic problems in Ukraine stemming from President Leonid Kuchma's authoritarian regime, including incriminating recordings made in the president's office by his bodyguard and the sale of a Kolchuga radar system to Saddam Hussein's Iraq. These developments coincided with the beginning of the administration of Republican President George W. Bush and they had a negative impact on the development of bilateral relations.

A sort of uncertain stagnation lasted until the 2004-05 Orange Revolution, after which cooperation really did move onto a new and substantive plane. During the Bush years, Ukraine was granted market-economy status. We joined the World Trade Organization. We received invaluable U.S. support in our efforts to have the 1932-33 famine in Ukraine recognized as an act of genocide against the Ukrainian people.

Hopes For The Future

Today, the entire world is engulfed in a deep financial and economic crisis. At the same time, the ghosts of the Cold War haunt Europe. Under these circumstances, Ukraine and the United States are in a position to build upon their strategic partnership to their mutual benefit and to the benefit of others in the international

community. Below, I would just mention a few arenas for expanded cooperation, and I hope the new president of the United States will hear my message.

First, I applaud Barack Obama's intentions to bring the conflict in Iraq to an end and thus free up U.S. foreign-policy resources for other challenges. I agree with those analysts who say the current threats in the Middle East pale in comparison with the potential dangers that arose within the Eurasian space during the course of the night of August 7-8 in South Ossetia.

Ukraine is ready to again contribute to an international security framework for the continent. It is no secret that Ukraine and the United States have worked closely on aspects of an effective antimissile system that would be a key defensive mechanism within the Euro-Atlantic collective-security space.

In addition, our common interests demand further and deeper coordinated action in implementing the Treaty on Conventional Forces in Europe; strengthening international nonproliferation regimes; improving global nuclear security; and combating the threat of nuclear, chemical, and biological terrorism.

Among European countries, Ukraine is the largest contributor of personnel and resources to UN peacekeeping operations. We are the only European country that is currently participating every single such mission. De facto, Ukraine is doing more today in the area of peacekeeping than some NATO members. But this work provides us with valuable experience and boosts the international authority of our country.

No discussion of security would be complete without mention of energy. Ukraine already hosts a vast network of energy-transport infrastructure. Now, the Odesa-Brody-Plotsk pipeline and the White Stream natural-gas pipeline are also in development. These projects -- built on Ukraine's key transit location and with the participation of the EU, the United States, and European and U.S. companies -- will realistically secure the diversification of energy supplies and transit routes for Western Europe.

As the global economic crisis unfolds and food prices continue to rise, Ukraine -- a key exporter of agricultural products -- is in a position to restore its onetime glory as the breadbasket of Europe. If Ukraine is able to create and implement an effective land-market system, opportunities for expanded cooperation in this area will be enormous.

This list can be continued, but these examples are sufficient to demonstrate the importance and potential of strengthened U.S.-Ukrainian ties. Despite the many things clamoring for his attention over the last two years, Barack Obama has found time to formulate and articulate positions on all of these issues. I am sure that, as president, he and his foreign-policy team (among which are many of my old colleagues and friends) will continue to demonstrate an interest in Ukraine and in cooperation with Kyiv. After all, our interests are deeply intertwined.

#6

Russia tycoons bailout could turn into Kremlin trap

By Dmitry Zhdannikov and Darya Korsunskaya

Reuters, October 30, 2008

Russia has spent \$8 billion from its foreign exchange reserves to help some of its richest men to refinance foreign debts and the names of the recipients give a clue to the Kremlin's favorites.

But the reserves are not being sacrificed for free.

The billionaires have transferred stakes in some of their most prized firms from Western banks to the Russian state as collateral, handing the Kremlin the means to grab the assets should the oligarchs fail to repay loans or fall out of favor.

"The turmoil provides an opportune moment for the state to get a little closer to the equity that was sold in the 1990s," said Michael Kavanagh, metals analyst at UralSib.

State-owned Development Bank, also known as VEB, has been entrusted by the Kremlin to distribute a \$50 billion rescue package, helping Russian companies to refinance a total of \$120 billion of Western loans by the end of 2009.

The first round of payouts has already been approved.

VEB disbursed \$2 billion to Mikhail Fridman's Alfa Group to help it pay back a loan to Deutsche Bank and rescue Alfa's 44 percent stake in Russia's No. 2 mobile phone firm, Vimpelcom, which was used as collateral with the bank.

Fridman joined Oleg Deripaska, Russia's richest man, who this week became the first billionaire to get state support in refinancing his foreign debts.

VEB has said no company would get more than \$2.5 billion, but Deripaska's aluminum major, United Company RUSAL, received \$4.5 billion to pay back debt to foreign banks, which it amassed to buy 25 percent in mining giant Norilsk Nickel.

"It is possible that neither Alfa nor UC RUSAL will find fresh cash to repay the VEB loans, and the state could eventually get the stakes in both Norilsk Nickel and Vimpelcom," analysts from UniCredit Aton said in a note.

WHY DO THEY GET THE MONEY?

Russian billionaires became fabulously rich in the 1990s during the so-called loan-for-shares schemes when they lent money to the state and got stakes in prized firms as collateral. The state never paid back the loans, allowing future tycoons to become owners at a fraction of the real value.

"Today, it's almost like a reversal of the shares-for-loans scheme," said Kavanagh at UralSib.

The idea of another round of property nationalization or redistribution now seems appealing even to some rich.

"Why did Deripaska get the money? I don't understand why?" said banker Alexander Lebedev, a former Soviet spy who was once stationed in London at the Soviet Embassy.

He said he did not ask for help and was outraged by the distribution of reserves.

"You should just tell the population you got cheated in the 1990s, they gave it all to these chaps who have now just brought it back again. Then you could privatize these assets in a few years, but privatize them in the proper way," he said.

DEMANDS ON RESERVES RISE

Lebedev is not the only one worried by the fact that Russian reserves are being eaten into. Economists, politicians and ordinary Russians see them as a key defense for the country as it tries to withstand the global turmoil.

But demands on the cash pile, accumulated during a period of high oil prices, are rising fast as the central bank spends billions of dollars per week to support the currency. Budget social spending is set to rise sharply in 2009.

Reserves fell by \$31 billion in the latest week, moving below the \$500 billion mark for the first time in eight months.

Traders said some \$13 billion was spent on propping up the rouble. Some of the drop occurred because of the dollar rally last week versus the euro but a big chunk flew away as money was transferred to VEB.

Industry sources said state oil major Rosneft received around \$800 million in refinancing aid. Russian media reported that railway monopoly RZhD and top developer PIK Group received \$270 and \$300 million respectively.

Analysts said the ultimate goal of the giant \$4.5 billion help to RUSAL would long interest the market.

"The major question is the price that UC RUSAL will have to pay for such generosity," Troika Dialog analysts said in a note.

The state could force RUSAL and Norilsk to merge, retaining a stake in the combined company.

#7

New York Times, October 31, 2008
New Anxiety Grips Russia's Economy
By Andrew E. Kramer

At the start of the global financial crisis, Russian authorities insisted they had ample cash reserves to weather any storm. But as sorrow has succeeded sorrow → plummeting oil prices, a 70 percent descent in stock markets here, a global credit crisis and a slow-motion bank run on this country's private banks → Russia has had to spend its reserves faster than anybody imagined.

On Aug. 8, reserves peaked at just under \$600 billion, the third-largest in the world. By this week, they had fallen to \$484 billion, as money flew out of government vaults to support the ruble, prop up the banking system and bail out the businesses of the rich Russians known as oligarchs.

This week's fall → \$31 billion → was the steepest so far. With no end to the global troubles in sight and a worldwide recession likely, which could further reduce oil prices, the question is: How long can Moscow keep this up before its reserves grow thin?

Dark pictures are easy to paint. If oil prices continue to fall, the rising expectations that Russians have had for the last several years → the most prosperous in generations → will be foiled. Zero growth would pull the rug from under the hope for a middle-class life for millions, shrinking their horizons back to cramped apartments and garden plots. Already, Russian tour agencies have defaulted on payments to air travel companies → canceling, for some Russians, foreign travel that has come to be prized.

"Possibilities that seemed accessible are now gone, perhaps for good," said Vladislav I. Sergeyev, 28, an art director at an advertising company.

Even while insisting their reserve cushion is adequate, Russian officials acknowledge that Russians are succumbing to some sense of anxiety.

"It's all in people's minds," said Igor I. Shuvalov, a first deputy prime minister in Vladimir V. Putin's cabinet. Then he added, "For now, we have concrete statistics that we have no collapse, the situation is not developing dramatically, but we are all frightened together."

Authorities, mindful of the risks, are tiptoeing around the signs of slippage in the domestic banking system. Russian state television tries to calm viewers with blasé coverage. Most notably, banks have been provided not only liquidity but also plenty of cash for A.T.M.'s.

Amid the global fear, one thing still sets this country apart: the crisis of 2008 is just the latest in a long string of post-Soviet bank failures, financial swindles and economic collapses.

Because so few Russians own stocks, the decline of the markets has not affected most of them directly. Instead, business people who relied on Western bank credit are now in the red, and foreign investors have fled

to safer havens. But Russians' growing doubt that Moscow can keep writing checks is clear in growing distrust of private banks.

In the month of September, Russians withdrew 4 percent of deposits from private banks. Some went into state banks, perceived as more reliable, but about half remained in cash. Deposits dropped far more steeply in October: up to 30 percent for some private banks, according to an estimate by Citibank's Moscow office. About a dozen Russian banks have failed so far.

And Russians have converted nearly \$3.5 billion in ruble bank accounts into dollar bank accounts.

By some measures, the Russian economy is still humming along, though it is expected to slow as oil revenue dwindles. September retail sales figures, the latest available, were 14 percent higher than a year earlier. The moribund stock market was up 19 percent Thursday. (It has fallen so severely that authorities took to closing it for days at a time; the Micex exchange, Russia's largest, has been closed 15 times in October and September.)

This week, the government downgraded its growth forecast for this year from 7.8 percent to a still robust 7.3 percent. Independent economists called that estimate optimistic. Still, most of the actual effects on ordinary Russian citizens have been few, so far. A truck maker and Russia's largest steel mill reduced their operating hours; a cell phone retailer announced layoffs; and auto and consumer loans are drying up. Skeptical of the financial system, some Moscow cafes have stopped taking credit cards.

A dozen Russian banks have been bought by state banks in bailouts. The big risk here is a loss of faith among clients and subsequent bank runs, rather than structural troubles with liquidity.

Because most Russians can't send their money out of the country, they simply get it out of the bank.

Anna Pukhova, an actress at Benefis, a small Moscow theater, withdrew her savings from Societe Generale Vostok this month.

"I decided not to wait until my bank closes down in Russia and withdrew all my money a couple weeks ago," she said. "I would rather lend my money to a friend who I trust than keep it in a bank, as I fear that in a few months there will be huge lines of people trying to withdraw cash, like in 1998."

Perhaps because of that history, a widespread run on the banks → or, indeed, the grocery stores for some food rumored to be in short supply, as happened in the Ural Mountains in a panic run on salt in 2007 → may be a greater possibility here than in other societies.

An opinion poll by the Levada Center in Moscow found that 40 percent of Russians who had bank accounts feared they could lose money to bank failure; most of those who feared for their accounts listed political and economic instability, or a devaluation of the currency as occurred in 1998, as their biggest worries.

For a few frenzied weeks this fall, Natalya A. Sebeleva, a teller at Globeks, Russia's 35th-largest bank, disbursed great piles of rubles. Some customers withdrew as much as a million rubles, or \$37,000, and carried it away in a briefcase to store at home.

Others transferred money electronically to the state banks, like Sberbank and VTB, which are seen as more reliable. Yet even VTB is not immune: its chairman, Mikhail Zadornov, said Thursday that withdrawals had accelerated in October, Interfax reported.

On Oct. 13, Globeks stopped disbursing cash and was taken over by a state bank, the foreign trade bank, which has become a vehicle for a \$50 billion government bank bailout. At Globeks, it has guaranteed deposits that, nonetheless, remained frozen this week.

Yekaterina V. Yakovleva, who worked at Globeks and was with another bank during the 1998 financial crisis → until it closed and she lost her job → keeps her savings in cash in her apartment.

Irina P. Petrenko, 30, an employee of the South African franchise that brews Miller beer in Russia, said most Russians are just confused. "People are saying, 'Yes, a crisis, yes, but what should we do?'" she said. "There will be inflation, devaluation, the dollar will become stronger, the dollar will become weaker. We don't know."

She said friends had decided to buy furniture. "If you have a couch, at least you have a couch, even if you have no money."

She added, "I try not to understand the economy, so I don't commit suicide."

#8

Despite Crisis, Wealthy Russians Are Buying Up Coastal Montenegro

By Dan Bilefsky

New York Times, November 1, 2008

BUDVA, Montenegro — The global financial crisis has buffeted the balance sheets of Russia's legion of billionaires. But suitcases of cash and Russian-owned luxury yachts keep arriving in this idyllic town on the Adriatic, helping Montenegro earn the nickname Moscow-on-the-Sea.

Among the biggest investors is the Russian developer Vyentseslav Leibman, a young millionaire who is pressing ahead with investments of \$310 million, including plans for a 27-floor modernist hotel, luxury seaside villas, docks for the pleasure boats of the Russian superrich and a water park for their children.

The investment might seem daring given the way the economic downturn has hit several of his fellow wealthy Russians. But Mr. Leibman, a Muscovite who is managing partner at Mirax Group, the company owned by the Russian billionaire developer Sergei Polonsky, insists he can barely keep up with demand.

He said more than half of the sprawling condominiums in Mirax's new complex — which sell for more than \$10,400 per square foot and come with outdoor marble Jacuzzis — had been sold to executives of giant Russian companies like Gazprom, Lukoil and VTB. They paid, he said, upfront and in cash.

Despite the financial crisis, "the money keeps coming," said Mr. Leibman, who recently helped bring Madonna to perform in Budva to promote his development. "And hopefully the global financial crisis will help sober up the cost of land here, which is now more expensive than in Monaco."

Thanks in large part to wealthy Russians, Montenegro has received more foreign investment per capita than any other country on the Continent. In recent years, Russian investors have gobbled up land on the Montenegrin coast, a fashionable alternative to the South of France and coastal Turkey. Russians, including the heavily leveraged Russian billionaire Oleg Deripaska, have also made huge investments in the country's industrial sector.

In neighboring Serbia, Gazprom, the Russian state energy monopoly, recently bought a majority stake in the national energy company, Petroleum Industry of Serbia, for \$520 million and agreed to invest another \$650 million by 2012. The deal will give Gazprom a dominant position in Serbia's energy market while transforming Serbia into a gateway for the transportation of Russian gas into western Europe.

As governments across the western Balkans have turned toward the United States and Europe — and actively seek European Union and NATO membership — the influx of Russian capital is seen by some in Brussels and Washington as a retaliatory move by Moscow to assert influence in a formerly Communist region with which it has long had close ties.

Gen. Blagoje Grahovac, a senior adviser to the speaker of Montenegro's Parliament, warned in a recent interview with the Serbian newspaper Nedeljni Telegraph that the United States, the European Union and NATO were being "outmaneuvered" in the western Balkans. "Whoever holds the upper hand economically will also do so politically," he said.

The European Parliament late last year commissioned a study of Russian investment; among its concerns is that a burgeoning property market provides an ideal front for illegal transactions. The European Commission has repeatedly warned of money laundering in Montenegro.

But Dmitri S. Peskov, spokesman for Prime Minister Vladimir V. Putin of Russia, dismissed the notion that Russian investment was geopolitically motivated as “utter nonsense.”

“When British people 30 years ago were investing in Spanish coastal areas, it would never come to anyone’s mind to speak about enhancing political influence,” Mr. Peskov said. “When tens or hundreds of thousands of British or American people are investing in the Gulf countries, this is not a political pressure. But every time when it comes to Russia or Russians, it is immediately treated as flexing political muscle.”

But the Russianization here is unmistakable. Russians can be seen and heard everywhere: on the beaches, in clubs, in upscale restaurants and in a recently opened Russian-language elementary school. Until recently, a billboard at the airport in Podgorica, the capital, greeted visitors in Russian: “Come where they like you!”

Lazar Radenovic, Budva’s young deputy mayor, said Russians started to invest here eight years ago, after the Balkan wars of the 1990s, when real estate prices were severely depressed. Russian investment has since grown to more than \$13 billion, he said. In Budva, he noted, the influx had created a new class of millionaires — 500 at last count — who had improved the town’s tax base and development.

Mr. Leibman said Russians were attracted to the Balkans by a cultural connection stretching back to the 18th century. Serbia and Montenegro, he noted, share a Slavic Orthodox identity with Russia. “When Russians come here,” he said, “we don’t feel like we have crossed over the border.”

Zarko Radulovic, co-owner of Hotel Splendid — luxury penthouse suites, swimming pools and boutiques backed by a Russian investment fund — insisted the threat of economic colonization was exaggerated. “The perception that the Russians have bought everything is wrong,” he said. “Only 1 percent of Montenegro is owned by foreigners.”

But the European Parliament report countered that official statistics had minimized the scale of Russian investment because many Russians invested through third countries or by teaming up with Montenegrins.

Mr. Radulovic insisted that most businesspeople support Montenegro’s entry into the European Union, since being outside the bloc hampers business. When he recently decided to invest \$12 million for new air conditioning to make the hotel’s kitchen comply with European Union regulations, he waited two days for a visa to travel to Belgium to buy it, an annoyance, he said, that “makes me want to buy Russian technology instead.”

Many here argue that Russian investment, paradoxically, will help Westernize Balkan countries by aiding economic development, thereby accelerating readiness to join the European Union and NATO.

Branimir Gvozdenovic, minister for economic development and a close ally of Prime Minister Milo Djukanovic, said that Russia was Montenegro’s second-biggest foreign investor after Hungary, and that Russians accounted for 12 percent of tourists last year. “We welcome investments from more than 80 countries, so why not Russia?” he said.

Yet the relationship does appear to have a political dimension. Russia’s emergencies minister, Sergei K. Shoigu, has warned that relations between Russia and Montenegro could be damaged if Montenegro pursued NATO membership. Two years ago, when Mr. Putin received Mr. Djukanovic in his residence at Sochi, Mr. Putin praised Montenegro for promoting business with Russia and urged closer ties. In July, Mr. Putin moved to permit visa-free travel between the two countries.

Meanwhile, in neighboring Serbia, where the pro-Western government of President Boris Tadic has been pressing for European Union membership, some critics argue that Russia is using pipeline politics to keep Belgrade in Russia’s sphere of influence.

In a recently announced energy deal, Gazprom agreed to make Serbia a transit country for its South Stream pipeline, a \$14 billion project that will stretch 560 miles undersea from Russia to Europe. The project — which Gazprom insists will forge ahead despite the global financial crisis — is a direct challenge to Nabucco, a pipeline championed by the United States and the European Union to bring natural gas to Europe via Central Asia, offsetting energy dependence on Russia.

Danica Popovic, chief economist at the Center for Liberal-Democratic Studies in Belgrade, an economic research institute, argued that economic relations shifted fundamentally in Russia's favor after Moscow repeatedly invoked its veto in the United Nations Security Council to prevent it from recognizing Kosovo, which declared independence from Serbia last February.

“By Moscow controlling our energy sector, we can become vassals of Russia just like South Ossetia and Abkhazia in Georgia,” she said, noting that attitudes toward the European Union were hardening in Serbia, even among members of the pro-Western government, who are increasingly frustrated with the union's conditions for membership.

Milutin Nikolic, director of Citadel, a Belgrade-based mergers and acquisitions firm that has advised on the biggest Russian deals in Serbia, said he did not believe the recent influx of Russian investments reflected a coordinated Kremlin strategy.

If Moscow had influence, Mr. Nikolic contended, it was because Serbs were still smarting over recent history, including the NATO bombing of Serbia in 1999 and the West's backing of Kosovo's independence. “Russia doesn't need to economically colonize Serbia,” he said, “because Moscow already has serious political influence here.”

#9

State Deposits \$6.4Bln of Welfare Fund Cash at VEB Moscow Times, November 5, 2008

The country has placed 170 billion rubles (\$6.41 billion) of the National Welfare Fund's money on deposit at Vneshekonombank as part of Moscow's \$200 billion markets and economy rescue plan, data showed on Saturday.

The plan includes allocating 175 billion rubles this year for state purchases of shares and corporate bonds, with VEB acting as the agent and the money deposited with it until 2013.

Finance Ministry data showed that VEB has already received 45 billion rubles of such deposits.

The rescue package also allocates 950 billion rubles for subordinated loans to Russian banks, with the National Welfare Fund providing 450 billion of that via 2019 deposits with VEB.

So far, 125 billion rubles have been placed on such deposits. Both types of deposit pay the fund 7 percent interest.

The state share purchases have already had a positive impact on Moscow's bourses, helping to put them on track for the best week on record with gains of nearly 50 percent.

Including the VEB deposits, the National Welfare Fund stood at \$62.82 billion, up from \$48.68 billion a month ago.

The Reserve Fund, which serves as a safety cushion for the budget and is set at approximately 10 percent of GDP, totaled \$134.60 billion, down from \$140.98 billion on Oct. 1.

The two oil wealth funds together were worth 5.24 trillion rubles (\$197.4 billion) as of Nov. 1.

#10

Preliminary Observations On The Financial Crisis In Russia

By Victor Yasmann

RFE/RL, October 30, 2008

Russia's leadership and the pro-Kremlin media never seem to tire of asserting that Russia is capable of passing through the current global financial crisis with fewer negative consequences than other countries will face.

And, in a sense, it is easier for Russians to face the crisis than for residents of Western countries if only because they are accustomed to "overcoming" difficulties, both from their years of Soviet life and their experiences of the post-Soviet period. So far the crisis has only struck the small "Westernized" portion of the population that is connected with the banking sector and the consumer economy. There is talk of cutbacks in construction and other sectors of the real economy, but for now this more of a threat than reality.

However, there are increasing signs that the main problems for Russia lie ahead and that the efforts of the country's leaders to present Russia as an island of calm and stability have failed. Here are a few preliminary conclusions regarding the results of this global crisis for Russia:

1) Western investors began fleeing the Russian markets even before the global crisis hit. It began with the Yukos affair and continued through the pressure on BP and Mechel, and gained momentum with the war with Georgia in August. When the crisis hit the front pages, the exodus of Western investors turned into a panicked retreat. The Russian market fell by 85 percent, more than any other developing-economy stock market. From May until October, the capitalization of Gazprom fell by two-thirds, from \$350 billion to less than \$100 billion. The country's enormous hard-currency reserves -- the pride of the Russian government -- fell by some \$81 billion between August and October and continue to fall at a rate of some 3 percent a month. Finally, because of the collapse of prices for oil, natural gas, and other commodities that Russia exports, the country is losing about \$10 billion per month. Experts say that if the price of oil falls below \$50 a barrel, Russia could face some serious socioeconomic problems.

2) All things considered, Russia passed through the first stage of the financial crisis more easily than the United States or the countries of the European Union simply because its banking sector is much smaller and only a tiny portion of the population is dependent on it. According to polls, only some 32 percent of Russians have a bank account of any sort, while the rest keep their money at home or don't have any savings to speak of. And of those who do have bank accounts, only a tiny fraction -- the rich and the very rich -- of depositors have suffered from the market collapse. For the most part, we are talking about the oligarchs, the richest 25 of which have lost an estimated \$230 billion. But it seems unlikely that the 54 percent of the population earning less than \$360 a month will waste much sympathy on them.

The country's financial elite -- the 153,000 people who earn more than \$1 million a year (according to Quans Research) -- have also suffered, as have the estimated 1.2 million people who might be called the "mass elite" -- major business figures, bureaucrats, and the like. These people invest in real estate and play the markets and, as a result, will begin feeling the pinch, but they do not represent more than 1 percent of the working population. Average Russians have felt nothing so far and won't until the crisis moves from the financial spheres into the real economy.

3) In order to shield the banking sector and problematic sectors of the real economy from collapse, the government of Prime Minister Vladimir Putin injected huge resources from the reserve and national welfare funds, as well as from budgetary surpluses. The Audit Chamber has calculated that the total amount of support for the national banking system and selected sectors of the real economy has reached nearly \$240 billion, which is approximately 74 percent of the projected revenues for the 2008 federal budget. The lion's share of these resources have been poured into fund markets and the real estate sector, enabling private commercial banks and investment companies to cover their losses with state funds. Some observers have expressed the fear that, as a result, the anticrisis assistance will not reach the real economy or small businesses and will further stimulate corruption, considering the huge sums being distributed by state functionaries.

And the situation does appear rather suspicious even in comparison with the United States, where Congress was reluctant to pass the \$700 billion anticrisis plan proposed by Treasury Secretary Henry Paulson until it included protections for the interests of taxpayers. In Russia, on the other hand, the government first makes decisions completely behind closed doors and then the Duma rubberstamps the figures in the trillions of rubles without unnecessary discussion, after which the money comes under the control of bureaucrats. Anything could happen. Economist Mikhail Khazin, who is well-known for his anti-American views, nonetheless offered an ironic comparison of the U.S. and Russian anticrisis programs: "I tried to imagine what it would be like if they came to us in the Duma with a plan like Paulson's. Most likely, in the end the sum would have been increased to \$1 trillion, so that the 'extra' \$300 billion could be split up among the deputies and ministers and everyone would be satisfied."

4) The main problems associated with the crisis for Russia lie ahead. Most importantly, there is the burden of foreign corporate debt, which amounts to more than \$500 billion. This sum equals the country's entire hard-currency reserves. Before the year is out, Russian companies must pay back nearly \$50 billion to Western creditors. The government has already turned this sum over to the banks, but next year a further \$100 billion or more could be required. The government will also have to dip into its reserves as world energy prices continue to fall. And, finally, the Central Bank will need hard currency to support the ruble or to prevent a sharp decline in its value. Whether the government's resources are sufficient for all these tasks if the crisis drags on remains an open question.

5) Another problem that is entwined with the crisis -- although it has been carefully concealed -- is the import of foodstuffs. Russia imports about 46 percent of its food, and Moscow and St. Petersburg import more than 75 percent. In addition, about 80 percent of the most crucial medications are imported. If the crisis leads to a rise in global prices for foodstuffs and medicines, Russia will need to dip further into its hard-currency reserves. Such a development would almost certainly lead to cutbacks in existing social programs, to say nothing of President Dmitry Medvedev's ambitious projects to develop the economy and rearm the military. Although the Kremlin maintains these programs will be funded, this is likely just bravado.

Yegor Gaidar, a former acting prime minister and the director of the Institute of Economies in Transition, has said that although Russia is better prepared for a crisis than it has been in the past, it still needs to adopt austerity measures. He called on the government to cancel all unnecessarily ambitious projects, naming particularly a proposed \$4 billion loan to Iceland and plans for the construction of new aircraft carriers.

Victor Yasmann is an analyst for RFE/RL's Russian Service. The views expressed in this commentary are the author's own and do not necessarily reflect those of RFE/RL

#11

Russia insists its nuclear arsenal is secure

AP, October 31, 2008

Russia insisted Friday its nuclear arsenal is secure, angrily rejecting U.S. allegations that tens of thousands of aging Soviet weapons may not be fully accounted for.

The Foreign Ministry described U.S. Defense Secretary Robert Gates' remarks on uncertainties about the old Soviet arsenal as being groundless "insinuations."

The ministry stressed that all nuclear weapons in Russia have been under reliable protection since the 1991 Soviet collapse -- despite the nation's economic turmoil.

"Despite all the difficulties our country faced in the beginning of the 1990s, standards of security and physical protection of Russian nuclear arsenals remained high," the ministry said in a statement. "There have been no 'leaks' of nuclear weapons."

The angry statement reflected a growing chill in Russia-U.S. ties badly strained over U.S. missile defense plans, Russia's war in Georgia in August and other issues.

Gates spoke earlier this week at the Carnegie Endowment for International Peace in Washington, expressing worries that some Russian nuclear weapons from the old Soviet arsenal may not be fully accounted for.

"I have fairly high confidence that no strategic or modern tactical nuclear weapons have leaked" beyond Russian borders, Gates said. "What worries me are the tens of thousands of old nuclear mines, nuclear artillery shells and so on, because the reality is the Russians themselves probably don't have any idea how many of those they have or, potentially, where they are."

#12 BBG Statement on Media Restrictions in Azerbaijan RFE/RL, October 31, 2008

The Broadcasting Board of Governors (BBG) strongly objects to the proposal made by the government of Azerbaijan to discontinue local radio broadcasts of international media, including Radio Free Europe/Radio Liberty (RFE/RL) and the Voice of America (VOA).

"Millions of people in the region rely on our high-quality news, information and analysis and we urge the government of Azerbaijan to reconsider this plan," says BBG Board Member Steven J. Simmons.

Simmons added that this follows a "disturbing pattern" that began with harsh restrictions on private broadcasters within the country two years ago, and now directly impacts international media.

Today, the Chairman of Azerbaijan's National Television and Radio Council announced that foreign broadcasts on frequencies controlled by the government of Azerbaijan would cease in 2009. There was no advance consultation with the BBG, which provides oversight for all U.S. international broadcasting. The government claims the decision was made in order to be consistent with European and international standards.

"We have not seen any official decision as yet," said U.S. Embassy spokesman (Baku) Terry Davidson, during an interview with VOA's Azerbaijani Service. "In Azerbaijan, foreign broadcasters such as Voice of America, RFE/RL and the BBC have contributed greatly to enriching the space for public debate and understanding," he added.

Broadcasting from Baku, RFE/RL's Azerbaijani Service, Radio Azadliq, broadcasts 67 hours of programming each week, offering listeners up-to-the minute news and information and a rich menu of live, interactive, call-in shows on local, social and political issues. Among the most popular programs are the daily one-hour Dear Baku and two-hour, prime time After Work shows. They have stimulated vigorous public debate about corruption, infant mortality, the state of national health care, and other issues. In May, a prominent organization of women journalists in Baku presented Radio Azadliq with the "Most Successful Media Organization of the Year" Award. [Visit Radio Azadliq online in Azeri or English].

VOA's Azerbaijani Service broadcasts two 5-minute newscasts and a 30-minute program daily on FM in Baku. The Service also produces television programs, including a weekday, 7-minute Newsflash segment featuring the day's top news stories and a weekly 15-minute American Review program, which airs on Azeri TeleVision (AzTV).

In November 2006, the government of Azerbaijan shut down BBG's affiliate station, ANS, which ended local rebroadcasting of both RFE/RL and VOA radio and television programs. The radio license, which is now under threat, was offered as a compromise solution. Since then, RFE/RL and VOA have reached substantial audiences within the country.

The Broadcasting Board of Governors is an independent federal agency, supervising all U.S. government-supported, non-military international broadcasting, whose mission is to promote freedom and democracy and

to enhance understanding through multi-media communication of accurate, objective, and balanced news, information, and other programming about America and the world to audiences overseas. BBG broadcasting organizations include the Voice of America, Radio Free Europe/Radio Liberty, the Middle East Broadcasting Networks (Alhurra TV and Radio Sawa), Radio Free Asia, and the Office of Cuba Broadcasting (Radio and TV Marti). BBG broadcasts reach over 175 million people worldwide on a weekly basis.

#13

NATO: Russian forces should withdraw from Moldova

AP, October 30, 2008

CHISINAU, Moldova: NATO Secretary-General Jaap de Hoop Scheffer urged Russia on Thursday to comply with its pledge to withdraw its troops and weapons from Moldova.

De Hoop Scheffer was referring to a pledge Russia made at the Organization for Security and Cooperation in Europe summit in Istanbul in 1999 to withdraw from the separatist region of Trans-Dniester in eastern Moldova.

"I sincerely hope on the basis on the principles we all agreed upon (in Istanbul) ... a solution can be found," the NATO chief said during a brief visit to Moldova.

Trans-Dniester broke away in 1992 after a bloody war with Moldova that left more than 1,500 people dead. Russia maintains about 1,500 troops and an unknown amount of light weapons in Trans-Dniester, despite calls by the United States and the European Union to respect the 1999 pledge to withdraw them.

Russian officials say Trans-Dniester is strategically important for Russia and that withdrawing the troops would cause instability.

In August, the Kremlin warned Moldova that aggression against Trans-Dniester could provoke a Russian military response.

De Hoop Scheffer met Thursday with Moldovan President Vladimir Voronin and told him that NATO respected Moldova's neutrality. He also met with Defense Minister Vitalie Vrabie and Foreign Minister Andrei Stratan.

Moldova, located between NATO member Romania and Ukraine, is a member of the alliance's partnership for peace program but has not sought NATO membership.

#14

Russians With Pumpkins Protest Many U.S. Plots

By Ellen Barry

New York Times, November 3, 2008

MOSCOW — Thousands of Russians from the pro-Kremlin youth group Nashi gathered in front of the United States Embassy here on Sunday night carrying jack-o'-lanterns inked with the names of war victims and charging that the war in Georgia was part of an American plot to improve Senator John McCain's electoral prospects.

As music by Johnny Cash and the Allman Brothers played from loudspeakers, a stream of young people climbed off buses that had carried them to Moscow from far-flung provincial capitals. They held the pumpkins aloft for a moment of silence as a deep bass thumped and carnival-style lights played on the embassy's facade.

In a film projected on several large screens, an actor playing President Bush (though with a heavy Russian accent) delivered a speech in which he gloated over the United States' control over world affairs. The film asserted that the United States orchestrated World Wars I and II so that the American economy could overtake

Europe's, carried out the Sept. 11 attacks to broaden government powers and planned to brand every person on the planet with the "mark of the beast," as referred to in the Bible.

"When that will happen, we will totally control all humanity," said the actor playing Mr. Bush, swigging a beer, as a picture of the globe in chains glowed behind him.

The opinions in the crowd were far more nuanced. Most of the demonstrators, men and women in their teens and early 20s, said they held the United States responsible for the war in Georgia, saying President Mikheil Saakashvili of Georgia would not have attacked the separatist enclave of South Ossetia without express permission from American officials.

Several demonstrators said they had become disillusioned with the United States during the 1990s, saying the reforms it pushed had led Russia into financial and political chaos.

"We don't like to be told how to live, and we don't like it when our peacekeepers are attacked," said Yura Yakor, 23. "You're not likely to find any fans of America here."

As they shivered in the wintry rain, nearly everyone had something to say about the coming United States elections. Many agreed with the theory, espoused by Prime Minister Vladimir V. Putin in a televised interview this fall, that the war in Georgia was planned to increase the chances of Mr. McCain, the Republican presidential candidate. A few said they thought a victory for Senator Barack Obama would greatly improve relations between the United States and Russia.

"If McCain wins, I think everything will get worse," said Yekaterina Anisimova, 20, who had traveled from Vladimir, about 125 miles east of Moscow, for the rally. "He is categorically against Russia. Obama is the opposite. All this could end."

Her friend, Yana Vinogradova, agreed.

"We don't hate America," she said. "We just have a bad relationship with this administration."

As the American reporter departed, Ms. Anisimova yelled after her, "Vote for Obama!"

#15
500 Protesters Held At Nationalist March
By Natalya Krainova, John Wendle
Moscow Times, November 5, 2008

Hundreds of people were detained in central Moscow on Tuesday afternoon during an unsanctioned nationalist rally on the People's Unity Day holiday.

RIA-Novosti reported that about 500 had been detained near Arbatskaya metro station. They included Dmitry Dyomushkin, the leader of Slavic Union, or SS, and Alexander Belov, leader of the Movement Against Illegal Immigration, or DPNI, Interfax and the DPNI web site reported, respectively. Practically all were later released, Interfax reported.

City Hall had denied a request by DPNI and the SS to hold an annual Nov. 4 march, saying the venues they sought had either been reserved by other groups or were unsuitable for such a demonstration.

An authorized Russian March was held Tuesday by the People's Union movement, headed by former State Duma deputy Sergei Baburin. Interfax reported that it attracted about 400 participants to Naberezhnaya Tarasa Shevchenko, in central Moscow.

After a melee in which dozens were beaten at the unsanctioned Arbat rally, the marchers dispersed, many heading toward the second, sanctioned nationalist rally, while others continued their march down Ulitsa Arbat toward Smolenskaya Ploshchad.

As portrait painters looked on, dozens of young protesters, many with their lower faces hidden by football scarves in national colors, were hauled down the street with their arms pinned behind their backs by OMON riot troops, who put them into detention trucks.

Near the Hard Rock Cafe, OMON troops formed a cordon and stopped the advance toward Smolenskaya Ploshchad.

While chanting "Disgrace!" "Glory to Russia!" and "Russia forward!" the group was divided and pushed toward the walls by lines of riot police.

Although the action had a strong racist element, the increasing problems spawned by the financial crisis gave the rhetoric an economic edge.

"These are not gastarbaitery," said Boris Ivanov, a DPNI member, referring to the thousands of men and women who come to Moscow from Central Asia and the Caucasus to work in markets and construction sites. "These are strikebreakers," he said.

"Life is already very hard for us, and they come and bring down pay rates and make it even harder," he said, while those around him vigorously nodded their heads. "They are useful for the Kremlin and the oligarchs, because they work for less."

City Hall had authorized marches in three of the past four years, but this year authorities reacted strongly to the illegal marchers by deploying hundreds of truncheon-wielding riot police.

The reason behind the unwillingness of the city's authorities to sanction the march could be fear that it would lead to riots in the street, especially given the people's worries about the looming financial crisis, said Alexei Mukhin of the Center for Political Technologies.

"The government has tried to solve the financial crisis by allowing gastarbaitery to work in Russia," said Anton Susov, 23, a DPNI member who had been waiting with a group of other members of the movement — including a 15-year-old boy — in a side street off of the Arbat, for the OMON to pass.

"It is possible that over the next few months the crisis will become worse, and there will be an uprising," he said. "The government is right now quashing the opposition before anything can be organized — before we can get stronger."

Susov said they had to take politics to the streets because the Kremlin had not allowed his party to stand for Duma elections last year.

At the sanctioned rally, other nationalist groups echoed the sentiment.

"Real politics you can only carry out on the street. I practice real politics," said Vladimir Kvachkov, a former colonel in the Russian army at the sanctioned rally, who has been accused of trying to kill former Unified Energy System chief Anatoly Chubais.

Authorized Russian Marches took place Tuesday in a few other cities across Russia, as well as in Ukraine's Simferopol.

#16
Medvedev brokers Armenia-Azerbaijan dispute
Reuters, November 2, 2008

President Dmitri Medvedev sought Sunday to underline Russia's influence in the Caucasus by bringing together the leaders of Azerbaijan and Armenia for talks on the breakaway region of Nagorno-Karabakh.

Nagorno-Karabakh, which has a mostly ethnic Armenian population, broke away from Azerbaijan in a war in the early 1990s as the Soviet Union collapsed. It now runs its own affairs, with support from Armenia.

The Armenian president, Serzh Sargsian, and his Azeri counterpart, Ilham Aliyev, shook hands before Medvedev opened talks at Meiendorf Castle, the official residence outside Moscow.

After the talks, all three presidents signed a declaration, which was read out by Medvedev and said that Aliyev and Sargsian had agreed to continue work on "a political resolution of the conflict." Aliyev and Sargsian made no comment.

The war between Russia and Georgia in August appears to have lent new impetus to diplomatic efforts to resolve the Nagorno-Karabakh situation, with Russia trying to show it can act as a broker for "frozen conflicts" in the former Soviet Union.

Georgia sent troops and tanks in August to retake the pro-Russian rebel region of South Ossetia, which threw off Georgian rule in 1991-92.

Russia responded with a powerful counterstrike that drove the Georgian Army out of South Ossetia and continued into Georgia proper. Moscow then recognized South Ossetia and another of Georgia's rebel regions, Abkhazia, as independent states.

Nagorno-Karabakh is internationally recognized as part of Azerbaijan. Armenia provides assistance to the breakaway region, though no government, including Armenia's, has recognized it as an independent state.

Fighting between Azerbaijan and Armenia over the area ended in 1994 when a cease-fire was signed. The two sides are still technically at war because no peace treaty has been signed.

About 35,000 people on both sides were killed in the fighting. More than a million people were forced to flee their homes, and almost all are still unable to return.

Along with France and the United States, Russia is one of the co-chairs of the Minsk Group, which is mandated to act as an intermediary in the Nagorno-Karabakh conflict. But it is unusual for a head of state to act directly as mediator.

The presidents, the joint declaration said, "discussed the perspectives for the resolution of the Nagorno-Karabakh conflict via political means, through the continuation of direct dialogue between Azerbaijan and Armenia with the mediation of Russia, the United States and France as the co-chairmen of the Minsk group."

Armenia is considered Russia's strongest ally in the Caucasus, but it is also being courted by the United States and the European Union in a struggle with Moscow for influence over a transit route for oil and gas from the Caspian Sea area.

#17

'Moscow Declaration' A Victory For Armenia

by Liz Fuller

RFE/RL, November 3, 2008

The Declaration On Regulating the Nagorno-Karabakh Conflict signed by the presidents of Armenia, Azerbaijan, and Russia following their talks in Moscow on November 2 can be regarded as a victory for Armenia in three key respects.

First, the three presidents reaffirmed their shared commitment to seeking a political solution to the conflict "on the basis of the norms and principles of international law and of the decisions and documents adopted within that framework," and with the stated objective of "creating a more healthy situation in the South Caucasus."

In other words, Azerbaijani President Ilham Aliyev, who has previously warned on numerous occasions that if mediation by the Minsk Group, created by the Organization for Security and Cooperation in Europe's (OSCE), fails to yield a solution to the conflict, Azerbaijan will have no option but to resort to the use of military force to bring Nagorno-Karabakh under the control of the central government, has formally pledged not to begin a new war.

Second, the declaration stresses the importance of the ongoing mediation effort by the OSCE Minsk Group, and specifically of the so-called Madrid Principles, the basic blueprint for resolving the conflict.

In other words, the declaration effectively precludes any effort by Turkey to promote an alternative peace proposal that might be more in line with Azerbaijan's vision of the optimal solution than are the Madrid Principles. Visiting Yerevan two months ago, Turkish President Abdullah Gul affirmed Turkey's readiness to "assist" in resolving the Karabakh conflict.

And third, the three presidents agreed that the search for a peaceful solution should be accompanied by "legally binding international guarantees of all its aspects and stages."

From Yerevan's viewpoint, the primary weakness of the so-called Madrid Principles is that they require Armenia to relinquish its most important bargaining chip and withdraw from the seven districts of Azerbaijan bordering on Nagorno-Karabakh that it currently controls before any decision has been made on the future status of the unrecognized republic vis-a-vis the central Azerbaijani government in Baku. That issue is to be decided by means of a referendum that may not take place until years after the Armenian withdrawal.

'Confidence-Building Measures'

Many Armenians are therefore concerned that, having regained control of the seven districts, the Azerbaijani government might then block the holding of the planned referendum.

The Armenian Revolutionary Federation-Dashnaktsutiun threatened on October 31 to quit the coalition government if President Serzh Sarkisian betrays "national interests" by agreeing to cede the occupied territories. One day earlier, on October 30, a group of prominent Armenian intellectuals and public figures announced the launch of a new movement, named Unification National Initiative, that will similarly actively oppose any territorial concessions to Azerbaijan.

The proposed "legally binding international guarantees" are presumably intended to prevent any such perfidy on Baku's part, and thus reduce domestic political pressure on Sarkisian. The final point of the declaration similarly stresses the importance of "confidence-building measures."

The international guarantees would presumably also encompass commitments by various states to provide international peacekeepers to be deployed in the seven liberated districts and the strategic Lachin corridor linking Nagorno-Karabakh and Armenia.

Russian President Dmitry Medvedev, too, can be pleased with the outcome of the November 2 talks, insofar as the declaration affirms a commitment by Russia to a positive role, promoting peace and stability in the South Caucasus in the wake of the August war with Georgia.

#18
Medvedev Confronts U.S. on Missiles After Obama Win
By Sebastian Alison and Lyubov Pronina
Bloomberg, November 5, 2008

Russian leader Dmitry Medvedev said he would deploy new missiles in Europe, confronting the U.S. hours after Barack Obama won the American presidential election.

Medvedev said he would place a short-range Iskander missile system in Russia's exclave of Kaliningrad, wedged between Poland and Lithuania, to "neutralize" a planned U.S. missile-defense system "if necessary," Medvedev said. A radio-jamming installation in Kaliningrad will also be aimed at elements of the U.S. system in Poland and the Czech Republic, he said.

In the annual state-of-the-nation address today in the Kremlin, Medvedev avoided mentioning Obama while highlighting areas of tension between the two countries. Russian-U.S. ties are at their frostiest since the end of the Cold War, frayed by the planned missile shield, the war in Georgia and the U.S. push to admit Georgia and Ukraine to the North Atlantic Treaty Organization.

"This is a warning to Obama -- a bright, clear warning -- that tough negotiations are ahead," Alexander Rahr, a Russia expert at the German Council on Foreign Relations in Berlin, said by telephone. Medvedev's "fist-waving" on the missile shield may be premature, since Obama has shown less support for the system than President George W. Bush, Rahr said.

Missile Shield

While Obama's positions on the war in Georgia and NATO's eastward expansion are similar to those of the Republican candidate, John McCain, and Bush, he has indicated greater flexibility on the missile shield.

Obama said he'll back the plan "if it works and if it can be financially feasible," Michael McFaul, a Russia specialist at Stanford University who advised Obama during the campaign, said in an interview last month.

While announcing Russia's long-promised military response to the U.S. missile shield, Medvedev also expressed hope that Obama, unlike Bush, would engage with Russia on issues of common interest.

"Progress in Russian-American cooperation would be of critical importance," Medvedev said, adding that relations are going through a difficult period.

Medvedev said before the election that he was prepared to work with any new leader in Washington, though he expressed a veiled preference for Obama: "It would be easier to work with people with a modern outlook, rather than those whose eyes are turned back to the past," he said. He congratulated Obama on his election victory by telegram, the Kremlin said.

Financial Crisis

The Russian leader renewed his criticism of the U.S. for the global financial crisis, saying that U.S. failure to coordinate its economic policy with other countries allowed a "local" crisis to cause "a fall on the markets of the whole planet." He also said the U.S. provoked the war between Russia and Georgia in August, a position he had voiced before.

Medvedev chose the day when global attention was focused on the U.S. to announce a number of sweeping changes in domestic policy, including the extension of the Russian president's term in office to six years from four.

Russian presidents are now limited to two consecutive four-year terms. Putin, as president from 2000 until May of this year, strengthened the office by centralizing power. He became Medvedev's prime minister, and will be eligible to run in the next presidential contest.

Term Extension

"Increasing the term is timely," Finance Minister Alexei Kudrin told reporters after Medvedev's speech in Moscow today. "It will allow the economy to work in a more stable manner. Six years is a good term."

Medvedev said members of the State Duma, the lower house of parliament, should have their terms extended to five years from four, and that the government should report to parliament on an annual basis.

On the global financial crisis, Medvedev said the U.S., the European Union and the so-called BRIC countries -- Brazil, Russia, India and China -- must work together to create an economic system that will be "more fair and more secure." He added that "we must radically reform the political and economic systems. Russia, at all events, will insist on this."

Medvedev travels to Washington on Nov. 15 for a summit on the financial crisis. Presidential spokeswoman Natalya Timakova said last week that no decision had been made on whether Medvedev would meet the new president during his visit.

'Barbaric Aggression'

His calls for a new global order come after the worst month for Russian investors in a decade. The 50-stock RTS Index dropped 36 percent in October, the biggest monthly decline since the government devalued the ruble and defaulted on domestic debt in 1998. Investors have withdrawn about \$140 billion from Russia in the last three months, according to BNP Paribas SA.

Medvedev began his address in the Kremlin by blaming the U.S. for Russia's five-day war with Georgia in August, which followed attempts by President Mikheil Saakashvili to take by force the breakaway region of South Ossetia.

"The barbaric aggression against South Ossetia" was encouraged by the U.S. and Russia's military response was used by NATO as an excuse to send warships to the Black Sea, Medvedev said.

#19

No Obamamania In Russia By Brian Whitmore RFE/RL, November 5, 2008

Aleksandr Zarayev says Barack Obama's victory was in the stars.

Speaking on the eve of the U.S. presidential election, the president of Russia's Astrological School predicted -- as did most public opinion polls -- a landslide victory for Obama.

Zarayev also praised Obama's "leadership qualities," saying that "in some way he is reminiscent of John Kennedy, who was also a Leo."

However, such star-struck praise for the new U.S. president-elect is not a widespread phenomenon in Russia where -- unlike in Europe and elsewhere in the world -- Obamamania has been conspicuously absent.

"Only a small circle are aware that this is not just a new president, but that he could possibly represent the wholesale change that he talks about. Many see it as just words," says Maria Marskevich of the Russian Academy of Sciences Institute of Sociology.

"A lot depends upon how he is presented in the media, especially television," she adds. "At first he was presented like an inexperienced show-off"

According to a recent public opinion poll by the independent Levada Center, nearly two-thirds of Russians did not even pay attention to the U.S. election. Among the minority who followed the election, 35 percent supported Obama, 14 percent backed Republican John McCain, 37 percent said they did not care who won, and 14 percent were undecided.

In contrast, a recent BBC poll of 22,000 people in 22 countries showed Obama favored by a four-to-one margin. The poll shows Obama enjoying the support of 62 percent of the population in France, 61 percent in Germany, 87 percent in his deceased father's native Kenya, and 71 percent in Nigeria.

"This rock-star phenomenon that exists in Europe and elsewhere doesn't exist in Russia," says Andrei Piontkovsky, a Washington-based Russian political analyst. "He will never be the romantic figure for Russians that Kennedy was during my youth."

Anti-Western Mood

Part of the reason, Piontkovsky says, is the general anti-Western -- and specifically anti-American -- mood in Russia today. "The propaganda coming from the Kremlin now identifies America as an enemy and any American president will be Russia's enemy," he says.

Analysts also say that it is impossible to ignore the role of racism -- both latent and manifest -- and how it will affect Russians' opinion of Obama.

Piontkovsky notes, for example, that approximately 60 people were killed in racially motivated attacks this year alone in Russia.

Others point out that the Russia's state-controlled media often used subtle racial stereotypes and off-color jokes to describe U.S. Secretary of State Condoleezza Rice during periods of tension between Moscow and Washington.

Russia's main television stations have not used such a tone with Obama so far. On the contrary, the media has regularly even played up the historic nature of his candidacy.

But analysts say that if a confrontation emerges between Moscow and Washington, Obama, they say, can expect the tone to change.

"The jokes and caricatures about Condoleezza Rice simply shocked me," Marskevich says. "If there is a conflict over major issues, it is almost certain that this will happen [with Obama]."

Some officials, however, say they hope Obama will usher in a more cooperative period in U.S.-Russian relations. In a news conference on October 31, Konstantin Kosachyov, head of the Foreign Affairs Committee in the State Duma, said, "Obama's mentality is free from...the Cold-War era."

#20

Russian President Sharply Criticizes U.S. on Missile Defense

By Philip P. Pan

Washington Post, November 5, 2008

Sharply criticizing the United States while offering to rebuild relations with its new leader, Russian President Dmitry Medvedev warned in a nationally televised address Wednesday that he would deploy short-range missiles near Poland if the Obama administration pressed ahead with plans to build a missile defense shield in Europe.

Kremlin officials have threatened before to target Poland by moving tactical missiles into the Baltic enclave of Kaliningrad, most recently after Poland agreed in August to host a U.S. interceptor base. But Medvedev's threat "to neutralize, when necessary" the American installation was the most explicit and public endorsement of the plan by a top Russian leader yet.

The warning appeared intended to signal the Kremlin's priorities to the new American president-elect and could serve as an early foreign policy test for Obama, who has said he supports missile defenses against Iran and

North Korea but has also criticized the Bush administration for failing to consult with allies about the shield, exaggerating its capabilities and rushing deployment for political purposes.

Medvedev's remarks came in his first state of the nation address since taking office in May, a wide-ranging speech in which he held out little hope for democratic reforms and also proposed amending the Russian constitution to lengthen the presidential term to six years -- a move condemned by critics as part of a plan to allow his predecessor, Prime Minister Vladimir Putin, to return to office.

Medvedev emphasized that Russia remained ready to work with the United States if it abandoned its "mistaken, egotistical and sometimes simply dangerous" policies.

"It is true that these relations are not going through the easiest period today," he said. "But I would like to stress that we have no problems with the American people. We have no inherent anti-Americanism."

Russia's finance minister suggested Obama's election would give a boost to the global economy, and the Russian ambassador to NATO said he expected Obama to improve the alliance's relationship with Moscow and lift the limits on cooperation imposed after Russia's war with Georgia.

"I think the emergence of the new U.S. president, the young, energetic black leader, can lead to those bans imposed by the previous U.S. administration between Russia and NATO being lifted," said the ambassador, Dmitry Rogozin.

Ilya Utekhin, an anthropologist at the European University in St. Petersburg, said Obama's election has given the United States "a historic chance for large-scale re-branding of the image of the United States."

"An African-American president appears to have more sensitivity to the cross-cultural diversity of the world, and this is a promise of a more creative and flexible foreign policy," he said. "Moreover, this choice will certainly be understood as indicative of the progress of the American society and democracy."

Viktor Yerofeyev, a prominent Russian novelist, said he believed Obama's election marked the start of a new era for the world.

"The choice of an African-American president in the United States overturns the whole idea of the stiff and conservative America. This means that America did wake up. This means that America is again open for free and democratic values," he said. "Even I did not expect that America would cheer up after eight years of idiocy and lies. It turned out that America is a living and decent country. I am delighted with America today. . . . America has once again become a good model to emulate. It has again become a great country."

Yerofeyev cautioned that Russians would not completely grasp the significance of the election. "We as a country do not understand it. We are drowning in anti-American rhetoric and take all Western values negatively," he said. "Regardless of its relations with Russia, though, America has now received a new impetus. I hope it will find the right way to engage in dialogue with Russia too."

"It will be a mortal blow for those who still believe America is still a racist society," said Viktor Kremenyuk, deputy director of Moscow's U.S.-Canada Institute. "There are some people who still believe that."

But he said the Kremlin and others concerned about Russia's relationship with the United States will be more interested in what direction Obama takes the United States than in his shattering of the racial barrier.

"We don't care about that. What's important for me is whether he will solve American problems in a way that will make America much stronger than it is today," Kremenyuk said. "The problem is what to expect. Will it bring a new growth of U.S. soft power? If it's a new leap forward by the U.S., then to what? If this financial crisis finishes and the U.S. acquires new potential, what will that be? It's simply a new challenge."

Maxim Minayev, chief analyst at the Moscow-based Center for Current Politics, expressed skepticism that Obama's race would change the world's view of the United States.

"The fact that an African-American has been elected president would change the view of America only in such countries as in Africa, Afghanistan, Kenya, and some Asian countries. Maybe they will view him as someone like them to some extent. But whether their view of America changes because of that, it's hard to say. I don't think so," he said. "No matter how hard Obama flirts with these countries, there other people behind him, who will make the real decisions in foreign policy. Besides, Obama is a product of American culture."

But Elena Nemirovskaya, head of Moscow's School of Political Studies, said Obama's election has inspired young people across Russia, especially young regional politicians and others involved in social and political activities. She argued that his message of change was more important than his race.

"They associate his election with the expectation of change, and change not only in America," she said. "Especially in the context of a global crisis, people understand that America still remains the leader in the world economy and politics, and many ordinary Russians have expectations that his election will bring changes."

#21

Hawkish Bread on A Liberal Sandwich

By Anna Smolchenko, Nikolaus von Twickel

Moscow Times, November 6, 2008

President Dmitry Medvedev's first state-of-the-nation speech might be best described as a club sandwich.

Rather than sending out a straightforward message, Medvedev offered some liberal reformist proposals -- juicily sandwiched between layers of hawkish threats and announcements.

Medvedev began and ended his speech with a foreign policy message that seemed to confirm Western fears that he would follow former President Vladimir Putin's hawkish stance. But in between, he offered some domestic proposals welcomed by proponents of liberal change.

"The tone differed significantly between foreign policy and domestic issues," a senior Western diplomat said.

"There were many encouraging messages, especially regarding domestic policies and reforms," he added, speaking upon condition of anonymity because of the sensitivity of the issue.

Yet in the middle of the domestic proposals, Medvedev announced that he would seek to extend the presidential term from four to six years, raising fears of a further consolidation of power in the Kremlin. Some analysts said this looked like a ploy to allow Prime Minister Vladimir Putin to return to power for a much longer period than previously thought.

The Kremlin-friendly United Russia, which is headed by Putin, holds a constitutional majority in the State Duma.

Larisa Brychyova, the head of the Kremlin's legal department, said no referendum would be required to expand the presidential term and that the plan did not apply to the current president, Interfax reported.

But Vladimir Pribylovsky, head of the Panorama think tank, said Putin might return for 12 years well before Medvedev's current term ends in 2012.

Medvedev "could resign as soon as the Constitution has been changed," he said, adding that he did not believe that this had been Medvedev's idea. "In this case, Medvedev is Putin's marionette. The other political reforms are just candy."

Putin chose his longtime aide Medvedev as his preferred successor last year after announcing that he would step down as president after two consecutive terms, as required by the Constitution.

For his part, Medvedev stressed that he was not proposing constitutional reforms but merely "corrections."

Some government officials were also keen to downplay any fears.

With a longer presidential term, "pre-election squabbles will happen less frequently," Finance Minister Alexei Kudrin, widely seen as a liberal reformer, told reporters after the speech.

It would be a "good period for any president to prove himself both in economics and politics," he said.

St. Petersburg Governor Valentina Matviyenko said a longer presidential term would be "justified and correct" for a country as big as Russia. "Otherwise, the country will be drawn into permanent elections," she said.

Vladimir Zhirinovskiy, head of the nationalist Liberal Democratic Party, said a term extension had been discussed for a long time. "We've insisted on that for many years," he said.

Medvedev seemingly tried to balance any worries with proposals for a range of domestic reforms, including lowering the threshold for political parties to enter the State Duma and changing the election rules for Federation Council senators.

Matviyenko said Medvedev would not dismantle Putin's legacy with liberal reforms. "On the contrary, [Medvedev] reiterated continuity of economic and political institutions," she said.

Communist leader Gennady Zyuganov said he welcomed any changes that would give the opposition a greater voice. "We will see how they are implemented," he told reporters.

Perhaps less surprisingly, Medvedev reiterated his intent to crack down on corruption, calling it "Enemy No. 1," and to carry out legal reforms, with his old complaint that "legal nihilism" is gripping the country.

Yet significantly, he also criticized courts for handing down too harsh sentences, demanding that they "take a more balanced approach" instead of isolating individuals from society.

Human rights campaigners have petitioned for the release of Yukos lawyer Svetlana Bakhmina, who is serving a 6 1/2-year sentence and is pregnant.

Medvedev criticized the U.S. plan to deploy elements of a missile-defense system in Poland and the Czech Republic, saying Russia would respond by placing missiles in Kaliningrad, near Poland, and accused the United States of being behind this year's biggest global problems, including the financial crisis and Russia's brief war with Georgia in August.

Yet Medvedev balanced his criticism by saying Russia had no problem with the American people. "We have no innate anti-Americanism."

Despite Medvedev's hawkish rhetoric, observers noted that much of what he had said was not new.

"There was nothing shocking or surprising, rather he was confirming what was already known," the Western diplomat said.

Stationing missiles in the Kaliningrad region, the country's westernmost exclave bordering Poland, was first proposed in July 2007 by Sergei Ivanov, then a first deputy prime minister.

And Medvedev's theory that the United States is to blame for this year's biggest problems reiterates the line carried by officials and state-controlled media.

Government officials have often suggested that Washington, which helped train and equip the Georgian army, tacitly encouraged Tbilisi to launch a military attack on South Ossetia, a charge that the United States has denied.

One foreign policy analyst said Medvedev was coy about announcing any grand new strategies because of uncertainty over the U.S. President-elect Barack Obama's future administration. "It is too early for surprises. They will only happen after the new administration is in place," said Timofei Bordachyov, deputy editor of the Russia in Global Affairs magazine.

"For Russia, Obama is just a promise, not a political reality," he said.

#22

The World Reacts Amid the cheers, a first challenge from Russia Washington Post, November 6, 2008

BARACK OBAMA's election victory prompted an impressive outpouring of goodwill from around the world yesterday -- but also the first hints of the testing that his running mate, Joseph R. Biden Jr., predicted. Kenya declared a national holiday, Britain's largest-circulation newspaper called Mr. Obama's victory "one giant leap for mankind" and even Venezuelan President Hugo Chavez proposed "new relations between our countries." Then came a Bronx cheer from Russian President Dmitry Medvedev, who delivered a speech harshly attacking the United States and reiterating threats to deploy new missile systems within range of U.S. NATO allies. It would be up to Mr. Obama, Mr. Medvedev suggested with a typical absence of subtlety, to "make a choice in favor of full-fledged relations with Russia."

It's not surprising that the regime of Mr. Medvedev and his master, Vladimir Putin, would be the first to try intimidating the president-elect, though the speed with which it did so might have surprised even Mr. Biden. The principal aims of Mr. Putin's foreign policy are restoring Soviet-style domination of Russia's neighbors, such as Georgia and Ukraine, and proving that Moscow can still act as a counterweight to the United States. So Mr. Medvedev yesterday blamed the United States for Russia's invasion of Georgia and said that international "mechanisms must be created to block mistaken, egotistical and sometimes simply dangerous decisions" by Washington.

The point of deploying new missiles in the Russian Baltic enclave of Kaliningrad, as Mr. Medvedev pledged to do yesterday, is to bluff the new U.S. administration or its NATO allies into abandoning a plan to deploy a rudimentary missile defense system in Poland and the Czech Republic. As Mr. Putin well knows, the defense system is aimed at Iran and would be powerless to stop Russian ICBMs. But the Russians also know that missile defense is regarded skeptically by many Democrats, because of questions about its cost and effectiveness. Moscow's crude logic is that Mr. Obama can be pressured into "a choice" to abandon the system -- thereby proving Russia's position to be equal to that of a weakening America.

We expect that Mr. Obama will be smart enough not to fall for this. He's already made it clear that he intends to stand against Russia's aggression in Europe. We share some of the doubts about the missile deployment -- but if it is slowed or canceled, it should be done without reference to Moscow. Unlike some of the probes that will be aimed at Mr. Obama in the coming months, Russia's latest crude threat can be neutralized simply by denying it the attention that Mr. Putin craves.

#23

Russian President Lashes Out At U.S. In First National Address RFE/RL, November 5, 2008

Hard-line rhetoric against the United States dominated Dmitry Medvedev's state-of-the-nation speech, one day after the historic election of Barack Obama as U.S. president.

Just minutes into the national address -- his first since taking office as Russian president in May -- Medvedev announced that Russia will deploy short-range missiles in its western enclave of Kaliningrad in response to Washington's missile-defense plans in Central Europe.

"In order to be able to neutralize the [U.S.] missile-defense system, we will deploy an Iskander missile complex in Kaliningrad Oblast," he said.

Russian officials have fiercely opposed Washington's plans to place elements of an antimissile system in Poland and the Czech Republic, claiming it threatens their country's national security.

In addition to deploying missiles in Kaliningrad, which borders NATO members Poland and Lithuania, Medvedev said Moscow intended to electronically jam parts of the proposed U.S. shield and cancel an earlier decision to decommission three missile regiments in its western city of Kozelsk.

Medvedev also blamed "selfish" U.S. foreign policy for provoking the August war between Russia and Georgia over the breakaway region of South Ossetia.

Washington's staunch support of Georgia, he said, testifies to "the arrogant course of the U.S. administration, which hates criticism and prefers unilateral decisions."

"We will not step back in the Caucasus," he told about 1,000 legislators, top government officials, religious leaders, and journalists assembled in the Kremlin's ornate St. George's Hall.

He also accused the NATO alliance of taking advantage of the war to advance its military expansion.

"The conflict in the Caucasus was used as a pretext for bringing NATO warships to the Black Sea and then for the foisting on Europe of America's missile-defense systems, which will in turn entail retaliatory measures by Russia," Medvedev said.

Much of Medvedev's speech was devoted to the global financial turmoil, which has had a severe impact on Russian markets.

Here, too, the Russian president blamed the United States for wreaking havoc on the world economy, accusing it of spawning a financial crisis that "dragged down" the world's markets into recession.

He nonetheless sought to play down the crisis's impact on Russia, which he pledged would "come out of it even stronger."

Although his speech comes just a day after Barack Obama was elected president, Medvedev conspicuously failed to congratulate the United States' first-ever African-American leader on his landmark victory.

He simply voiced hope that the new U.S. administration will choose to improve increasingly strained ties with Russia.

For Russian Ears

Political analysts say Medvedev's national address may have been intentionally timed to be overshadowed by the U.S. presidential vote, which has captivated the world's attention. Many believe the harsh rhetoric was designed for internal consumption rather than for Western ears.

Besides his recurrent barbs at Washington, a large portion of Medvedev's speech focused on domestic issues. The Russian leader vowed not veer off the path set by his predecessor and mentor Vladimir Putin, who was watching from a front-row seat.

Among his key proposals was an initiative to extend the presidential and parliamentary terms of office, to six years for the president and five years for the State Duma.

The measure, which he described as indispensable to implement reforms more effectively, is Medvedev's first major proposal to amend the Russian Constitution.

He further pledged to take a tough stance on extremism, corruption, and what the former lawyer called "legal nihilism."

His remarks came a day after police detained more than 500 ultranationalist demonstrators who attempted to stage an unsanctioned rally in Moscow.

Medvedev also called for a raft of political reforms, including steps to make the executive branch more accountable and help smaller parties win better representation in parliament.

#24

Medvedev's Message Of Change RFE/RL, November 5, 2008

Russian President Dmitry Medvedev's much-awaited and twice-delayed address to the Federal Assembly today was both predictable and remarkable. It opened with an anti-Western and anti-American barrage that took no one by surprise.

But after he had solidly established his patriotic bona fides, Medvedev turned to an often cogent and penetrating critique of the state of Russian society. And he offered at least a dozen specific proposals for reform, including some that roll back restrictions on civil society and political participation that Vladimir Putin instituted during his presidency. While it seems clear that Medvedev is not abandoning the state-dominated and state-driven development model (social, political, economic, etc.) of his predecessor, his proposals included clear steps in the direction of greater transparency and accountability.

The main questions now are is Medvedev sincere in pursuing even a gradualist agenda in the direction of liberalization -- and there is strong evidence in his past record to cast doubt on this -- and, if so, will he be able to overcome the active and passive opposition of corrupted bureaucrats, police, prosecutors, judges, and so on. Medvedev himself noted correctly that the culture of corruption, government disdain for the citizenry, and legal nihilism "did not appear yesterday" in Russia and will not be rooted out tomorrow.

The strains of the national anthem were still echoing in the hall after Medvedev's speech when a colorful example of what any sincere liberal reformer is up against in Russia emerged. One of Medvedev's initiatives was a proposal that all political parties be forced to change their leadership at regular intervals -- a reasonable measure designed to end the vanity parties that have clogged the Russian political landscape and to expand the pool of talent and ideas within the political process.

Journalists immediately asked Vladimir Zhirinovskiy, who has headed the Liberal Democratic Party of Russia since he founded it in 1990, what he thought of this proposal. Zhirinovskiy unhesitatingly declared that he supports it, adding that is "high time that [Communist Party leader since 1993 Gennady] Zyuganov retired." What about himself? "I will also move to another spot," Zhirinovskiy said, adding, "But I'll remain at my post." He then added that his party will introduce legislation that would limit all senior leaders -- presidents, governors, ministers, and party leaders -- to 10 years in office. That proposal seems calculated to provoke enough opposition to kill the whole idea. One way or another, Zhirinovskiy at least doesn't quite seem in step with the spirit of Medvedev's idea.

Change in Russia is too often just an exercise in musical chairs. If Medvedev doubts that, maybe he should ask his prime minister.

#25

Russia Cool On Obama, But Eager To Set New Ground Rules In U.S. Ties RFE/RL, November 5, 2008

The presidency of George W. Bush may have started with a soulful glance into the eyes of Vladimir Putin, but ties between Russia and the United States have deteriorated ever since.

Russia has grown rich and aggressive on energy wealth, even as U.S. power has been depleted by wars in Afghanistan and Iraq. And the two countries have become open antagonists, divided by NATO expansion, Moscow's war in Georgia, and their mutual quest for command of the world stage.

One day after the historic election of Bush's successor -- 47-year-old Democrat Barack Obama, the first African-American to be elected president -- the mood appears unchanged.

Dmitry Medvedev, whose first state-of-the-nation address as Russian president followed Obama's acceptance speech by mere hours, lashed out at Washington for spurring the global financial crisis and pursuing aggressive missile-defense plans in Europe.

It was up to Obama, Medvedev suggested coolly, to make a change for the better. "We do not have a problem with the American people," Medvedev said. "And we hope our partners in the new U.S. administration will make a choice in favor of comprehensive relations with Russia."

Medvedev is due to travel to Washington on November 15 for talks on the economic crisis. It's unclear whether he will meet the president-elect during his trip.

End To Unilateralism?

Repairing the U.S. relationship with Russia will be one of the major tasks facing Obama when he takes office in January 2009.

Perhaps the first challenge will be restoring the Russian public's interest in a U.S. partnership. The Kremlin has made no secret of its resentment of Washington, and recent polls indicate many Russians themselves were unmoved by the U.S. election fever that infected so many people around the globe.

Sergei Rogov, the director of the Institute for the USA and Canadian Studies in Moscow, believes Obama's victory marks an important new era in U.S. history -- and an end to what Russia has long seen as Washington's unipolarism.

"The two wars have exhausted the American Army, the American budget. The unilateral actions favored by the U.S. under the Bush administration simply aren't possible anymore," Rogov told RFE/RL's Russian Service.

"So it's going to be necessary to start coming to agreements -- with Europe, with China. And, in my opinion, with Russia as well," he continues. "There are fairly serious disagreements over issues like whether Georgia and Ukraine will join NATO. And Obama may be inclined to take significant steps toward reducing nuclear weapons, and fighting the proliferation of weapons of mass destruction."

Obama may be seen as a less combative option than his Republican opponent, 72-year-old John McCain, who has called for Russia to be expelled from the Group of Eight leading industrialized countries and was a stalwart defender of Georgia during its war with Russia in August.

Some Russian officials appear to think Obama's election may be good for Moscow. "Russia shouldn't try to press the new U.S. president in pursuit of quick concessions," said Konstantin Kosachyov, the head of the State Duma's Foreign Affairs Committee.

Kosachyov added that Obama "isn't burdened by the inertia of Cold War-era thinking," and may prove a flexible partner for the Kremlin.

Rogov says he does not expect the United States to dramatically alter its tone in dealings with Russia under the new administration. If anything, he says, the dialogue may grow less aggressive.

"The rhetoric has already been fairly harsh for the past few years under the Bush administration, and particularly since the start of the Russian-Georgian war. I don't think the vocality of this rhetoric is going to soften substantially," Rogov says.

"But, to tell you the truth, I'm not expecting things to get any worse," he continues. "In principle, the level of this rhetoric is very high, but what comes next? Declare a cold war? Begin containing Russia? Those were ideas put forward by McCain, not Obama. Obama has shown himself to be more measured."

Democratic Inspiration

Among Russia's beleaguered democrats, there was a sense of hope that Obama's ascendancy to the presidency -- buoyed by massive public support and promises of sweeping social change -- might eventually spark a similar phenomenon in Russia.

The juxtaposition of Obama's dynamic, emotional acceptance address in Chicago and Medvedev's colorless, hard-line Kremlin speech the next day was a stark illustration of the difference in the two leaders' political styles.

Vladimir Lysenko, a former longtime Duma deputy with the now-banned liberal Republican Party, says he likes to think Obama's election in the United States may be reflected in political changes at home.

"Liberal-minded Russians are welcoming Obama's victory and see what's happening in the United States as a definitive democratic revolution," Lysenko says.

"Compared to George W. Bush, whose two terms in office in my opinion were marked by complete ineptitude, Obama looks like a fresh start. Many of the ideas he's putting forward are similar to those of the democratic forces in Russia," he adds.

"I hope that gradually we will finally be able to break free of the totalitarian regime that has taken hold in Russia and join other democratic countries as part of a new, modern community."

Russia may have been stingy in its welcome to the U.S. president-elect, but in Ukraine, Prime Minister Yulia Tymoshenko joined the chorus of global voices congratulating Obama on his victory. In a telegram, Tymoshenko said: "Your victory inspires us. Things that seemed impossible become feasible."

Obama's election, however, may put in doubt future U.S. support for Ukraine's NATO bid. John McCain was seen as a stronger proponent of NATO expansion and more willing to confront Russia on the issue.

The election outcome may have ramifications for Georgia for the same reason. But speaking in Tbilisi late on November 4 before the U.S. results were announced, President Mikheil Saakashvili said he would welcome a win by either McCain or Obama.

He added, however, that Obama and his vice-presidential running mate, Joe Biden -- who, like McCain, Saakashvili called an "old friend" -- have "concrete plans about strengthening Georgia."

#26

EU Body Backs Start Of Talks Moscow Times, November 6, 2008

The European Commission on Wednesday backed restarting talks with Russia on a partnership deal that were frozen after the Russian invasion of Georgia in August.

The EU executive said in a report that EU foreign ministers should agree to resume the talks at a meeting on Monday, and such a step could be finalized at an EU-Russia summit in Nice, France, on Nov. 14.

"These negotiations should continue, first because this would allow the EU to pursue its own interests with Russia," the commission report said.

At a summit meeting last month, leaders of the EU's 27 nations were divided over whether to restart the talks. They ordered the commission to draw up a review of the bloc's relations with Russia before a decision on the way ahead.

"It remains clear that ... the EU does not accept the status quo in Georgia," the commission report added, noting that EU-Russia ties should be under continual review in light of efforts to resolve the dispute over separatist Georgian regions.

The commission reaffirmed the EU's support for an early entry of Russia into the World Trade Organization and stressed what it called the economic "interdependence" between the EU and Russia, a key energy supplier to the bloc.

It also cited concern in the bloc about a "growing gap" between the human rights situation in Russia and commitments made to bodies such as the Council of Europe rights watchdog and the Organization for Security and Cooperation in Europe.

A Russia-EU partnership agreement signed in 1997 still stands but has lost much of its relevance because of Russia's energy wealth and its increasingly assertive foreign policy.

The EU has been pushing Russia to accept its terms on energy policy, security and rights. Russia has resisted.

#27

Priest seeks out unmarked Jewish graves

By David Lazarus

Canadian Jewish News, November 6, 2008

"Every killer saw his victim, every victim his killer." With that simple, evocative statement, Father Patrick Desbois, left, summed up one of the main reasons he has spent the last four years trying to uncover – one by one, and shell casing by shell casing – the unmarked mass graves of 1.5 million Jews who were shot dead one at a time in Ukraine during World War II.

It's a quest that has seen the 53-year-old French-Catholic priest return to the region repeatedly since 2004 with a minivan and a small crew to interview aging eyewitnesses about the horrors they witnessed as children and teenagers, and to document in the most authoritative way to date where graves are located so that they can be decently marked.

Acquiring the testimonies of those eyewitnesses who either willingly or by coercion collaborated with the Nazi Einsatzgruppen mobile units assigned to track down every Jew in every Ukrainian village has amounted to a vast, difficult undertaking, often characterized by rutted village roads, harsh weather conditions, and long rides to the far reaches of the peasant countryside.

But speaking at a press conference a day prior to appearing at the inaugural event of this year's Montreal Holocaust Memorial Centre (MHMC) Holocaust Education Series, Father Desbois was resolute that his work will continue unabated.

"There is only a seven- to eight-year window to do this, because all these witnesses will be gone," Father Desbois said during his first visit to Canada, referring to the sense of increasing urgency attached to his work.

"I am doing this mainly for three reasons: to make sure these people are properly buried, to establish the truth and to transmit to future generations what genocides do. This was not a natural disaster like a tsunami."

He added: “I do it because there are dead who were never found or buried, and no tombstone. They just disappeared.”

Father Desbois uses the term “Holocaust of bullets” to differentiate between the way Jews were killed en masse at death camps such as Auschwitz and how the Jews of Ukraine and Belarus perished – by single bullets fired into their heads or backs “to save ammunition.”

If that didn’t work, they were buried alive.

Holocaust of Bullets is also the title of the recently released English translation of his 2007 book, *Porteur de memoires*.

To date, Father Desbois said he has recorded the testimonies of more than 700 witnesses and uncovered the specific locations of about 850 sites where Jews died one by one. Often the sites are right in the middle of town squares. He corroborates locations by independently confirming and cross-checking them with other witnesses.

The fact that Father Desbois wears a clerical collar, he suggested, seems to make villagers less reluctant to open up to him about the horrors they witnessed or were part of – secrets they have held onto for decades but that they now seem anxious to get off their chests before they die, almost, in some cases, as a final act of contrition.

Often they ask him what took him so long to get there, he said.

“I judge no one,” Father Desbois said. “If anyone remembers, they can help us. I am only looking for the facts.”

Father Desbois’ journey to Ukraine and beyond – he is also conducting similar research in Belarus, where 700,000 Jews died and has plans to expand the work to Russia – began with his own grandfather, a French Resistance fighter who himself was deported to Ukraine and later told his grandson about how Jews there were systematically executed.

In fact, it was in the very Ukrainian town that his grandfather had been deported to – Rava-Ruska – where Father Desbois’ voyage of discovery began while he was visiting there in 2002.

In 2004, Father Desbois established – along with the late, Jewish-born archbishop of Paris, Cardinal Jean-Marie Lustiger – the Paris-based organization *Yahad-In Unum* (which means “together” in Hebrew and Latin), an initiative to identify and document all the sites of the mass executions of Jews in Ukraine.

The project is being financed by the *Fondation pour la memoire de la Shoah*, the Conference of Material Claims against Germany, the *Targum Shlishi Foundation*, and the United States Holocaust Memorial Museum.

Some of the results of Father Desbois’ research, such as photographs, shell casings and the like, are on display at the Memorial of the Shoah in Paris’ Jewish quarter, the *Marais*. Father Desbois also heads the Commission for Relations with Judaism of the French Bishops’ Conference and is a consultant to the Vatican on Jewish religion.

At the press conference, Father Desbois said that the work, exhausting as it is, will require more support and funding. The annual budget is about \$800,000, but he said he needs about triple that amount to continue, especially as the project expands beyond Ukraine farther into Belarus and eventually Russia.

In total, Father Desbois thinks that the remains of perhaps two million people lie unclaimed beneath the soil of those lands.

“But they are not lost,” he said.

In some cases, as he was told by one villager, “they are buried in our garden.”